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A Monetary Perspective on Underground Economic Activity in the United States

This article was prepared by Richard D. Porter and Amanda S. Bayer of the Board's Division of Research and Statistics. Footnotes appear at the end of the article.

A growing underground economy in the United States and in other countries has been widely reported in recent years. The underground economy is thought to reflect efforts to evade taxes and government regulation. Although no single definition of such activity has been universally accepted, the term generally refers to activity—whether legal or illegal—generating income that is either underreported or not reported at all. Some investigators narrow the definition to cover only income produced in legal activity that is not reported in the national income statistics.

Discussion of underground economic activity intensified in the late 1970s with the publication of two estimates, derived from aggregate monetary statistics, of the size of the underground economy in the United States, one by Peter Gutmann and the other by Edgar Feige.[1] Since then, numerous estimates have been made of the scope of this sector in the United States and in other countries. The magnitude of some of these estimates has occasioned congressional hearings and various government studies. In 1979, the Internal Revenue Service (IRS) estimated that for 1976, individuals failed to report between $75 billion and $100 billion in income from legal sources and another $25 billion to $35 billion from three types of illegal activity—drugs, gambling, and prostitution.[2] In 1983, the estimates of unreported income from legal sources for 1976 were raised to $131.5 billion while the estimates of income from illegal sources dropped to $13.4 billion.[3]

In this more recent study, the IRS estimated that unreported income from legal sources grew at a 13 percent annual rate over roughly the last decade, from $93.9 billion in 1973 to $249.7 billion in 1981, while unreported income from the three selected illegal activities grew at a 17.7 percent annual rate, from $9.3 billion to $34.2 billion. To estimate unreported income from legal sources, the IRS drew mainly upon data on individual taxpayers from its Taxpayer Compliance Measurement Program, which audits a sample of income tax returns, and upon data from its Information Returns Program, which uses information from the payers of income. It developed estimates of unreported income from legal sources for individuals not filing returns by cross-checking information from two nationwide household surveys against its own records and those of the Social Security Administration. Finally, the IRS estimated unreported income obtained in the selected illegal activities from survey data and arrest records.

This approach to estimating the size of the underground economy has been subject to criticism. Some contend that the estimates derived from administrative records and surveys are likely to understate actual unreported income. They believe that estimates derived from monetary statistics offer a better gauge of underground activity and unreported income.

Aside from issues such as the underpayment of tax liabilities, the existence of an underground economy that may be growing relative to the recorded economy creates problems for analyses of public policy issues, including monetary policy. For example, policies developed from data on the recorded economy may not necessarily stabilize the total economy; or, movements in monetary aggregates that reflect changes in the underground economy may be interpreted as signaling change in the recorded economy. Thus policymakers need to assess the scope of the underground economy to see whether these potential issues deserve more explicit consideration.

This article evaluates estimates of the size and growth of underground activity based on several monetary-statistic methods. The article also examines some of the reasons for the growth of per capita currency holdings, particularly in larger denominations—another phenomenon cited as evidence of underground activity.[4]

Currency-Ratio Method

The earliest monetary-statistic approach to estimating the size of the underground economy relies on an analysis of movements in the ratio of currency to checkable deposits—the currency ratio. In this technique the underlying assumption is that the currency ratio in the aboveground economy is constant over time. Because of this assumption an increase in the amount of money held as currency relative to that held in checkable deposits is interpreted as a relative rise in underground economic activity.[5] To implement the method, a benchmark period is selected that is assumed to be free of underground activities. "Normal" or aboveground currency in any period is then defined to be in the same proportion to actual checkable deposits in that period as total currency was to checkable deposits in the benchmark period; accordingly, underground currency is the difference between currency in circulation and estimated aboveground currency. The estimated size of the underground economy is determined as the product of underground currency and the income velocity (the ratio of income to money) of aboveground M1, which is the sum of aboveground currency and all checkable deposits. The last step in the calculation is based on the assumption that income velocity is the same in the underground and the aboveground sectors.

Currency-ratio estimates of underground gross national product appear in table 1, column 1. These figures suggest that the dollar level of underground activity was little changed until the middle 1970s, but almost tripled between 1975 and 1982, reaching $450 billion. As a percent of recorded GNP, the size of the underground economy remained roughly constant until the 1970s.

1. Computed underground GNP, alternative methods and selected years, 1950–82[1]

Year	Simple currency-ratio method	Modified currency-ratio method[2]	Tanzi's model of the ratio of currency to M2		Transaction-ratio method	
			(*TW*)	(*T*)	1939 base	1964 base[2]
	(1)	(2)	(3)	(4)	(5)	(6)
	Billions of dollars					
1950	15.9	21.5	14.5	9.4	27.6	43.1
1955	14.7	15.6	12.8	10.9	1.7	21.6
1960	17.3	17.1	20.7	13.2	−3.4	21.5
1965	31.6	38.6	26.3	17.1	9.6	44.3
1970	62.4	88.5	45.6	25.3	101.0	155.2
1975	150.8	246.0	77.0	46.6	467.3	567.1
1978	266.1	460.2	114.2	80.9	551.1	685.5
1979	317.8	558.5	130.7	88.6	628.4	779.2
1980	372.8	666.9	159.9	116.9	1,095.6	1,280.1
1981	427.1	767.6	n.a.	n.a.	1,765.6	1,999.2
1982	449.7	810.5	n.a.	n.a.	n.a.	n.a.
	Ratio to recorded GNP, percent					
1950	5.6	7.5	5.1	3.3	9.6	15.1
1955	3.7	3.9	3.2	2.7	.4	5.4
1960	3.4	3.4	4.1	2.6	−.7	4.2
1965	4.6	5.6	3.8	2.5	1.4	6.4
1970	6.3	8.9	4.6	2.6	10.2	15.6
1975	9.7	15.9	5.0	3.0	30.2	36.6
1978	12.3	21.3	5.3	3.7	25.5	31.7
1979	13.1	23.1	5.4	3.7	26.0	32.2
1980	14.2	25.3	6.1	4.4	41.6	48.6
1981	14.5	26.0	n.a.	n.a.	59.8	67.7
1982	14.6	26.4	n.a.	n.a.	n.a.	n.a.

1. For a description of each method see the text.
2. It is assumed that underground GNP equals 5 percent of observed GNP in 1964.

n.a. Not available.

The proportion then increased sharply after 1975, to a sizable 14.6 percent in 1982.

Modified Currency-Ratio Method

In 1980 Feige modified the currency-ratio method to make it conform more closely to what he believed were the actual practices in the underground economy.[6] Whereas the simple currency-ratio method postulates that currency is the exclusive medium of exchange in the underground economy, Feige argues that some firms and households use checks for such transactions because they perceive that the ease of doing so outweighs the costs of leaving a "paper" audit trail. He also contends that the underground sector is service-oriented. Because fewer intermediate transactions occur in the production of services, the amount of money balances per dollar of output is smaller in this sector than in the aboveground sector. Feige therefore assumes that the currency ratio in the underground sector equals two and that the income velocity of underground money is 10 percent higher than its aboveground counterpart.[7]

The modified currency-ratio estimates of underground GNP for selected years are shown in table 1, column 2. For the mid-1960s, this method gives higher estimates of underground GNP than does the simple currency-ratio method; beginning in the 1970s the gap between the two estimates widens greatly; and by 1982 the modified currency-ratio estimate of underground GNP, at 26.4 percent of aboveground GNP, is almost twice the estimate derived from the simpler approach.

A Variant of the Currency-Ratio Method: Tanzi's Method

Another variant of the currency-ratio method has been used by Vito Tanzi to estimate underground activity.[8] Tanzi develops an explicit empirical model of the ratio of currency to M2 that links the size of the underground economy to the incentive to evade taxes. Specifically, the demand for currency relative to M2 rises whenever real per capita income or the rate of interest on time deposits (which are included in M2) falls, or whenever the share of wages and salaries in national income or the level of taxes rises. The last variable reflects the presumed pecuniary advantage of engaging in underground activity to evade taxes, with a step-up in tax rates fostering a relative rise in underground activity and inducing an increase in desired currency holdings relative to other balances in M2.

To calculate the size of the underground economy, Tanzi estimates his model using annual data for the years 1930 to 1980.[9] Two simulations are then conducted. In the first, all explanatory variables take on their actual historical values to produce a predicted currency series that is consistent with the actual tax rates in each period. In the second simulation the tax rates are set equal to zero rather than their historical values. The difference between the two predicted amounts of currency is Tanzi's estimate of the amount of money in use in underground activities. As in the simple currency-ratio method, the income velocities of underground and aboveground money balances are assumed to be identical. Underground GNP is therefore the product of the estimated stock of underground currency and the income velocity of aboveground M1 balances.

Table 1, columns 3 and 4, presents the size of underground activity estimated with this model using two tax measures: *TW*, a weighted average tax rate on interest income, and *T*, the ratio of total net tax payments to adjusted gross income. Because both sets of estimates remain in a relatively narrow range around 5 percent of recorded GNP, they provide a striking contrast to the previous currency-ratio estimates. The figures indicate only a slight upward trend in the relative size of the underground economy; even for 1980 (the most recent year for which data are available), Tanzi estimates that underground GNP equaled only 6.1 percent (*TW*) or 4.4 percent (*T*) of aboveground GNP.

Transaction-Ratio Method

The ratio of total monetary transactions to gross national product is the main ingredient of the second basic approach to estimating underground activity, the transaction-ratio method developed by Feige.[10] Feige proposes that monetary transactions in underground activity will be recorded in measures of total transactions but excluded from recorded income. Thus changes in the ratio of transactions to income will reflect changes in the underground economy. The key assumption underlying Feige's approach is that total transactions, the sum of debits to checkable deposits and the total dollar volume of currency transactions, are proportional to total economic activity (''total'' here meaning the sum of aboveground and underground activity). Because total transactions include direct transfer payments, which exhibit a changing pattern over time, and purely financial transactions, which have increased dramatically in response to various financial innovations, Feige reformulates his original assumption in terms of the proportionality between a *net* transaction measure and total income. To derive a net transaction measure appropriate for estimating underground activity, he adjusts gross transactions by deducting several categories of major financial transactions and direct transfers.[11]

Given these adjustments, the calculation of underground GNP proceeds in much the same fashion as in the currency-ratio method: aboveground transactions are determined as the product of the ratio of transactions to GNP in the benchmark period (which is assumed to be free of underground activity) and recorded GNP. The excess of actual transactions over aboveground transactions defines the level of underground transactions for any given year. Underground income can then be inferred from the benchmark ratio of transactions to income.

Table 1 lists alternative transaction-ratio estimates of underground GNP. The estimates in column 5 are based on a 1939 benchmark period, while those in column 6 assume that underground GNP was 5 percent of recorded GNP in a 1964 base period. The transaction-ratio estimates of the size of underground activity are even larger than those estimated from the currency-ratio methods, rising from approximately 10 or 15 percent of reported GNP in 1970 to more than 60 percent by 1981.

A Critique of the Monetary-Statistic Methods

This section evaluates the assumptions, procedures, and estimated size of the underground economy for each of the various monetary-statistic methods just described. The effort here (and in the next section, which looks at currency data) is to explain the observed behavior of currency and transactions in traditional, aboveground terms, and thus avoid an underground explanation except as a last resort. The aboveground explanations are firmly rooted in economic theory and established empirical work, while, as will be shown, a number of the underground arguments bear only a tenuous relation to accepted theory and empirical practice.

The starting point is the observation that all of the methods except Tanzi's yield sharply increasing ratios of underground GNP to aboveground GNP since the late 1960s, particularly after 1975. Such a pattern implies a sharp increase in the *total* GNP velocity of M1, the ratio of the sum of aboveground and underground GNP to the level of M1. Table 2 displays the level and growth rates of total GNP velocity for three monetary-statistic methods for some of the years given in table 1.[12] As the table indicates, the velocities of total and recorded GNP grew on average at an annual rate of between 3.1 and 3.5 percent from 1950 to 1970. From 1975 onward, however, the estimated growth rates of total GNP velocity accelerate relative to those for recorded GNP velocity, which stays close to its long-run historical trend rate of change. For example, total GNP velocity for the transaction-ratio method using the 1939 base grows at an annual rate of 7.6 percent from 1975 to 1981, more than double the rate for the period 1950–70. Those who believe that both money demand and the aggregate economy are stable in the long run will regard such a sharp change in the trend of velocity as highly unlikely.

Another reason for skepticism stems from the apparent contradiction between such large estimates of underground activity and the results of a substantial body of empirical work. Although the underground economy may influence the relative amount of currency holdings, many other important factors are ignored by the advocates of the currency-ratio approach. The behavior of currency relative to checkable deposits or to M2 can, in fact, be explained with some accuracy by standard empirical demand equations that do not rely upon underground motives. Specifically, the standard macroeconomic approach to analyzing

2. Implied total income velocity of money by alternative methods of estimating underground activity, and recorded velocity[1]

Year or period	Simple currency-ratio method	Modified currency-ratio method	Transaction-ratio method		Velocity of M1 based on recorded GNP
			1939 base	1964 base	
	Implied velocity				
1960	3.705	3.704	3.559	3.735	3.583
1965	4.378	4.420	4.245	4.455	4.186
1970	4.996	5.120	5.180	5.436	4.701
1975	5.967	6.301	7.077	7.428	5.436
1978	6.929	7.483	7.742	8.125	6.168
1979	7.242	7.879	8.064	8.463	6.400
1980	7.487	8.220	9.288	9.748	6.558
1981	7.864	8.656	10.977	11.520	6.870
1982	7.691	8.479	n.a.	n.a.	6.711
	Average annual growth of implied velocity				
1950–70	3.1	3.4	3.3	3.1	3.5
1975–81	4.7	5.4	7.6	7.6	4.0
1975–82	3.7	4.3	n.a.	n.a.	3.1

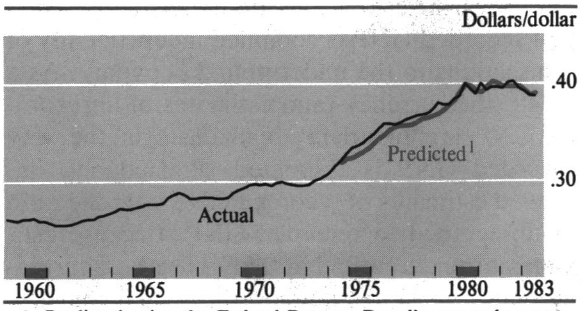
1. Velocity is measured as the ratio of the sum of aboveground (or recorded) GNP and underground GNP to an M1 measure.

n.a. Not available.

these ratios involves a model based on theories of the demand for money involving aboveground transactions or portfolio considerations.

As an indication of what the standard approach can explain, charts 1 and 2 display actual and predicted values of the alternative ratios from simulations using the Federal Reserve Board's quarterly econometric model.[13] The explanation rests primarily on interest rates, income, wealth, and prices, with no reference to underground activity. In general, the model's demand equations for the components of M1 and M2 fit the data fairly well. The equation explaining the demand deposit component of checkable deposits, however, includes a shift variable for the two and one-half years from 1974:3 to 1976:4; when this variable is removed, the model's equation, like most conventional demand equations, overpredicts demand deposits and, by implication, underpredicts the ratio of currency to checkable deposits.

1. Actual and predicted ratios of currency to transaction deposits

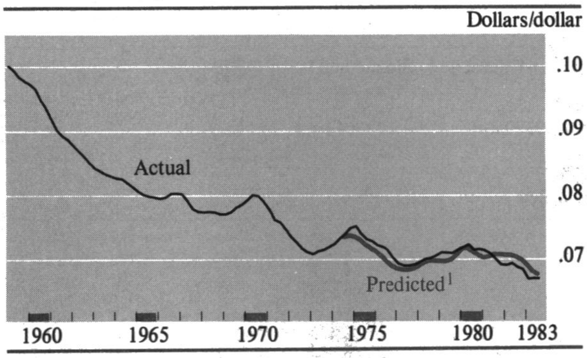


1. Predicted using the Federal Reserve Board's quarterly econometric model.

Although this failure to explain the spurt in the actual currency ratio might be viewed as evidence of an active underground economy, another explanation is perhaps more likely. The Board model and other models provide no evidence of any unexplained strength in currency itself during this period; the shortfall in predicting the currency ratio stems principally from the unexplained weakness in demand deposits.[14] Extensive analysis of this weakness in demand deposits suggests that, facing persistently high opportunity costs of holding demand deposits, deposit holders sought to improve their money management techniques.[15] This quest was aided by improvements in computer and telecommunications technology, by the development of various cash management procedures such as cash concentration accounts and remote disbursement facilities, and by the growing use of new financial instruments that complemented many of these new techniques.

More important, the simple and modified cur-

2. Actual and predicted ratios of currency to M2



1. Predicted using the Federal Reserve Board's quarterly econometric model.

rency-ratio methods ignore these ongoing technological and financial innovations because they both assume that the ratio of checkable deposits to currency is constant in the two sectors. This assumption is made solely for technical convenience, of course, but it does have the effect of denying any role whatsoever to important economic determinants of these ratios such as interest rates. For example, the introduction of negotiable order of withdrawal accounts nationwide in 1981 and Super NOW accounts in 1983 lowered the opportunity cost of holding transaction accounts (the difference between an open market yield such as a Treasury bill rate and the own yield on the NOW account), making it relatively more attractive to hold balances in such accounts rather than in currency. Because the currency-ratio methods do not account for such aboveground innovations, they incorrectly attribute the induced change in the observed currency ratio to developments in the underground economy.

While conventional empirical work predicts the ratio of currency to M2 fairly accurately, Tanzi's model does also, so that his work merits a closer look.[16] In contrast to standard money demand approaches, which assume only motives related to aboveground transactions and portfolio considerations for holding currency and deposits, Tanzi's approach includes an explicit tax term in the demand equation for currency relative to M2 to represent the incentive to evade taxes. The quality of the resulting estimates of the size of underground activity depends on the accuracy of the underlying specification and estimation of the tax effect. The data reveal that the positive relationship between the ratio of currency to M2 and taxes is strong *only* for the period from 1930 to 1945.[17] Indeed, the relationship breaks down in the postwar period, and thus Tanzi's model provides little evidence that an increase in taxes spurs an increase in underground activity.[18]

Each of the three currency-based methods involves arbitrary choices about relative income velocities, the proportions of currency and checkable deposits used in the two sectors, and the benchmark period.[19] In addition, these methods contain the implicit assumption that recorded GNP covers no underground activity. In fact, the Bureau of Economic Analysis (BEA) of the Department of Commerce compiles estimates of the national income and product accounts in recognition of the many distortions in the underlying sources of GNP data created by legal activity in the underground economy. Although BEA's success in limiting such distortions may be debated, it is erroneous to assume that reported GNP reflects only the aboveground economy. For instance, underreporting of income for tax purposes creates few serious statistical problems in the national income accounts because IRS data do not play an important role in developing estimates of national income. But where IRS sources must be used, reported income is adjusted on the basis of the IRS audit studies. In general, BEA prefers methods that impute a value of income, and such methods often are independent of whether a recorded monetary transaction has taken place. As a result, recorded GNP reflects at least some part of the legal underground economy. Furthermore, recently BEA has sought to adopt procedures that better estimate the component of underground activity that is conceptually consistent with its measures of income and product. The currency-ratio methods, nevertheless, are based on the assumption that recorded GNP is compiled independently of transactions in the underground economy. As a result, the currency-ratio estimates of unrecorded GNP are invariant to changes in the way recorded GNP is estimated. Presumably, improved estimates of recorded GNP alter the ratio of unrecorded to recorded GNP. Because estimates of underground activity based on currency-ratio procedures do not reflect such changes, those estimates are probably overstated.

The transaction-ratio method is more difficult to evaluate because, unlike the demand for currency and checkable deposits, total transactions are not subject to any established theory. Casual inspection of the ratio of transactions to income suggests that it often moves positively with interest rates. In a recent paper, Porter and Offenbacher offer a partial explanation for such movements based on an inventory model of money holdings under uncertainty.[20] This paper shows that the volume of debits to demand deposits for business firms should be positively related to both interest rates and a scale variable (which serves as a proxy for the size of the firm) and negatively related to the costs of transactions.[21] With this model, several of the major movements in the ratio of transactions to GNP can be explained without reference to factors associated with the underground economy. Nonetheless, additional theoretical and empirical work is required before the Porter–Offenbacher results can be viewed as firmly established.[22]

In comparison to the various currency-ratio methods, the transaction-ratio method has several distinct advantages, at least in principle. The method makes no assumption regarding the relative income velocities in the aboveground and underground sectors. It also treats currency and deposits in a symmetric fashion; that is, the method does not assume that currency is the exclusive medium of exchange in the underground sector or that currency and deposits are used in fixed ratios in each of the two sectors. Moreover, improved estimates of recorded GNP appropriately modify the resulting estimate of the ratio of underground GNP to recorded GNP; for example, an increase in recorded GNP will necessarily lower this ratio.

On the other hand, the transaction-ratio method requires the specification of a "benchmark" transaction ratio in the aboveground sector; as with the other methods, the choice of this ratio is a critical assumption. In practice, however, data limitations are the single most important problem in implementing the transaction-ratio method: the dollar volume of many significant financial transactions is simply not compiled either privately or publicly.[23] For example, direct measurements of the turnover of the currency stock do not exist, and indirect procedures must be used to estimate it.

The recent estimates of underground GNP from the transaction-ratio method suggest that increases in the transaction ratio itself are attributable largely to transactions in checkable deposits, not currency.[24] Because the likelihood of "catching" a participant in an underground transaction is probably higher when checkable deposits rather than currency are used, it seems counterintuitive to associate all of the implied increase in total income arising from the increase in checkable deposits with underground transactions. In addition, the 18.1 percent annual rate of growth in total income velocity in 1981 is about four times recorded velocity growth for that year (see table 2). Such a large increase in velocity is also unlikely and suggests that some purely financial component of total transactions has not been properly netted out, so that an upward bias has been imparted to the estimated transaction ratio for that year. Similar surges in velocity growth during other recent periods may also be due to various netting-out problems arising in the compilation of total transactions.

Thus far, this article has evaluated several methods that rely on an analysis of monetary statistics to estimate underground economic activity in the United States: the simple and modified currency-ratio methods, Tanzi's variant of the currency-ratio approach, and the transaction-ratio method. According to all of these methods, the relative size of the underground economy has increased over the last decade; Tanzi's estimates of underground GNP are relatively small (about 5 percent of recorded GNP), while those produced by the transaction-ratio method exceed 60 percent of recorded GNP. Unfortunately, each of these methods has significant problems of a methodological nature or in data requirements that call into question the basic reliability of the approach.

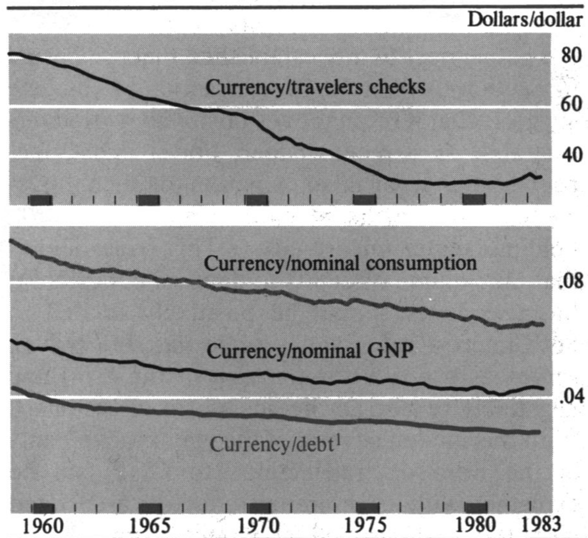
An Evaluation of the Currency Data

Although the monetary-statistic methods described earlier for estimating underground activity are not based exclusively on currency data, many observers believe that the most compelling evidence concerning the scope of the underground economy may be inferred from such data. They point to the remarkably high level of currency holdings per household and the sizable proportion that is held in large denominations. At the end of December 1983, currency holdings stood at almost $1,970 per household in the United States; just under 40 percent of this stock, or nearly $800, was in hundred-dollar bills. Even allowing for the currency that is held by businesses in cash registers and by financial institutions as vault cash or that has been lost or destroyed, these magnitudes seem to contradict everyday experience.[25] Even if a substantial fraction of the currency stock were held abroad, the implied level of domestic currency holdings would still be strikingly large.

It is difficult to account for such currency holdings in terms of a transaction theory of the demand for money. As a rough calculation, suppose that all income were received in the form of currency and all households were paid biweekly. The average household would then receive about $1,060 every two weeks.[26] If, in addition, all of the currency were spent on goods and services during the two-week interval between income payments, the typical household would on average have about half its original pay, or about $530, in the form of currency. The substantial discrepancy between this predicted amount and actual currency balances, which are roughly four times as large, indicates the nature of the difficulty for a transaction-based model of currency. Other factors, however, may account for holdings greater than the predicted $530. For example, many households are paid less frequently than biweekly, at least for part of their income, and some households may hold currency for precautionary reasons and as a store of wealth. On the other hand, several factors work to reduce currency holdings below this hypothetical average. Many households are paid exclusively by check, and many use checkable deposits for a substantial part of their transactions. In addition, households that are adding to their wealth by saving or are paid more frequently than biweekly will hold less currency. On balance, it seems difficult to explain the actual level of currency holdings solely on the basis of aboveground transactions; an underground explanation for these levels must be taken seriously.[27]

Despite the high and somewhat puzzling *level* of currency balances per household, the evidence does not suggest that *growth* in currency

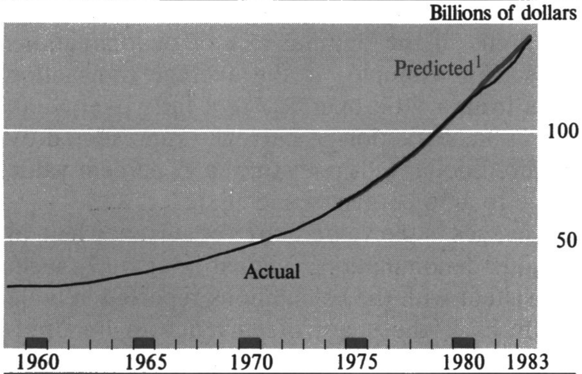
3. Ratios of currency to travelers checks, consumption, GNP, and debt



1. Debt in the domestic nonfinancial sector.

has been excessive relative to deposits or expenditures. Charts 2 and 3 show that, on balance over the past 20 years, total currency has been declining, not rising, relative to other financial aggregates such as M2, travelers checks, or domestic nonfinancial sector debt—or relative to nominal expenditures such as GNP and measured personal consumption. In the case of M2, this movement is not surprising because the average nominal rate of return on the noncurrency part of this aggregate has moved up sharply over this period as a result of deregulation and higher nominal interest rates, while the nominal pecuniary return on currency remained at zero. A similar declining pattern is apparent, at least through the mid-1970s, for the ratio of currency to travelers checks. This decline is somewhat unexpected because travelers checks, like currency, bear no nominal rate of return but, unlike currency, leave a paper trail. Thus, if underground activity were relatively more important over this period, that ratio should have risen, other things equal. Finally, currency movements over the past years have been highly predictable in conventional empirical models of money demand, which relate real currency holdings per capita to real consumption expenditures per capita and the opportunity cost of holding money but which make no reference to the underground economy (chart 4).

4. Actual and predicted holdings of currency



1. Predicted using the Federal Reserve Board's quarterly econometric model.

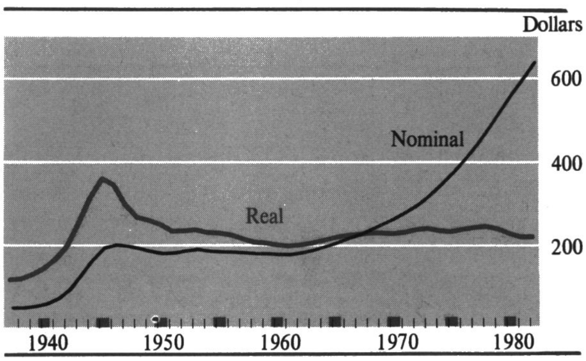
The accurate prediction of the growth of currency balances by conventional empirical models may be fortuitous, of course. Because currency holdings are the sum of aboveground and underground holdings, a relative decline in currency holdings in the aboveground sector owing to changes in payment practices may offset a relative increase in underground currency holdings, thereby leaving the total unaffected. For example, aboveground currency holders may have economized on currency by using credit cards more frequently. By itself, however, this factor seems unlikely to provide the full explanation because credit cards account for only a small proportion of estimated total currency transactions—just over 2 percent in 1981.[28] In addition, use of currency in the aboveground economy may have declined because a growing fraction of individuals has been paid by check rather than with currency. This possibility has not been explicitly recognized in the standard currency demand relationship; however, the predictions of the currency equation in the Board's quarterly model are not materially altered when it is accounted for, as Tanzi did, by using the ratio of compensation of employees to national income as an explanatory variable.

Still another development calls into question the view that currency holdings provide evidence of a growing underground economy. Since the mid-1950s, aggregate currency balances (including vault cash) have only about kept pace with inflation so that real currency holdings per capita have changed only slightly (chart 5). If real per capita holdings instead of total currency holdings were used in the monetary-statistic approach, the relative size of the underground economy would be approximately the same over most of the postwar period.[29]

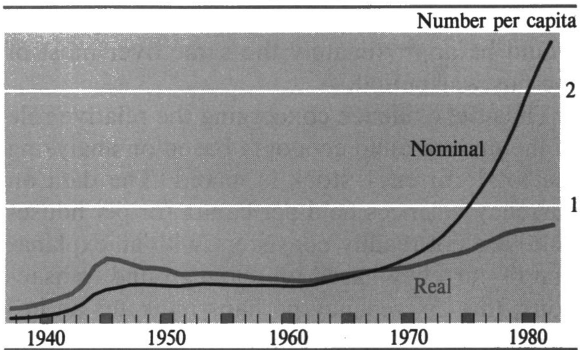
Thus the evidence concerning the relative role of the underground economy based on analyzing the total currency stock is mixed. The data on currency balances held per capita (or per household) are not readily consistent with an explanation of currency based on aboveground transactions; this discrepancy perhaps indicates an important underground presence. On the other hand, currency movements over time appear to be explained reasonably well by ongoing developments in the aboveground sector.

Although the historical data on aggregate currency do not provide unequivocal support for a growing underground economy, proponents of that view often point to the rising proportion of hundred-dollar bills in the currency stock. They contend that most large aboveground transactions are paid for by check, and that the growing use of large-denomination bills must be attributed principally to a growing volume of underground transactions. Per capita holdings of hundred-dollar bills rose from about 0.5 in 1966 to about 2.4 in 1982 (see chart 6). Even in real terms (1967 dollars), the change in per capita holdings of hundred-dollar bills is substantial: from 0.5 in 1966 to about 0.8 in 1982 (chart 6). Does this relative shift to large-denomination bills mask increased underground economic activity, or does it reflect the responses of aboveground transactors to changes in the economic environment? With regard to the latter possibility, it should be noted that, since 1969, the hundred-dollar bill has been the largest currency denomination issued.[30] Thus increases in the price level

5. Currency balances per capita



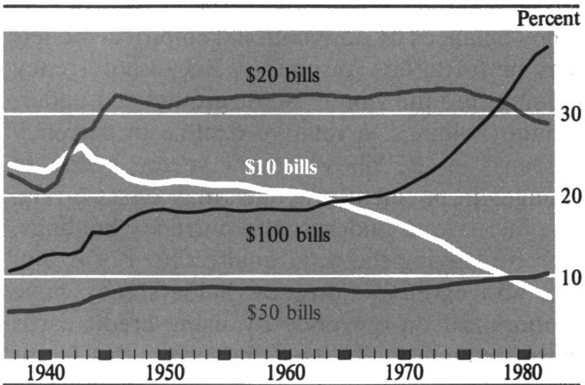
6. Holdings of $100 bills per capita



model indicating that, as the dollar size of individual transactions increases, the proportion of hundreds in the optimal mix of denominations rises. For example, as the average transaction goes from a little over $25 to a little over $100, the optimal fraction of currency represented by hundred-dollar bills rises from a 19 percent value share to a 56 percent value share.

Changes in the value shares of currency held in various denominations, shown in chart 7, seem consistent with the calculations reported in table 3. In 1978, the share of currency in hundred-dollar bills surpassed the share in twenty-dollar bills. The chart shows that the last time a similar event occurred was in 1942, when the amount of money represented by the twenty-dollar denomination became larger than the amount held in ten-dollar bills.[35] Over the period from 1942 to 1978, consumption expenditures per capita grew from $657 to $6,049. Thus, assuming that total transactions per capita and the average size of transactions moved together, there is an aboveground explanation for the increasing share of hundred-dollar bills: per capita consumption expenditures were more than nine times as large, while the size of the denomination in which the largest proportion of currency was outstanding was five times as large.

7. Value shares of currency held in various denominations of bills



that tend to increase the dollar size of transactions should, other things equal, spur the use of hundred-dollar bills relative to other denominations because they are more convenient in large-scale transactions.[31]

The importance of hundred-dollar bills in the mix of denominations can be evaluated with a model recently proposed by J. S. Cramer.[32] Cramer assumed that transactors attempt to economize on the number of physical units of currency used in an exchange of a given transaction size. Table 3 presents the results of applying Cramer's model to the various bill denominations in the United States for various ranges of transaction size.[33] The estimates were constructed under the assumption that all transactions up to a certain size were equally likely to occur while, beyond that size, the likelihood of a transaction declined as its size increased. For example, transactions of $2,000 were assumed to occur less frequently than transactions of $1,000.[34] Table 3 presents calculations from this

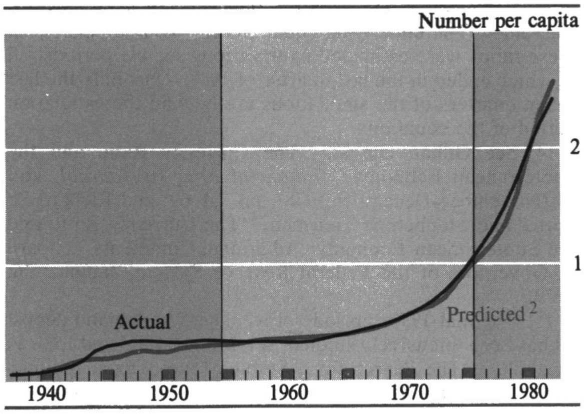
3. Value shares of bills of various denominations in optimal mix of denominations for selected average transaction sizes

Percent

Average transaction (dollars)	$100 bills	$50 bills	$20 bills
12.69	12	13	22
25.38	19	20	33
38.08	25	28	29
50.77	31	32	23
63.46	37	34	18
76.15	43	32	14
88.85	49	29	13
101.54	56	25	12
114.23	62	21	10
126.92	66	19	9

Another, related explanation that focuses on the use of hundred-dollar bills in the aboveground sector has been developed. Essentially, this explanation describes the relationship between per capita holdings of hundred-dollar bills and the price level.[36] The predictions from the

8. Holdings of $100 bills per capita, actual and predicted[1]



1. In-sample years are not shaded. Out-of-sample years are.
2. Predicted by regression equation described in Richard D. Porter and Amanda S. Bayer, "Evaluating Underground Economic Activity in the United States Using Monetary Statistics," Staff Study (Board of Governors of the Federal Reserve System, forthcoming), appendix C.

implied empirical equation are shown in chart 8. The equation performs quite adequately in the out-of-sample period, explaining a substantial part of the recent increase of per capita holdings of hundred-dollar bills.

These theoretical and empirical results suggest that the expansion in the use of hundred-dollar bills is related principally to normal economic and institutional forces at work in the aboveground economy. While the amount and form of currency holdings appear suspiciously large, the interaction between increases in the price level and the size pattern of available currency denominations appears to account for the actual mix of denominations in currency holdings.

Summary and Conclusion

This article has examined several estimates of the size and growth of underground activity that have been developed using monetary statistics. Nearly all of these estimates imply an expansion in the proportion of underground activity relative to total activity and a large rise in the total income velocity of money since 1970. Both currency-ratio methods utilize readily available data, but they depend on several questionable assumptions. The most critical are (1) a constant ratio of currency to checkable deposits in the aboveground sector despite changes in important economic determinants such as interest rates and the own rate of return on negotiable order of withdrawal and automatic transfer service accounts; (2) an erroneous belief that recorded gross national product is estimated with no recognition of legal underground activities; and (3) either no use of checkable deposits or the fixed proportional use of currency and checkable deposits in the underground sector. Although the transaction-ratio method avoids these pitfalls, it has severe data limitations, relating especially to the separation of purely financial transactions from others.

Evidence has also been gleaned from an explicit model of the ratio of currency to M2, which relates the size of the underground economy to the incentive to evade taxes. In contrast to the other estimates, this method suggests that the relation of the underground sector to total economic activity has not changed significantly. This method also makes several questionable assumptions, however: (1) the ratio of underground GNP to recorded GNP does not vary with the method for compiling recorded GNP; and (2) underground transactions involve only currency. Moreover, the method fails to find evidence of the predicted tax effect when estimation is restricted to the postwar period.

Although the enormous size of currency holdings per capita or per household is puzzling, it can be explained by standard demand relationships that relate currency holdings per capita to real consumption expenditures per capita and to the opportunity cost of holding currency. Increases in the price level combined with explicit recognition of the available denominations of currency appear to account for changes in the mix of currency denominations.

The analysis of underground activity has not progressed enough to permit a reliable estimate of the scope of such activity from an analysis of monetary data. Given current techniques, these data do not convincingly support the hypothesis that the share of the underground economy in the total U.S. economy has grown recently. Perhaps as more satisfactory data and techniques emerge, better estimates can be developed. In any event, the issues raised in attempting to measure underground activity by these methods pose some challenging questions regarding the use of currency and deposits as transaction media in the aggregate economy. □

Footnotes

1. Peter M. Gutmann, "The Subterranean Economy," *Financial Analysts Journal*, vol. 33 (November–December 1977), pp. 26–27; Edgar Feige, "How Big Is the Irregular Economy?" *Challenge*, vol. 22 (November–December 1979), pp. 5–13.

2. *Estimates of Income Unreported on Individual Tax Returns*, U.S. Department of the Treasury, Publication 1104 (9–79), p. ii.

3. The estimates of income from illegal sources are preliminary; see Internal Revenue Service, Assistant Commissioner for Planning, Finance, and Research, *Income Tax Compliance Research* (U.S. Department of the Treasury, July 1983), pp. 9, 39.

4. Richard D. Porter and Amanda S. Bayer, "Evaluating Underground Economic Activity in the United States Using Monetary Statistics," Staff Study (Board of Governors of the Federal Reserve System, forthcoming), provides a more detailed and more technical discussion of the issues examined in this article.

5. The method was originally suggested by Phillip Cagan to evaluate the upward movements in the currency ratio in World War II; see Phillip Cagan, "The Demand for Currency Relative to the Total Money Supply," *Journal of Political Economy*, vol. 66 (August 1958), pp. 303–28. The method was later adopted by Peter Gutmann, "Subterranean Economy;" and it was subsequently modified by Edgar Feige, "A New Perspective on Macroeconomic Phenomena: The Theory and Measurement of the Unobserved Sector in the United States Economy—Causes, Consequences, and Implications," paper presented at the 1980 meetings of the American Economic Association.

The initial estimates of underground GNP made by both Gutmann and Feige covered a period when the amount of deposits in other checkable accounts such as ATS, NOW, and Super NOW accounts was small; those investigators thus ignored these accounts in their work and used the ratio of currency to demand deposits. In the last few years these new accounts have grown rapidly and have tended to substitute for demand deposits rather than for currency; as a consequence, the ratio of currency to demand deposits has risen for reasons totally unrelated to underground activity. Thus, in this article, the currency-ratio estimates are based on the ratio of currency to checkable deposits. As a reference point, appendix table A.1 presents estimates of underground activity using the ratio of currency to demand deposits.

6. Ibid.

7. Ibid, pp. 19–22.

8. Vito Tanzi, "The Underground Economy in the United States: Annual Estimates, 1930–80," International Monetary Fund, *Staff Papers*, vol. 30 (June 1983), pp. 283–305.

9. See Porter and Bayer, "Evaluating Underground Activity," for a more detailed discussion of the estimates.

10. Feige, "How Big?" and "New Perspective."

11. See Porter and Bayer, "Evaluating Underground Activity," for a detailed discussion of the data used and steps involved in compiling the adjusted series on transactions.

12. Appendix table A.2 presents currency-ratio and modified currency-ratio velocity measures for the narrower definition of the currency ratio, the ratio of currency to demand deposits.

13. The charts represent dynamic simulations of the equations starting in the third quarter of 1974 and extending through the third quarter of 1983. (Appendix B of Porter and Bayer, "Evaluating Underground Activity," presents the equations as well as a brief explanation of their structure.) In these simulations the determinants of the ratios—interest rates, real income, and so forth—take on their actual historical values. The underlying equations for the components of these ratios were estimated over various sample periods, all of which ended in the last quarter of 1981. Thus only the last seven quarters of the simulations are beyond the estimation period of the equations.

14. See Gillian Garcia, "The Currency Ratio and the Subterranean Economy," *Financial Analysts Journal*, vol. 34 (November–December 1978), pp. 64–69; and Richard D. Porter and Stephen S. Thurman, "The Currency Ratio and the Subterranean Economy: Additional Comments" (Board of Governors of the Federal Reserve System, January 26, 1979).

15. The mid-1970s episode of weakness in demand deposits has been intensively studied; see John P. Judd and John F. Scadding, "The Search for a Stable Money Demand Function: A Survey of the Post-1973 Literature," *Journal of Economic Literature*, vol. 20 (September 1982), pp. 993–1023; Richard D. Porter, Thomas D. Simpson, and Eileen Mauskopf, "Financial Innovations and the Monetary Aggregates," *Brookings Papers on Economic Activity, 1:1979*, pp. 213–29; Thomas D. Simpson and Richard D. Porter, "Some Issues Involving the Definition and Interpretation of the Monetary Aggregates," in *Controlling the Monetary Aggregates III*, Federal Reserve Bank of Boston Conference Series No. 22 (October 1980), pp. 161–234; and Jared Enzler, Lewis Johnson, and John Paulus, "Some Problems of Money Demand," *Brookings Papers on Economic Activity, 1:1976*, pp. 261–80.

16. One difference between the conventional models and Tanzi's model is that the latter uses the old definition of M2, which includes only M2 deposits held at commercial banks.

17. Even for the period before 1946, the specification can be questioned because it does not take into account the introduction of deposit insurance, which altered the demand for currency relative to M2.

18. When the estimation period for Tanzi's model is restricted to the postwar years 1946–80, the estimated coefficient for the tax variable has the wrong sign when *T*, the ratio of total tax payments to income, is used; that is, as taxes increase the ratio of currency to M2 falls. With *TW*, the weighted average tax rate on interest income, the estimated tax coefficient does not come close to being statistically significant. See Porter and Bayer, "Evaluating Underground Activity," appendix B-10.

19. In Tanzi's method, the benchmark assumption concerns the threshold level for taxes. Tanzi assumes that underground activity develops as soon as any tax is placed on output. However, this threshold tax effect could conceivably be triggered at some value above zero.

20. Richard D. Porter and Edward K. Offenbacher, "Financial Innovations and Measurement of Monetary Aggregates" (Federal Reserve Bank of St. Louis, forthcoming).

21. The particular proxy used for transaction costs is described in Simpson and Porter, "Some Issues," table 4, form number 1, p. 283. Also, for simplicity the scale variable is taken to be recorded GNP.

22. The simulation results from the Porter–Offenbacher model are merely within-sample predictions and thus are not particularly strong evidence regarding the explanatory power of these equations. See Porter and Bayer, "Evaluating Underground Activity," for a more detailed discussion of the results.

23. Ibid.

24. Ibid.

25. At the end of December, vault cash was about 12 percent of the total. There are no available data indicating total currency held by businesses. Robert D. Laurent has estimated that lost currency has never accounted for more than 4 percent of currency in circulation; see his "Currency in Circulation and the Real Value of Notes," *Journal of Money, Credit, and Banking*, vol. 6 (May 1974), pp. 213–26.

26. This estimate assumes \$2.4 trillion in aggregate annual disposable income and 87.3 million households in the United States.

27. Per household or per capita figures may be misleading and may not indicate the median level of currency balances. For example, in 1975 currency holdings per capita were about \$330. This figure may seem high for that time, but it does not necessarily imply that a person chosen at random would hold such an amount; some would hold more and some less. A relatively small fraction of the population might well hold a sizable portion of the total stock of currency. Such a distribution would be consistent with the size distribution of demand deposit holdings, which is highly skewed: in 1975, 0.6 percent of demand deposit account holders held about half of all the demand deposits, according to estimates by the Federal Deposit Insurance Corporation. If the size distribution of currency were the same, it would imply that, excluding the 0.6 percent of the population that held the largest amounts, currency holdings per capita in 1975 would be only \$165, or half of overall per capita holdings.

28. See Porter and Bayer, "Evaluating Underground Activity."

29. Because the total economy has grown over this period, the relative constancy of real currency holdings per capita implies, other things equal, that the underground economy has shrunk relative to the aboveground economy. In terms of the Board's estimated currency equation, the increase in the opportunity cost of holding currency and autonomous improvements in managing currency apparently have offset the increased level of real transactions, thereby leaving real currency holdings per capita about unchanged.

30. Denominations larger than \$100—\$500, \$1,000, \$5,000, and \$10,000 bills—have not been printed since 1946. They have not been issued since 1969.

31. The importance of fifty-dollar bills should increase somewhat also, but hundred-dollar bills appear, as will be shown below, to be more efficient over a wider range of transaction sizes.

32. J. S. Cramer, "Currency by Denomination," *Economics Letters*, vol. 12 (1983), pp. 299–303.

33. We are indebted to Gary Anderson of the Board staff for his technical assistance in compiling this table.

34. Formally, the size distribution of transactions is assumed to be uniform (all transactions are equally likely) up to a given point and to follow Pareto distribution beyond that point; that is, the distribution function for transactions was specified to be

$$f(x) = \begin{cases} c \text{ if } x \leq \beta \\ c\left(\dfrac{\beta}{x}\right)^{\alpha+1} \text{ if } x \geq \beta, \end{cases}$$

where β is the upper limit of the uniform portion of the distribution and $c = \alpha/\beta(\alpha + 1)$. The parameter in the Pareto distribution α was set equal to 1.65. This is the approximate value estimated for a variant of this model discussed below to explain per capita holdings of hundred-dollar bills. See Porter and Bayer, "Evaluating Underground Activity," appendix C.

35. A comparison of table 3 and chart 6 for fifty-dollar bills, however, raises one problem with this explanation. The table suggests that fifty-dollar bills should have surpassed twenty-dollar bills before they were overtaken by hundred-dollar bills, but the chart indicates that that event never occurred at all. If the analysis used to explain hundred-dollar bills in the text is basically correct, the reconciliation of the share data for fifty-dollar bills must require a different Pareto parameter estimate or different size distribution for transactions than that set out in note 34. An econometric investigation of these questions is currently being conducted by members of the Board's staff.

36. Basically, the regression model discussed in the text is derived from the following assumptions: (1) the size distribution of transactions is a Pareto distribution for transactions above a given size; (2) in response to inflation, the size distribution shifts in proportion to the change in the price level; and (3) hundred-dollar bills are used in large transactions. See Porter and Bayer, "Evaluating Underground Activity," especially appendix C, for further discussion of this model.

Appendix tables appear on the following page.

A.1. Computed underground GNP using the ratio of currency to demand deposits[1]

Year	Simple currency-ratio method	Modified currency-ratio method
	Billions of dollars	
1950	15.9	21.4
1955	14.7	15.5
1960	17.3	17.0
1965	31.7	38.6
1970	62.6	88.6
1975	152.2	248.3
1978	280.2	489.9
1979	359.6	649.8
1980	445.2	829.2
1981	683.5	1375.2
1982	832.1	1748.4
	Ratio to recorded GNP, percent	
1950	5.6	7.5
1955	3.7	3.9
1960	3.4	3.4
1965	4.6	5.6
1970	6.3	8.9
1975	9.8	16.0
1978	12.9	22.6
1979	14.9	26.9
1980	16.9	31.5
1981	23.1	46.6
1982	27.1	56.9

1. The estimates of underground GNP in this table are derived via the simple and modified currency-ratio methods, as described in the text, but use the ratio of currency to demand deposits as opposed to the ratio of currency to total checkable deposits.

A.2. Implied total income velocity of money using the ratio of currency to demand deposits to estimate underground activity[1]

Year or period	Simple currency-ratio method	Modified currency-ratio method
	Implied velocity	
1960	3.706	3.704
1965	4.381	4.423
1970	5.001	5.124
1975	5.986	6.324
1978	7.076	7.684
1979	7.645	8.444
1980	8.108	9.120
1981	9.983	11.882
1982	10.620	13.111
	Average annual rate of growth of implied velocity	
1950–70	3.1	3.2
1975–81	8.9	11.1
1975–82	8.5	11.0

1. Velocity is measured as the ratio of the sum of aboveground (or recorded) GNP and underground GNP to an M1 measure.

Treasury and Federal Reserve Foreign Exchange Operations

This 44th joint report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Sam Y. Cross, Manager of Foreign Operations for the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York. It covers the period August 1983 through January 1984. Previous reports have been published in the March and September [October 1982] BULLETINS of each year beginning with September 1962.

During the period from August 1983 through January 1984, the dollar rose strongly on balance against the European currencies, but was little changed against the Japanese yen. As the period began, the dollar was moving sharply higher and reached a 9½ year high against the German mark in mid-August. The dollar then declined gradually through early October, before it gained renewed strength and surpassed its earlier highs, ending the period 5 to 9 percent higher on balance against the European currencies.

At the beginning of August the U.S. economy was recovering more vigorously and inflation was declining more rapidly than had been expected by many observers. At the same time, the U.S. authorities were perceived as willing to allow the demand pressures to be reflected in higher interest rates. In many other industrial countries, by contrast, economic recovery was more modest; unemployment was near peak levels or declining only slowly; and the monetary authorities were perceived as reluctant to tighten monetary policies. Under these circumstances, the dollar was quickly bid higher in unsettled trading as the reporting period opened. The U.S. monetary authorities and foreign central banks intervened in coordinated operations during one limited period, which helped restore order in the market.

Market participants soon began to question whether the dollar could maintain the high levels reached in early August. New data pointed to a considerable slowing of economic growth in the United States, and evidence suggested that upward pressure on U.S. interest rates might be dissipating. M1 growth had also decelerated, and the inflation rate remained low, leaving market participants with little reason to expect a firming in interest rates and some room to hope for an easing. Moreover, private credit demands were appearing less strong than expected just months before, and estimates of the government's quar-

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, Jan. 31, 1983	Amount of facility, Jan. 31, 1984
Austrian National Bank	250	250
National Bank of Belgium	1,000	1,000
Bank of Canada	2,000	2,000
National Bank of Denmark	250	250
Bank of England	3,000	3,000
Bank of France	2,000	2,000
German Federal Bank	6,000	6,000
Bank of Italy	3,000	3,000
Bank of Japan	5,000	5,000
Bank of Mexico		
Regular facility	700	700
Special facility	325	(1)
Netherlands Bank	500	500
Bank of Norway	250	250
Bank of Sweden	300	300
Swiss National Bank	4,000	4,000
Bank for International Settlements		
Swiss francs/dollars	600	600
Other authorized European currencies/dollars	1,250	1,250
Total	**30,425**	**30,100**

1. Facility, which became effective August 30, 1982, expired on August 23, 1983.

terly financing needs were revised downward. These developments triggered a rally in U.S. credit markets, with short-term interest rates dropping about 1 percentage point by early October. They also were seen as increasing the scope for monetary authorities abroad to take a more accommodative policy stance, without risking the inflationary impact of a depreciating currency. Under these circumstances the dollar declined through October 7 about 4½ percent on a trade-weighted basis and about 6½ percent against the German mark from its August peaks.

In early October, however, it became clear that U.S. growth had remained strong in the third quarter. Consequently, projections of the gain in gross national product for the full year—by both the administration and market participants—were revised upward as much as a percentage point from those made as recently as July. The evidence of robust growth quickly stopped the decline in U.S. interest rates and again overshadowed the more modest economic recoveries of several European countries. The U.S. expansion once again became more evident, encouraging expectations of rising private credit demand. At the same time, market concern grew over the lack of action to reduce current and prospective fiscal deficits and, by mid-December, short-term interest rates had moved back up near the levels of early August.

In addition, optimism spread that the U.S. economy might be on the threshold of a lengthy period of strong but noninflationary expansion, with high productivity growth. The unemployment rate plummeted. Many attributed aggressive business hiring programs to growing confidence that earlier efforts to deregulate the economy, improve labor market flexibility, and adjust the corporate tax structure to spur investment were all beginning to bear fruit. In this environment the dollar developed upward momentum in the exchanges, climbing with each new economic statistic that suggested stronger expansion. There were also reports of substantial foreign interest in U.S. investments, based on expectations of improving corporate profits and yields on equity investments, as well as the continued attraction of comparatively high yields on fixed-income securities. As a result, the exchange markets showed little reaction to projections for the 1983 current account deficit of roughly $40 billion.

The dollar also benefited from "safe haven" considerations prompted by events that heightened international tensions, such as intensified fighting in Lebanon and escalation of threats in the Iran–Iraq conflict. Episodes of increased political and financial uncertainty in Europe also led to bidding for dollars.

After mid-December, U.S. interest rates eased off, but only slightly. The dollar dipped briefly toward the year-end, but then resumed its climb. It hit a ten-year high of DM 2.8505 against the mark on January 10 and set records against most other European currencies before again easing back somewhat by the close of the period.

Over the six-month period, the U.S. authorities intervened in the exchange markets on five occasions to calm disorderly markets. Two of these occasions were described in previous reports. The first of these involved operations on four business days between July 29 and August 5, which were coordinated with foreign monetary authorities. The U.S. authorities purchased $182.6 million equivalent of German marks and $71.5 million equivalent of Japanese yen during that period. The second occurred on October 31 and November 1 when the U.S. authorities entered the market to purchase a total of $29.6 million equivalent of Japanese yen. The remaining three instances, one in December and two in early January, involved purchases of German marks and totaled $193.4 million equivalent. All intervention during the six-month interval was split evenly between the Federal Reserve and the Treasury.

In other operations during the six-month period, Mexico fully repaid the remaining portion of its special combined credit facility. As noted in a previous report, Mexico prepaid on August 15 outstanding swaps of $100.8 million to the Treasury and $54.3 million to the Federal Reserve. Drawings of $395.3 million and $214.8 million were repaid to the Treasury and the Federal Reserve respectively upon maturity on August 23, and the facility then expired. This facility had originally consisted of $600 million from the Treasury and $325 million from the Federal Reserve. It was provided in cooperation with other central banks, which together with the United

2. Drawings and repayments by the Bank of Mexico under special combined credit facility[1]

Millions of dollars, drawings or repayments (−)

Drawings	Outstanding Jan. 1, 1983	1983:1	1983:2	1983:3	Outstanding Jan. 31, 1984
Federal Reserve special facility for $325 million	257.3	67.8	−56.0	−269.0	(2)
U.S. Treasury special facility for $600 million	477.8	122.3	−104.0	−496.0	(2)
Total	**735.0**	**190.0**	**−160.0**	**−765.0**	(2)

1. Data are on a value-date basis. Because of rounding, figures may not add to totals.

2. Facility, which became effective August 30, 1982, was fully repaid and expired on August 23, 1983.

States, extended credit totaling $1.85 billion to the Bank of Mexico.

During 1982 and 1983, the Treasury participated, along with authorities from other nations, in providing liquidity support to the Bank for International Settlements for credit facilities the BIS provided to the Central Bank of Brazil and to the National Bank of Yugoslavia. This support took the form of the Treasury, through the Exchange Stabilization Fund (ESF), agreeing to be substituted for the BIS as a creditor in the event of delayed repayments. In November, both Brazil and Yugoslavia completed all repayments under these facilities, and all contingent Treasury commitments expired following these repayments to the BIS.

On December 23, the Treasury entered into a swap agreement of $50 million with the Central Bank of Jamaica in support of Jamaica's negotiations on an economic adjustment program with the International Monetary Fund (IMF). On December 29, Jamaica drew $10 million on this facility.

Also on December 29, the ESF sold $345.5 million of Japanese yen and $345.5 million equivalent of German marks to the Treasury general account for the purpose of financing a portion of the increase in the U.S. quota subscription to the IMF.

In the period from August through January, neither the Federal Reserve nor the Treasury general account realized any profits or losses from exchange transactions. As a result of the sale of currencies to fund the subscription payment to the IMF, the ESF recorded a transaction loss of $204.8 million, reflecting the shift of a valuation loss, which was previously recorded in the published ESF balance sheet, into the category of transaction loss. As of January 31, cumulative unrealized valuation, or bookkeeping, losses on outstanding foreign currency balances were $979.2 million for the Federal Reserve and $673.0 million for the ESF. Both the realized ESF loss and the unrealized valuation losses reflected the fact that the dollar had strengthened since the foreign currency balances were acquired.

The Treasury and the Federal Reserve invest foreign currency balances acquired in the market as a result of their foreign exchange operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve has invested some of its foreign currency resources in securities issued by foreign governments. As of January 31, the Federal Reserve held the equivalent of $1,545.2 million in these securities, while the Treasury's holdings were equivalent to $1,978.3 million.

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	General account
1983:1	0	.5	38.3
1983:2	0	17.0	58.1
1983:3	0	0	70.1
1983:4	0	−204.8	0
	0	0	0
Valuation profits and losses on outstanding assets and liabilities as of Jan. 31, 1984	−979.2	−673.0	0

1. Data are on a value-date basis.

GERMAN MARK

Early in August, the German mark fell to a 9½-year low of DM 2.7440 against the dollar, then reversed course to recover about 6½ percent by early October. This turnaround coincided with a perceived improvement in German economic growth prospects, a firming of interest rates, and a subsiding of the large outflows of long-term private capital that had persisted since 1980. Although its recovery against the dollar proved to be temporary, in August the mark began a gradual and sustained rise against most continental currencies, as Germany's low inflation rate and current account surplus continued to compare well with the performances of its main trading partners.

By mid-August, German business confidence was reviving as prospects for economic expansion improved. Increased construction, inventory, and investment spending had spurred economic activity, and later reports confirmed the strong GNP growth in the second quarter. The long decline in employment came to a halt, and export orders began to increase despite the revaluation of the mark within the EMS earlier in the year and weak growth in Europe and most developing countries.

As the economic outlook brightened, market participants speculated that, to avoid renewed mark depreciation and the consequent inflationary pressures, the Bundesbank might raise interest rates in response to increases that had recently taken place abroad. In addition, money supply growth remained above the Bundesbank's target range of 4 to 7 percent. Under these circumstances, market interest rates in Germany moved back up over the summer. Then, effective September 9, the Bundesbank raised its Lombard rate ½ percentage point to 5½ percent, citing the need to reduce central bank money growth, to strengthen confidence in the mark, and to limit domestic inflationary pressures. Following this move, money market rates did not rise further, interest rate differentials vis-à-vis dollar assets narrowed as U.S. rates eased back, and Germany's bond market joined the rally then taking place in bond markets abroad.

Against this background, portfolio capital shifted back into Germany, and the mark rose against the dollar to DM 2.5620 on October 7, its highest level during the period under review. The German currency also strengthened within the EMS, rising steadily from the bottom to the top of the band by early October. The Bundesbank intervened as part of coordinated operations with the United States in early August, and Germany's foreign exchange reserves declined $1.1 billion by the end of September to $37.1 billion.

At that point the mark turned lower against the dollar, in a trend that continued through the remainder of the period under review. The mark began to decline as events in the United States challenged the view that the U.S. expansion was weakening substantially and that dollar interest rates would decline.

But, at the same time, negative sentiment began to reemerge toward the German economic and political situation. It became clear that the momentum the economy developed in the second quarter had not been maintained. Third-quarter industrial production stagnated, presaging the modest growth of GNP later published; and progress was slow in reducing unemployment. Demand for German exports did pick up, but rising imports kept the external sector from providing a net stimulus. The German current account in fact moved into a small deficit in the third quarter, and projections of the surplus for 1983 were revised downward.

Market participants concluded that, with the German recovery appearing to lose strength, the Bundesbank would not strongly resist a renewed decline in the mark by raising German interest rates, even if rates abroad were to increase. The government continued to emphasize its goal of reducing Germany's fiscal deficit, and the burden of economic stimulus was thought to rest on monetary policy. Central bank money growth was now decelerating toward its target range, and the earlier pickup in domestic prices had not continued. Market participants also noted that official spokesmen and business leaders pointed to the potential benefits of mark depreciation for stimulating exports.

Consequently, the decline of the mark against the dollar, which started early in October, continued through mid-January. International political tensions and domestic controversies also had an adverse effect on the mark during this period. At times, market participants sold marks in response to fears that the escalation of military conflicts in the Middle East and elsewhere might stimulate renewed "safe haven" flows into the United States. The mark also weakened against the pound and the yen, but eased only slightly against other continental currencies. By January 10, the mark had fallen to DM 2.8505 against the dollar, 11 percent below its October high, and had declined 10 percent against the Japanese yen over the same period.

As the mark fell, the Bundesbank intervened regularly at the daily fixing in Frankfurt. It also operated forcefully in the market on several days in an effort to contain rapid declines of the mark against the dollar. On three occasions during December and January, the U.S. authorities intervened to purchase marks when market conditions became disorderly, operating in each case for the U.S. Treasury and the Federal Reserve equally. In total, the Trading Desk purchased a total of $193.4 million equivalent of marks.

The mark fluctuated widely against the dollar during the remainder of January, recovering somewhat to close the period at DM 2.8110. During January, both the dollar and yen had reached levels against the mark, which some market participants doubted were sustainable, and data indicated some improvement in German economic performance as compared with the United States. Meanwhile, Germany's stock market strengthened, outperforming the U.S. market by a wide margin during January. Under these circumstances, market participants began to conjecture that international investors would increase the mark-denominated portion of their portfolios to restore a more traditional currency distribution. On several occasions in January, German officials publicly expressed the view that the dollar was becoming increasingly vulnerable to a decline.

During the six-month period, the mark declined 6 percent on balance against the dollar. It dropped 9½ percent against the Japanese yen and eased marginally against the Swiss franc. But the mark held on to its early gains within the EMS to close modestly higher against other member currencies. In effective terms, the mark appreciated about 1 percent over the six-month period under review. Germany's foreign exchange reserves posted little net change after September, closing the six-month period down on balance $1.1 billion at $37.1 billion.

Japanese Yen

Over the month of August the yen declined about 2 percent against the dollar to a low of ¥247.50 in early September. The yen fell quite abruptly at first as the dollar climbed steeply against all currencies, but the decline moderated thereafter.

The yen's downward move through August in part reflected market concern that the Japanese economy had not yet emerged from a lengthy period of slow growth, leaving the outlook for higher profits and asset yields in Japan relatively limited. Many doubted that yen interest rates would be allowed to match any U.S. rate increases because a rise in interest rates in Japan would dampen the still meager economic expansion. In this environment, Japan's long-term capital account deficit widened and in fact exceeded the current account surplus in August. The decline in the yen was resisted by Bank of Japan intervention during August, and the Japanese authorities joined with the United States in the coordinated intervention operation around the beginning of the month.

After the beginning of September the yen turned higher against the dollar, benefiting from evidence that the Japanese economy had begun to expand more vigorously. It was reported that GNP had grown at a 3.6 percent rate in the second quarter (later revised to 4.5 percent) and that industrial production and the index of leading indicators had risen strongly in August. Inflation remained very low, making it unlikely that the authorities would need to temper any acceleration of Japan's economy on these grounds. Japan's large current account surplus contributed to better market sentiment for the currency, despite the persistence of sizable long-term capital outflows. Against this background, the yen strengthened and quickly outpaced other currencies, which had begun to rise against the dollar several weeks earlier. Over the five weeks through October 7 the yen appreciated more than 7 percent against the dollar to ¥230.10, and edged up against the European currencies as well.

During the remainder of the reporting period, the yen traded narrowly around the ¥234 level against the dollar, while it strengthened to record levels against most European currencies. Exchange market participants reassessed the outlook for the yen, especially against the mark and other continental currencies, in the view that the yen had considerably greater scope to appreciate against those currencies than did the dollar, which had been in an uptrend since mid-1980.

The more robust performance of Japan's economy contrasted with the rather slow growth in Europe and was a major factor supporting the yen during this period. Japan's economy was seen as relatively innovative and dynamic, it had continued to expand—albeit slowly—during the recent worldwide recession, and profits were forecast to rise strongly. The Japanese inflation rate remained below even the best European price performance, and the country's higher savings and investment rates promised continued higher growth in the future.

Even though the economic outlook in Japan had improved during the autumn, expectations grew that there would be further government action to stimulate the economy. Such stimulus was expected to be aimed at raising imports to ameliorate the increasing worldwide trade frictions, especially before a visit to Japan by President Reagan scheduled for November. Then on October 21 the government announced a six-point program to boost economic activity, imports, and capital inflows. The package was accompanied, as expected, by a cut of ½ percentage point in the discount rate to 5 percent. The Bank of Japan announced its readiness to counter any consequent downward pressure on the yen either by raising short-term interest rates or intervening in the exchanges. Although the stimulative impact of these actions was seen as relatively modest, they served to reinforce optimism about the durability of Japan's expansion.

Late in October the yen briefly moved lower against the dollar following a military flare-up in the Middle East, and the Bank of Japan came into the market to support the currency. The U.S. authorities joined with the Japanese central bank in intervention, purchasing a total of $29.6 million equivalent of yen for the Federal Reserve and Treasury accounts on October 31 and November 1.

During November and much of December the yen steadied against the strongly rising dollar and continued to set records against most European currencies. The yen remained firm even when Prime Minister Nakasone on November 28 dissolved the Diet and called for elections to be held three weeks later. Elections had been anticipated by the exchange markets, but few saw much chance of major changes in economic policy as a result. In the event, the governing Liberal Democratic party lost more seats than expected, threatening its parliamentary majority and triggering steep but temporary declines in the yen and the Tokyo stock and bond markets. Both the yen and Japanese stock and bond prices quickly rebounded when it became clear that Prime Minister Nakasone would be able to retain control of the Diet and to sustain the basic thrust of Japan's economic policies.

From mid-December into January, optimism about the Japanese economy gathered more momentum, reflected in both a rising yen and soaring stock prices in the Tokyo market. It was reported that Japan's third-quarter real GNP growth had climbed to 6.2 percent, industrial production had risen sharply in November, and projections of 20 percent increases in corporate profits for 1984 were published. Meanwhile, Japan's monthly trade surpluses remained at near-record levels, and the consumer price index fell in December to just 1.8 percent above its year-earlier level. In this context, the yen climbed to a record ¥81.94 against the German mark on January 10, after which some profit taking on cross positions against the European currencies brought the yen back slightly from its highs.

At the same time, the yen remained nearly unchanged against the dollar throughout January despite the dollar's surge against the European currencies. At the close of the six-month period the yen, at ¥234.60, was 3½ percent higher against the dollar and up 9½ percent against the German mark. Over the same period, Japan's foreign exchange reserves remained virtually unchanged and stood at $20.7 billion at the end of January.

In early November, at the conclusion of President Reagan's November 9 visit to Tokyo, Treasury Secretary Regan and Finance Minister Takeshita issued a Joint Press Announcement that contained a number of measures designed to liberalize further Japan's capital markets, internationalize the yen, and allow the yen to more fully reflect its underlying strength. The announcement also reported that the Japanese Ministry of Finance and the U.S. Treasury Department would establish a joint ad hoc group of financial authorities on yen–dollar exchange rate issues. This group, cochaired by Secretary Regan and Finance Minister Takeshita, would monitor progress in implementing the measures and develop and implement additional steps toward the agreed objectives of liberalizing Japan's capital market and internationalizing the yen.

SWISS FRANC

The Swiss franc was in a rising trend against the other European currencies as the period opened. In fact, by mid-August, the franc had climbed about 7½ percent against the German mark since March to around SF 0.80. The franc benefited from a narrowing of the usual interest disadvantage of Swiss-franc assets, as Swiss interest rates rose on market expectations that the Swiss authorities would act to reverse the overshooting of the monetary growth target earlier in 1983. Other factors also lent some support to the franc. The inflation rate had declined further to the lowest level in 4½ years, unemployment remained low compared with that in most countries, and the current account surplus continued to run at an annual rate of about $3.5 billion.

But even as the franc rose against the mark in early August, market participants began to question the franc's scope for further appreciation. Approach of the franc toward the franc–mark rate of SF 0.80 had in the late 1970s prompted action by the authorities to protect the competitiveness of Swiss industry within its main markets in Europe. Indeed, Swiss officials were beginning publicly to voice concern over the franc's appreciation relative to other European currencies. In early August, the Swiss National Bank announced that it had intervened in the foreign exchange market, acting in concert with several other central banks and purchasing German marks against both dollars and Swiss francs. Central bank officials also stated that they would not offset the resulting addition to liquidity in the Swiss banking system.

Also during August, market participants came to the view that Swiss monetary policy was being eased slightly, as Swiss interest rates declined along with those in the United States. In early September the Swiss National Bank did not join the German and Dutch authorities in raising official lending rates, and the gap between Swiss and German interest rates widened about 1½ percentage points by early October to almost 2 percentage points at the three-month maturity. In these conditions, the Swiss franc lagged behind the German mark's sharp recovery against the dollar in August and then stabilized just above the SF 0.81 level against the mark for the next two months.

In early November the Swiss franc began to appreciate gradually against the German mark and other European currencies even as it fell against the dollar, gaining slightly on a trade-weighted basis. The franc benefited in part from Switzerland's political and economic stability. An improvement in the Swiss economy, although modest, supported the franc through this period. Growth resumed in the third quarter of 1983 and was forecast to reach over 1 percent in 1984. Swiss inflation continued to subside, falling to a twelve-month rate of 1.4 percent in October, below the rate of Switzerland's main trading partners. At the same time, interest in investments denominated in Swiss francs remained strong, allowing the continued large offerings by foreign borrowers in the Swiss market to be easily absorbed without placing noticeable pressure on franc interest rates or the exchange rate.

During the same period, Swiss fiscal and monetary policies appeared to market participants to be shifting more toward restriction. The Swiss government proposed a budget for 1984 aimed at further reducing federal financing requirements to 0.6 percent of GNP, while the monetary authorities were seen as placing more emphasis on price stability than on tempering the franc's rise against the mark. Market participants took special note that the central bank did not intervene to cushion the franc's rise against the German mark as the cross rate again approached the SF 0.80 level in late November. Senior central bank officials spoke publicly of the need to give priority to the fight against inflation and announced that the target for central bank money growth would be kept at 3 percent in 1984. This growth rate, if attained, would be ½ percentage point less than the growth actually achieved during 1983.

Thus, while dropping to a low against the dollar of SF 2.2655 on January 10, the Swiss franc reached its highest level against the German mark of SF 0.79. The franc ended January at SF 2.2455 against the dollar, down nearly 5 percent over the six-month period, while in terms of the German mark the Swiss currency rose 1¼ percent on balance to close at SF 0.7988. Switzerland's foreign exchange reserves were little changed from six months earlier at $11.7 billion, with fluctuations within the period mainly reflecting foreign currency swap operations to adjust liquidity in the Swiss banking system.

STERLING

Sterling was seldom the focus of attention in the exchanges and was virtually unchanged on balance through mid-September. Thereafter, it declined gradually to end the six-month period 8 percent lower against the dollar and down by modest amounts against most other currencies. The primary influence on the exchange rate during the August–January interval was developments in world oil markets. Expectations of lower British interest rates gave rise to some pressure on sterling in late September and early October, but this factor then became relatively unimportant.

As the dollar rose strongly through mid-August, sterling held up better than most currencies. British money market rates declined and widened the dollar's interest rate advantage. But inflation in the United Kingdom had also dropped below 5 percent by early 1983, even as Britain's economy was in its third year of slow recovery. In addition, sterling was supported by firm world oil prices as the earlier glut in world oil supplies dissipated and was replaced by concern over supply shortages should the war between Iran and Iraq disrupt shipments from the Persian Gulf. The shift of view in the oil market improved prospects for Britain's current account and budget through higher government tax and royalty income from North Sea oil production. These factors continued to provide support for the currency through late September, and sterling generally remained close to $1.50 against the dollar and 85 on the Bank of England's trade-weighted index.

But, in late September, new data showed some deceleration of monetary growth and market participants began to suspect that the government might lower interest rates to stimulate the economy and to lower the exchange rate. Substantial progress had already been made in regaining Britain's international competitiveness—the inflation rate had been cut in half in the last year, sterling had fallen almost 20 percent in effective terms from its peak in early 1981, and labor productivity had begun to improve. But most observers felt that production costs in the United Kingdom were still relatively high, especially for manufactured goods and especially in comparison with the Continent. Concern about competitiveness was underlined by release of data showing that output growth was sluggish, much of the growth of consumption was being met by imports, and exports remained depressed even though the economies of some of Britain's major trading partners on the Continent had begun to expand somewhat more vigorously.

On October 3 the Bank of England cut its money market intervention rate ½ percentage point. Sterling fell sharply in response, quickly declining nearly 3 percent against the mark to about DM 3.85 and below $1.48 against the dollar. The Bank of England exchange rate index fell to 82.4. Sterling then recovered somewhat and fluctuated narrowly during the balance of October.

Oil market developments, which had been a consistent support to sterling through late summer, had a mixed influence on the currency between October and January. Sterling benefited when the conflicts in Lebanon and the Persian Gulf flared up, raising the specter of restricted oil supplies and higher prices. But, at other times, evidence of ample supplies and an easing of spot oil prices in the Rotterdam market undermined sterling. In late December, one element of uncertainty was eliminated when the British National Oil Company announced that it would hold prices at current levels through the first quarter of 1984.

Monthly U.K. trade data had some influence on exchange rates from time to time, but without any significant effect on balance. Though the figures were erratic, the current account remained in surplus and appeared to improve somewhat at the year-end.

From mid-December to the end of January, sterling declined slightly in effective terms and traded steadily against the German mark, but fluctuated widely against the dollar. Against the dollar, sterling closed the six-month interval down 8 percent at $1.4035. On balance, sterling declined 2 percent against the German mark and about 4¼ percent on the effective index of the Bank of England. Over the six-month period, Britain's foreign exchange reserves declined almost $500 million to $8.5 billion.

French Franc

As the period opened, market participants were awaiting evidence that the French government's austerity program, announced after the EMS realignment in March, had begun to reduce inflation and to narrow the current account deficit. The program sought a 2 percent reduction of domestic demand through contractionary fiscal policy and more restrictive monetary growth targets and was expected to reduce economic growth nearly to zero for 1983. While it was clear at midsummer that the economy had slowed, there was little apparent progress toward the program's main goals of cutting inflation substantially and achieving balance in the current account. Without evidence of such progress, traders questioned the sustainability of the franc's position near the top of the EMS, and some expected exchange rate pressure to emerge as soon as early fall. Benefiting from reflows after the March realignment as well as an ECU 4 billion loan from the European Community, France's foreign currency reserves stood at $18.5 billion at the beginning of the period.

In early August the franc remained firm at the top of the EMS, but declined sharply against the strongly rising dollar. The franc reached a record low of FF 8.2450 versus the dollar on August 11, and during that period the Bank of France intervened to support the franc as the dollar rose across the board. Thereafter the franc, along with other EMS currencies, turned higher against the dollar in a trend that continued through early October, and the franc held firm at the top of the EMS through early autumn. One reason for this strength was that the restrictive fiscal policy had by then slowed the growth of income and thereby reduced imports. Also, on the monetary side, growth of M-2 had slowed to its reduced 1983 target of 9 percent, helping to keep interest rates firm and bolster the franc. But, while franc interest rates held steady, Germany raised its Lombard rate in September, narrowing interest rate differentials favorable to the franc. Moreover, the French inflation rate had not yet begun to decline, and a large inflation differential persisted between France and Germany. Thus, even though the franc remained near the top of the EMS, there was at times considerable selling pressure on the franc against the mark, which by early October had risen to join the franc near the top of the EMS.

From late October through December, more evidence accumulated that progress was being made toward some of the main goals of the austerity program. The French external accounts improved strikingly. The first monthly trade surplus since 1979 was registered in September, followed by news of a current account surplus for the third quarter as a whole (later revised to a small deficit). Shortly thereafter, the government partially relaxed the strict foreign exchange controls imposed earlier in the year and announced plans to reduce substantially its foreign borrowing.

Also, the government reaffirmed its commitment to a policy of reducing inflation through 1984. The government budget for 1984 limited the increase in spending to 6.3 percent in nominal terms, or about zero growth after adjustment for inflation. Also, the authorities called for average wage increases of no more than 6 percent in 1984. The growth target for M-2 was lowered to 5.5 to 6.5 percent, compared with a 9 percent target for 1983. The reaffirmation of the government's commitment to curb inflation, together with the continued improvement of France's trade performance, tended to reinforce confidence in the franc. Consequently, there was little exchange market reaction to labor unrest in December and January, which underscored the difficulties in achieving the government's stabilization program.

In this environment the franc traded firmly at the top of the narrow EMS band through the end of January. Franc interest rates remained relatively high, attracting nonresident demand for franc investments. The franc closed the period at FF 3.0591 against the German mark, slightly above its midpoint. The franc, along with its partner currencies, fell back to a record low of FF 8.7020 against the dollar in mid-January, but subsequently recovered somewhat to end the period 7½ percent lower at FF 8.5990. France's foreign currency reserves fell about $700 million over the six-month period and stood at $17.7 billion at the end of January.

Throughout the period, French entities continued to borrow abroad, although the government did not arrange any new large-scale foreign credits. In January, Finance Minister Delors stated that France's external debt had reached $53 billion at the end of 1983, compared with $44 billion at the end of 1982.

Italian Lira

The lira traded in the upper portion of its wide EMS band from the beginning of August to mid-October, although several brief flurries of pressure during this period brought the lira somewhat lower in the EMS.

Supported by high Italian interest rates, the lira had remained well above the top of the narrow EMS band since the March realignment. Money market interest rates of 17 percent and higher reflected the Bank of Italy's continuing efforts to narrow the gap between inflation rates in Italy and elsewhere in Europe. By August, some progress on inflation was becoming evident as a result of the restrictive monetary policy, the decline in economic activity, and the January modification of the *scala mobile* (wage indexation system). As the reporting period opened, the lira was also drawing support from a narrowing of Italy's trade deficit as declining domestic demand depressed imports.

During August and September, however, there were several episodes of pressure on the lira within the EMS, in part reflecting market participants' concern that the apparent improvements in Italy's trade and price performance might prove temporary or insufficient to match the progress in other European economies. In particular, deceleration in inflation was seen as threatened by the Italian government's continued difficulty in containing the fiscal deficit. In fact, many industrialists argued that the lira's devaluations within the EMS in recent years had not fully compensated for Italy's higher inflation rate and that Italy's prospects for expanding exports might therefore be limited even if economic growth in other European economies picked up sharply.

Against the dollar, the lira, along with other EMS currencies, fell sharply in early August, and the Bank of Italy intervened with modest dollar sales. Subsequently, the lira lagged somewhat behind the other EMS currencies when they turned higher against the dollar in a rise that lasted through mid-October. During those weeks, several brief spates of speculation and the usual tapering-off of summer tourist inflows brought the lira slightly lower within the EMS. The Bank of Italy intervened on several of these occasions to resist the lira's decline. By mid-October the lira's margin above the narrow EMS band had eased back about 1 percent, and the lira was little changed on balance against the generally lower dollar. Against the German mark the lira had declined about 3 percent.

After mid-October, pressure on the lira subsided and the currency held its position comfortably above the narrow band through the end of the period under review. The Italian authorities took advantage of the lira's stability during this period to relax foreign exchange controls partially. In addition, the Bank of Italy was able to build up foreign exchange reserves, although there are typically reserve outflows in late fall. By the end of December, foreign currency reserves had risen $854 million from the end of September to $18.5 billion. The relatively strong position of the lira reflected continued firm interest rates and some signs of improvement in inflation, economic growth, and the domestic policy situation.

The Bank of Italy maintained a restrictive policy stance through the fall and winter, while the government budget deficit continued to grow and the unemployment rate continued to establish postwar records. On October 23, Bank of Italy Governor Ciampi warned that "without effective curbs on pay and public borrowing there could be no relaxation of the highly restrictive monetary policy" and called for a comprehensive incomes policy to bring inflation down to the government's 1984 target of 10 percent. Italy's high money market rates declined somewhat during this period but considerably less than did the inflation rate.

The progress on inflation that became evident over the fall and winter was the most significant for Italy in years. Consumer price increases fell from a year-on-year rate of 16.3 percent in the second quarter to 13.3 percent by October and hit 12.5 percent by January. Wholesale price increases fell below 10 percent in August for the first time in five years and then stayed below that level through the remainder of the period.

More broadly, signs emerged that the economy had begun to grow again in the third quarter, and in fact it turned out that real GDP had risen at a 3.6 percent rate. The external accounts continued to improve, leaving the 1983 trade deficit about a third smaller than that of 1982. In November the trade account actually registered a surplus, the first since October 1979. The current account for the first eight months of 1983 also turned around—to a surplus of Lit 1.0 trillion as compared with the Lit 5.4 trillion deficit in the same period a year earlier. At the same time, Prime Minister Craxi's government achieved modest success in getting action on its budget initiatives. The new coalition government that took power in August had proposed a strict austerity budget aimed at reducing the huge fiscal deficit and further reducing inflation and, in fact, obtained Parliamentary approval for the general outlines of its program by the end of December—only the third Italian budget of the postwar period to be passed on schedule.

While progress was made on several fronts, it remained clear that Italy needed significant additional progress before its economic performance would be in line with those of its neighbors. Economic growth had revived, but unemployment in Italy continued to rise. And, while Italy's inflation decelerated over the period, by January consumer price inflation was still 10 percentage points above that in Germany and 4½ percentage points above that in France. In wholesale prices, however, the gap narrowed to 7 percentage points versus Germany, and for France the gap reversed sign; French wholesale price inflation exceeded that in Italy by 6 percentage points in the year to December.

While holding steady against the EMS currencies, the lira continued to fall to record lows against the dollar, reaching Lit 1,722.75 on January 12. The lira then recovered somewhat to close the period at Lit 1,713, down almost 9 percent on balance against the dollar.

EUROPEAN MONETARY SYSTEM

At the beginning of August the currencies within the EMS were trading in a pattern that had changed little since the last realignment on March 21, 1983. The Irish pound and the French franc were at or near the top of the narrow band, and the Italian lira remained more than 3 percent above the top, within the wide bands allowed for that currency. The German mark remained at the band's lower limit and had been joined there by the Belgian franc, while the Netherlands guilder and the Danish krone had moved to the middle of the joint float.

In mid-August, as the dollar fell from its peaks, the German mark began to rise steadily within the EMS. The Netherlands guilder and the Danish krone also moved higher, leaving the Belgian franc more isolated at its EMS floor. By early October the currencies of Germany, France, the Netherlands, Denmark, and Ireland were all clustered near the top of the narrow EMS band in a configuration that was generally maintained throughout the rest of the period. The Belgian franc required only modest support to keep it within its lower limit. Against the dollar, the EMS currencies declined 6 to 9 percent on balance over the August–January period despite sizable net intervention sales of dollars by the member central banks. At the close of the period, the EMS bilateral limits adopted in March 1983 had lasted longer than any other since those agreed upon in November 1979.

The stability in the EMS exchange rate relationships reflected a growing convergence of economic performances among member countries at a time when the dollar was consistently strong against all EMS currencies and thus not straining the cross rates. The convergence, most apparent in trade and price developments, was in part a consequence of the austerity programs instituted by several member countries during 1982 and the spring of 1983. The March realignment also contributed to a narrowing of bilateral trade gaps between member countries.

The trade balance improvement was most dramatic in the case of France, but a combination of weak domestic demand and gains in competitiveness also narrowed the deficits or generated surpluses on the current accounts of Belgium, Denmark, Ireland, and Italy. In Germany and the

Netherlands—the countries whose currencies were revalued the most in the last realignment—the external surpluses were little changed. There was a similar, although less pronounced, convergence of inflation rates as higher inflation countries experienced some moderation in price increases while others saw their inflation rates stabilize at low levels.

Success in trimming fiscal deficits was less visible during the period, as increased debt service costs and rising unemployment kept most countries' fiscal gaps from narrowing significantly despite serious budget cutting efforts. Domestic opposition to tough austerity measures in several countries led to some questioning of the governments' ability to carry through their policies and temporarily brought individual currencies under pressure; in fact, the Danish government fell during the period, following debate over fiscal restraint, which had been reflected briefly in pressure on the krone.

Monetary policies remained generally restrictive, with changes in official interest rates corresponding closely to the respective currencies' positions within the EMS. Central bank lending rates were raised in Germany and the Netherlands early in the period when the mark and the guilder were in the bottom half of the band. The Belgian franc was at or very near the floor of the joint float throughout the six months, and in late November the National Bank of Belgium increased its interest rates 1 percentage point to counter some speculative pressure on the exchange rate. By contrast, official interest rates were cut in Ireland and Denmark at times when the currencies of those countries were trading at or near the ceiling of the narrow band.

Canadian Dollar

As August opened, the Canadian dollar was trading narrowly around Can.$1.23 ($0.8130) against the U.S. dollar, while both rose strongly against most other currencies. The Canadian currency had held steady since early summer even though interest rate differentials, which normally favor Canadian assets, had shifted in favor of the U.S. dollar by as much as a full percentage point.

The Canadian currency was buoyed by the remarkable improvement in Canada's economic performance. The country's severe 1981–82 recession had given way to an exceptionally strong rebound, spurred by vigorous domestic demand and by growth in the United States. While Canadian imports picked up in response to the boom at home, strong demand from the United States helped push Canada's trade surplus to near-record levels, keeping the current account in a surplus, unusual for Canada, through the first half of 1983. Canadian inflation, which had remained stubbornly high, plunged from double-digit levels in late 1982 to 5.5 percent in July, its best level in ten years.

Canadian fiscal policy had provided stimulus for the recovery, while a successful program for public-sector wage and price restraint had reinforced the effects of recession in bringing about the marked slowing in inflation. At the same time, monetary policy remained oriented toward a return over time to price stability. The Bank of Canada had earlier ceased to specify targets for domestic monetary aggregates in the implementation of monetary policy. Instead, it was monitoring a variety of economic and financial variables, including the exchange rate. The exchange rate was cited as a major influence on domestic prices, of particular importance at a time when the authorities were moving to consolidate the hard-won progress on inflation.

After the middle of August, U.S. interest rates turned lower, and by early October the interest differentials adverse to Canadian investments were nearly eliminated. Nevertheless, the Canadian dollar did not strengthen against the U.S. dollar along with the other foreign currencies during this period, in part because a rise in imports, spurred by robust domestic demand, was eroding the current account surplus.

After U.S. interest rates had begun to rise in October, market participants became concerned that Canadian interest rates would not match the rise. Despite the rapid growth of Canadian industrial production, output had still not regained its prerecession levels and the unemployment rate remained above 11 percent. In this context and in view of the dramatic progress on inflation, market participants expected the Canadian authorities to limit interest rate increases. Canadian interest rates rose only slightly during November, and the negative interest rate gap widened once again.

The Canadian dollar thus began to decline early in November. The rate movement prompted some increase in trading in the currency, both in the interbank market and on Chicago's IMM, from the low turnover that had prevailed during its long period of stability. The Canadian currency continued to drop in December even after Canadian money market rates moved significantly higher for the first time in over a year. With U.S. rates also rising, differentials remained unfavorable to Canadian assets. In addition, the announcement that the current account had moved into deficit for the third quarter contributed to negative sentiment. The Bank of Canada entered the market at times to counter the pressure against the Canadian dollar, and Canadian foreign exchange reserves fell $570 million during November and December, mainly reflecting this intervention.

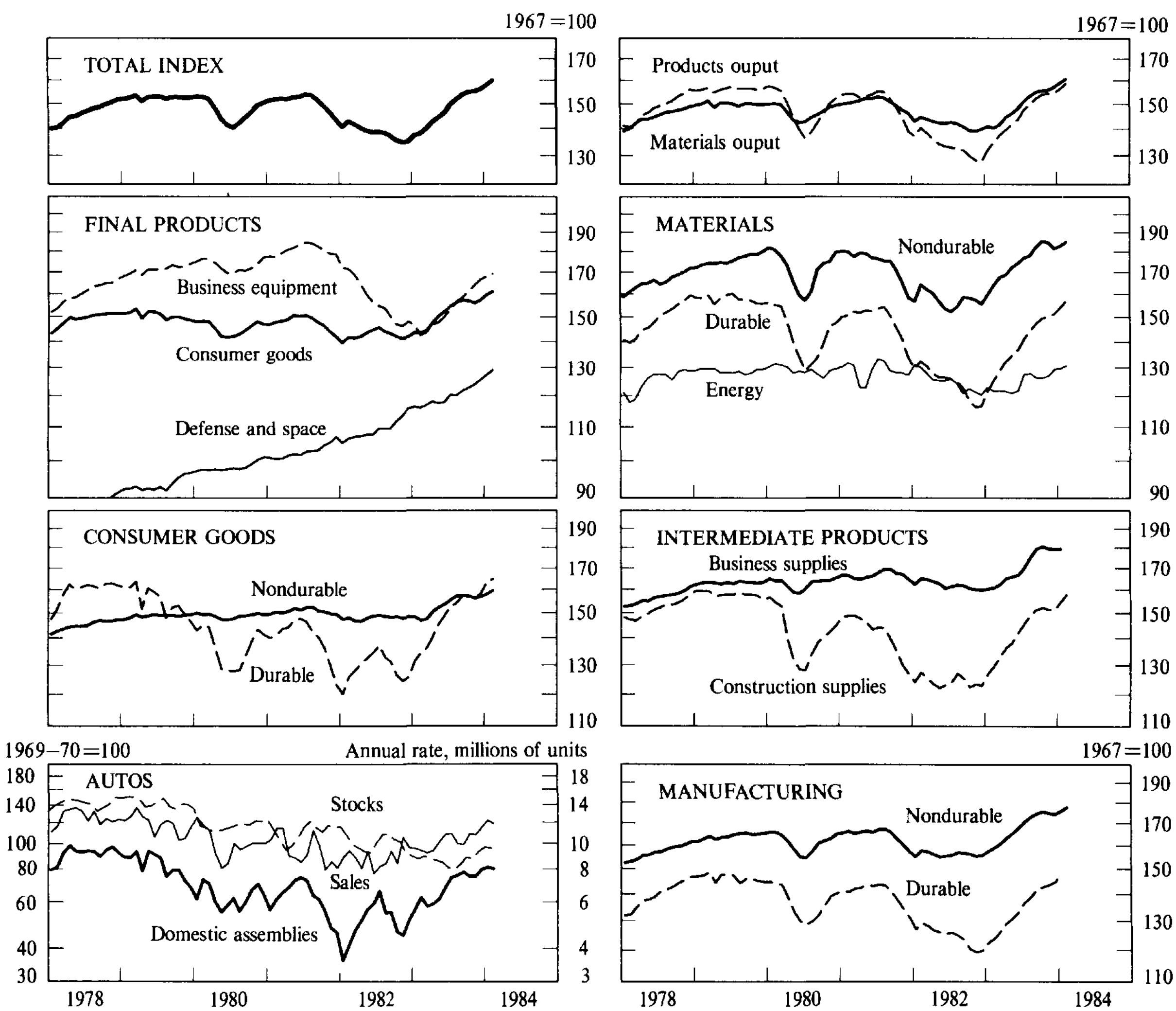
The Canadian dollar recovered in late December as U.S. interest rates turned lower, first narrowing and then eliminating the interest rate disadvantage of Canadian assets. After dropping to a low of Can.$1.2532 ($0.7980) in early January when the U.S. dollar rose strongly against all foreign currencies, the Canadian currency resumed its rise over the rest of the month as interest differentials began to favor Canadian dollar investments. In addition, the currency benefited from the publication of November trade statistics, showing that the trend of declining monthly surpluses since May had begun to reverse. The currency ended January at Can.$1.2482 ($0.8012), down 1½ percent from its level six months earlier. Over the period as a whole, Canadian foreign exchange reserves had declined $350 million to $2.8 billion.

Industrial Production

Released for publication March 15

Industrial production increased an estimated 1.2 percent in February following a rise of the same size in January. As in January, the gains in output were widespread among products and materials, with especially large increases evident in home goods, construction supplies, and durable goods materials. At 159.9 percent of the 1967 average, the February index was 3.9 percent above the earlier high reached in July 1981.

In market groupings, output of consumer goods increased 0.9 percent in February. There was a rise of 1.9 percent in the production of home goods, and output of nondurable consumer goods advanced 1.0 percent. However, auto assemblies, at an annual rate of 8.0 million units in February, were about the same as the January



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Feb. 1983 to Feb. 1984
	1984		1983			1984		
	Jan.	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
	Major industry groupings							
Total industrial production	**158.0**	**159.9**	**.8**	**.2**	**.5**	**1.2**	**1.2**	**15.8**
Products, total	159.0	160.7	.5	.1	.8	1.3	1.1	14.5
Final products	156.8	158.2	.4	.3	1.0	1.3	.9	13.9
Consumer goods	159.6	161.1	−.3	−.5	.8	1.5	.9	12.3
Durable	163.7	164.9	−.5	−.5	1.6	3.3	.7	22.7
Nondurable	158.0	159.6	−.1	−.6	.5	.7	1.0	8.6
Business equipment	168.1	169.2	1.6	1.7	1.5	.9	.7	18.6
Defense and space	127.5	129.2	.9	.9	1.4	1.4	1.3	11.3
Intermediate products	167.1	169.7	.7	−.6	−.1	1.1	1.6	16.8
Construction supplies	154.8	157.8	.6	−.5	−.1	2.2	1.9	21.7
Materials	156.4	158.8	1.2	.3	.1	1.2	1.5	17.7
	Major industry groupings							
Manufacturing	159.2	161.5	.7	.1	.3	1.5	1.4	16.9
Durable	147.7	150.3	.8	.6	.8	2.0	1.8	21.3
Nondurable	175.9	177.7	.6	−.5	−.2	.9	1.0	11.8
Mining	124.4	123.7	1.0	2.4	2.1	.6	−.6	7.0
Utilities	177.1	175.8	−1.6	−.1	2.0	−1.6	−.7	8.5

NOTE. Indexes are seasonally adjusted.

rate of 8.1 million units; March assemblies are also scheduled near those rates. Production of business equipment increased 0.7 percent in February, with especially large gains in manufacturing, power, commercial, and transit equipment; the output of building and mining equipment declined again, reflecting reduced oil and gas well drilling activity.

Production of supplies for construction and business use increased strongly in February after small declines in the closing months of 1983. Output of durable materials increased 2.0 percent in February. There were sharp rises in the production of basic metals such as steel and in the output of parts for equipment and for consumer durables. Production of nondurable materials gained 1.2 percent, and with coal output rising significantly, energy materials advanced 0.8 percent.

In industry groupings, manufacturing output increased 1.4 percent, reflecting gains of 1.8 percent in durables and 1.0 percent in nondurables. Output declined in February for both utilities and total mining.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, February 29, 1984.

I am pleased to appear before you today as you focus on the first Concurrent Budget Resolution for fiscal year 1985. I shall address myself briefly to the prospects and challenges that face us as we consider both monetary and fiscal policies for the remainder of 1984 and the years beyond. I believe we have much upon which to build in working toward long-lasting expansion. But it also seems to me evident that difficult decisions are necessary now to make that prospect a reality.

Over the past two years inflation has slowed dramatically, reaching the lowest rate in about a decade. The first of those years was a period of serious recession. But 1983 was a year of recovery stronger than most had believed was likely to occur. The increase of almost 6¼ percent in real output during 1983 was roughly in line with the postwar recovery norm, and the decline in unemployment has been even sharper than usual. The fact that we were able to achieve vigorous recovery while containing inflation is what is so promising for the future.

The pressures of recession, deregulation of some important industries, and import competition have all contributed to a greater sense of discipline and realism in pricing and wage bargaining. But we cannot, of course, claim success against inflation until we can combine greater price stability with prosperity over an extended period.

The chances of "building-in" greater stability will depend heavily on workers having the opportunity for gains in real earnings and on satisfactory corporate profits. The past two years have provided a more favorable setting in both respects. The real income of the average worker has risen as price increases slowed faster than wages. After-tax economic profits have recovered strongly and, relative to the gross national product, are close to the highest years of the 1970s.

If these gains are to be maintained, we shall need productivity growth, we shall need a balanced expansion that avoids bottlenecks, and we shall need to encourage competition and investment.

There is some evidence that the dismal productivity trend of the late 1970s is changing for the better. Some of that evidence is qualitative or particular to one industry or another—new efforts at cooperation between management and labor, more flexible work rules, and less regulation. On an aggregative level, the evidence, while not yet conclusive, suggests that we may be seeing not just typical cyclical gains in productivity but also more lasting improvement. Productivity gains from here on are likely to be smaller than those seen in the initial quarters of recovery. But there is also reason to hope that the skills of a more experienced work force, coupled with management innovations and technological progress, can sustain a somewhat more favorable trend over the years ahead.

That prospect is, of course, dependent in important part on new investment—as is our ability to avoid bottlenecks. We have, indeed, seen a rapid increase in some types of investment during the recovery period. But so far, rising business investment has been largely concentrated in relatively short-lived equipment rather than in long-lived plant or major machinery that would add substantially to production capacity. Housing has also rebounded. But, overall, net new private investment has remained relatively low as a proportion of total GNP, as shown in chart 1.[1]

As we move from recovery to the expansion phase of economic activity, business investment

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

should rise over a broader front. Changes in tax laws enacted in recent years should work in that direction. But the question remains whether we can, as a nation, generate the supply of savings necessary to support both rising investment and a huge government deficit. That, it seems to me, is the key policy issue before us.

The importance of dealing with that issue is highlighted by several well-known facts. Interest rates are already high—too high—in absolute terms and relative to current price trends, tending to restrain those types of investment in which interest costs loom large. In at least a few industries—paper, certain plastic materials, some types of electronic equipment—capacity constraints are already looming, and long lead times of investment mean that plans must be implemented soon to avoid bottlenecks and threats to noninflationary expansion. As the economy grows, more inventory investment will also be needed, adding another demand to our limited supply of savings.

For the time being, we have been able to supplement our domestic savings by drawing on a large capital inflow from abroad. But, as I will discuss a little later, that development carries risks and dangers of its own and cannot be sustained indefinitely.

Monetary Policy

I have recently reviewed in some detail with the Banking Committees our intentions with respect to monetary policy. In summary, the Federal Open Market Committee (FOMC) essentially reaffirmed the ranges for the monetary and credit aggregates for 1984 that were tentatively established last July. Those ranges call for growth of the broader aggregates, M2 and M3, of between 6 and 9 percent and growth in M1 of 4 to 8 percent. These ranges are ½ to 1 percentage point below those for 1983.

The ranges for 1984 envisage that relationships between monetary and economic activity and inflation—summarized in the "velocity" of money—will broadly follow more normal trends and cyclical developments, after departing markedly from past patterns in 1982 and early 1983. On that assumption, monetary and credit growth should be fully consistent with real economic growth in 1984 in a range of 4 to 4¾ percent, provided that inflation, as anticipated, does not accelerate markedly. The gains in output are expected to generate a further expansion of new job opportunities, and the unemployment rate is expected to decline to the area of 7½ to 7¾ percent by year's end. These economic projections, which are "central" tendencies of projections of the members of the FOMC, are broadly consistent with the short-term projections of the administration and the Congressional Budget Office (CBO).

We do intend, as the year progresses, to assess closely the relationship between monetary and economic activity and inflation, testing the assumptions and the analysis that suggest more normal "velocity" relationships are returning. In shaping policy, however, we are strongly conscious of the need to avoid any strong resurgence of inflationary pressures as the economy expands.

Economic projections extending several years ahead are necessarily more problematical. Both the administration and the CBO have projected continuing growth, reduced unemployment, and, in varying degrees, limited further progress against inflation. Projections of that sort, as a basis for planning, seem to me reasonable. But we should not be deluded into mistaking a projection for a certainty—or even a probability—unless we are willing to take the measures reasonably necessary to achieve that end. Specifically, the way the final choices before this committee are reached will bear critically on the chances of meeting those economic projections.

In this context, more rapid monetary and credit growth in an effort to speed progress toward lower interest rates would all too likely be counterproductive. The economy, driven in large part by the purchasing power implicit in the deficit, is already growing at a satisfactory pace. By feeding the concerns about inflation, excessive monetary growth would, in the end, have a perverse influence on interest rates. The resultant heightened fears of inflation and instability would only reduce incentives to save and the willingness of firms to make long-term commitments to productive investment. The continuing flow of funds from abroad, upon which we are dependent for the time being, would be discouraged. Depreciation of the dollar externally as a result of inflationary policies would not, in the end, help our exporters, or those competing with imports, because that depreciation would be accompanied by inflated domestic costs.

In a real sense, one key contribution that the Federal Reserve itself must make to our lasting prosperity is to foster the expectation—and the reality—that we can sustain the hard-won gains against inflation. In the end, that will set the stage for further lasting reductions in interest rates and a sustained, better balanced, expansion in economic activity generally.

The Role for Fiscal Policy

What we in the Federal Reserve cannot do, by manipulating the money supply, is achieve a better balance between the demand for and supply of savings. That is the essential role of fiscal policy.

The state of the federal budget affects both directly and indirectly the demands on the economy. The increase in the deficit that was recorded last year helped account for the speed of the rebound in economic activity, even though interest rates, in historical terms, remained high. The deficit, in effect, increased purchasing power at a time when the economy was still feeling the effects of recession. However, as the economy has grown, the adverse effects of the imbalance of domestic savings and investment on credit markets and on our external accounts have become more apparent. And those imbalances can only worsen if deficits of the magnitude projected by the CBO and others—deficits without precedent during a period of economic expansion—are permitted to materialize in coming years.

The two charts illustrate the sharp difference between the present budget trajectory and previous periods of economic recovery and expansion. The first of those charts, summarizing sources and uses of available savings, shows graphically how the deficit in 1984 will continue to account for more than half of the demands for savings (net of depreciation). Those demands will, in fact, substantially exceed our capacity to save domestically—an amount that for many years has fluctuated roughly between 6½ and 8½ percent of the GNP. Consequently, we are forced increasingly to look abroad for capital to supplement our domestic savings.

For some time, we have been able to draw upon foreign savings relatively easily. Funds have been attracted not just by our interest rates and by our strong stock market, but by relative confidence in our economic and political stability. The effect has been to blunt some of the impact of the budget deficit on our interest rates and to help finance both the deficit and investment.

But, over time, reliance on increasing amounts of foreign capital is a tenuous and risky way to finance domestic growth and capital formation. Such reliance exacts a large cost in terms of rising trade and current account deficits—deficits that cannot be sustained indefinitely. Moreover, a steady and growing flow of foreign capital is dependent on confidence in our ability to properly manage our economic affairs, on relatively high interest rates, or both. To the extent our monetary or fiscal policies fail to justify that confidence—to the extent inflationary pressures again appear to be ascendant or our external financial position is steadily weakened by large foreign borrowings—the greater the risk that new capital flows from abroad will come less freely, with adverse consequences for the dollar and for interest rates.

The second chart underscores the extraordinary nature of our present fiscal position. In only one earlier recession period—1975—did the federal government absorb so large a share of total credit flows, and in every postwar economic cycle, borrowing by the Treasury diminished substantially as a share of total credit flows during the second year of recovery. In contrast, the fraction of credit going to the Treasury, at 35 to 40 percent, will not decline much, if at all, this year from the unusually high level we saw in 1983.

To put the point another way, Treasury debt is expected to increase about 17 to 18 percent this year. Assuming credit grows about 10 percent this year—just above the midpoint of the FOMC's range—all other demands for credit could rise some 8 percent, no more than in 1983 (the first year of recovery). This would be an unusual cyclical pattern.

The Treasury is going to get the funds it needs to cover the federal deficit. The question is whether other sectors will get enough funds, at reasonable interest rates, to support the balanced, higher investment, expansion we want. To some extent, improved profits and cash flow, relative to other recent expansions, could help forestall excessive pressures. But the kind of expansion we and others foresee does imply more business borrowing, and housing and consumer credit needs—having increased by 11 and 15 percent respectively over the last half of the past year—are already expanding rapidly.

In essence, the demands of the federal government limit the rate of growth of other credit-absorbing sectors of the economy. The rationing device is interest rates held higher than would otherwise be the case. Under the circumstances, the more rapidly the economy grows and generates private credit demands, the greater the risk of rising interest rates.

We can, in concept, visualize an economic expansion that continues despite financial strains—an expansion characterized by relatively high interest rates and by high consumption supported by large deficits, but markedly sluggish investment and a widening trade deficit. That, in itself, is hardly desirable, in terms of the staying power of the expansion and future growth and productivity. But we also have to be conscious of the added risks such financial pressures would pose—to thrift and other financial institutions, to less developed countries with heavy debt burdens, and their creditors in the United States and elsewhere, and to the fabric of international trade. At some unknown point the sustainability of the expansion itself would be jeopardized.

We cannot reasonably escape from these problems by "monetizing" the Treasury debt through excessive expansion of bank credit and the money supply. The Federal Reserve, could, in concept, take an approach that inflated all the numbers, but it cannot increase savings and reduce the savings–investment imbalance by undermining confidence. What must be done is to deal with the source of the problem—the excessive deficits. While it is already late to make significant changes for fiscal year 1984, action now affecting fiscal 1985 and later years can only work in the direction of moderating potential pressures; if sufficiently forceful, the market could then well anticipate the time the actions become effective. At the least, the risks of eroding confidence and new market pressures should be relieved.

I know you are aware of another reason why expeditious action to reduce deficits is desirable: the large deficits now being projected can be self-perpetuating.

The direct effects are obvious. Interest payments on debt issued to finance this year's deficit add to the deficit next year, and interest payments on those deficits increase exponentially into the future, making it more difficult to reverse the momentum.

Let me illustrate the point somewhat differently. The administration and the CBO's estimates of the administration's budget program differ in considerable part because of the underlying economic assumptions used. Specifically, the higher deficit forecasts of the CBO assume that interest rates will not decline as much as the administration estimates, compounding the effects of higher deficits originating from other factors. But, if we seize the opportunity to take stronger and early positive action to reduce the deficit and that action helps encourage lower interest rates than projected by the CBO, then the deficit can be placed on a trend more in accord with administration estimates. In other words, procrastination plainly exacerbates the problem, leaving us all with still more difficult choices not very far down the road.

Somewhat less obvious may be new budgetary pressures arising out of the attempts of various special interests—consumers, workers, or firms—to offset the effects of sustained high deficits on our international competitive position and on interest rates. For example, the deterioration in the position of our industrial and farm products in world markets is already generating demands for subsidies, tax relief, and special protections for economic sectors as diverse as the family farm and the steel industry. The effects of high interest rates on construction and housing costs call forth requests for new programs in those areas.

I suspect all of this is, by now, familiar to you. The real obstacle to action is not intellectual, but the difficulty of reaching a practical consensus on specific spending or revenue measures to deal with the problem. In a sense, dealing with the deficit seems to be everyone's second priority—

the first is particular spending programs or measures of tax relief that, viewed in isolation, have strong justification.

Decisions in those areas—with political as well as economic dimensions—are not within the competence of the Federal Reserve. I can only urge that they be faced sooner rather than later before we are enveloped with an atmosphere of crisis, in financial markets and elsewhere.

Much has been achieved in these past few years to put the economy on a sounder footing—too much, at too great a cost—to see it all jeopardized now. The risks arise mainly from our own actions—or inaction. The amounts required to make a real difference—to bring the trend of deficits under control—are surely not beyond reach It has been done in the past, and it can be done again. □

Chairman Volcker presented identical testimony before the House Committee on the Budget on March 1, 1984.

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Transportation, and Tourism of the Committee on Energy and Commerce, U.S. House of Representatives, March 6, 1984.

It is my pleasure to appear before this subcommittee to discuss the economic consequences of large external deficits.

Our large and growing merchandise trade and current account deficits, to which I shall refer as our external deficits, have raised strong concerns about the state of our tradable goods industries and the prospect that the funds borrowed from abroad along with these deficits will soon transform the United States into a net debtor economy.

The widening of the external deficits can be related, first and foremost, to the very substantial appreciation of the dollar and the conditions that have given rise to the appreciation. On a weighted-average basis against the currencies of the other major industrial countries, the dollar has appreciated more than 45 percent since the fourth quarter of 1980, when our current account balance was showing a small surplus. Some of the appreciation has reflected our relatively good inflation performance, but even in real terms—adjusted for changes in consumer price levels—the weighted-average value of the dollar is now nearly 40 percent higher than it was at the end of 1980, and roughly 25 percent higher than its average value for the entire floating rate period since 1973. Against the European currencies the appreciation in real terms has come to 30 percent against the Swiss franc, 45 percent against the German mark, and higher amounts against the weaker currencies. Against the Japanese yen the dollar has risen 20 percent in real terms; against the Canadian dollar it has depreciated slightly.

The cyclical behavior of the U.S. and foreign economies has been a second factor contributing both to the time profile and to the widening of the U.S. trade deficit. The U.S. recession held down imports and thus delayed the rise in the trade deficit until after the middle of 1982, and the relatively rapid expansion of the U.S. economy in 1983 was a dominant element in last year's trade developments, accounting for more than half of the $30 billion increase in our trade deficit from the fourth quarter of 1982 to the fourth quarter of 1983.

As a third factor, the external financing problems of some countries, especially of our neighbors in Latin America, have resulted in lower exports to these countries.

A fourth factor has been the failure in the past of some of our industries to adjust adequately to the pressures of international competition.

While the strong dollar and our large external deficit reflect, in part, our improved macroeconomic performance and the greater return on financial investment in this country, in a more fundamental sense they are related to the budget deficit. When the U.S. government runs a deficit, other sectors must, on balance, finance it. Part of the financing has been provided by foreigners in the form of the net capital inflow that is the counterpart of the current account deficit. The remainder of the financing has been provided by private domestic residents and state and local governments, which has diverted resources from productive domestic capital formation.

Naturally, the net capital inflow and the surplus of private domestic savings over private domestic investment have not arisen automatically, but have had to be induced. As a result real interest rates have been higher than they would otherwise have been. In addition, the higher real interest rates have been associated with upward pressure on the dollar: such upward pressure has prevailed over whatever downward pressure may have emanated from the external deficit, which usually is a negative element in the market's evaluation of a currency. Thus the dollar has risen. In this way, high real interest rates, the strong dollar, and large external deficits are all linked to large federal budget deficits.

Some of the damage from the deficit is reflected in the decline in our exports. In value terms, exports declined about $25 billion from the fourth quarter of 1980 to the fourth quarter of 1983, with two-thirds of the drop accounted for by a 40 percent contraction of shipments to Latin America, mainly to Mexico, and the other third reflecting a 15 percent reduction in shipments to Western Europe. It is noteworthy that exports to both Japan and Canada expanded somewhat from 1980 to 1983.

In volume terms, our merchandise exports were more than 15 percent lower in the fourth quarter of 1983 than in the fourth quarter of 1980. Exports of capital goods declined more than 25 percent in volume terms, exports of nonagricultural industrial supplies more than 20 percent, and exports of agricultural products about 10 percent. The longer exports remain depressed, the more difficult it becomes to maintain marketing networks, and the more costly and difficult it becomes to recover foreign sales.

If our current account deficit were to continue for long at the rate of around $80 billion that is likely to be recorded in 1984, the United States would soon become an international debtor country. At the end of 1983, the United States has an estimated international net creditor position of about $125 billion. This balance could be pushed to the minus side in little more than one year. Our position as an international creditor has been a major support to our balance of payments so far. Thanks to the very productive character of some of our foreign assets, the United States had a surplus of investment income averaging more than $30 billion annually during the years 1979–81. This has meant that we have been able to tolerate a sizable trade deficit without thereby incurring a deficit in the current account, which combines services and trade. If our international position shifts to that of a debtor country, this advantage will be eroded; indeed, it is estimated that our surplus of investment income fell below $25 billion in 1983. Eventually, the United States might find itself in the position of having to earn a surplus in the trade balance to cover a deficit on investment income. Other things equal, the larger the net debtor position we build up, the lower will be the value of the dollar necessary in the long run to generate the required trade balance.

In addition, I might say that, for one of the richest countries in the world, it seems hardly appropriate either to be borrowing currently on a massive scale from the rest of the world or to be a net debtor to it.

The external deficit also has a strong bearing on the future of the dollar. I have noted the severe appreciation the dollar has experienced against a number of currencies, which has been one—but only one—of the reasons for the trade deficit. As the United States continues to borrow abroad and moves toward net debtor status, causing the rest of the world to hold ever larger amounts of dollar-denominated assets, the good acceptance that our currency has had in the world may wear out. Nobody can predict the timing, but in the longer run it seems probable that the dollar-depressing effect of the external deficit will begin to overwhelm the dollar-supporting effect of higher interest rates.

I do not believe, therefore, that the current value of the dollar is sustainable, although it is impossible to predict the sequence or timing of events that will bring it down. If the dollar does decline substantially while the budget deficit remains unchanged, the external deficit will, with a lag, also decline. That would reduce, in a sense, the magnitude of the problem that this committee is addressing. It would also, however, intensify other problems created by the budget deficit. With a return of the external sector toward balance, the foreign financing of the budget deficit would cease. It would have to be financed entirely at home, absorbing a still higher fraction of scarce available savings, thereby raising interest rates. The "crowding out" resulting from the budget deficit, which now goes in part against the foreign-trade-related sectors of the U.S. economy and in part only against other sectors of the economy, would then be directed fully against the other sectors. This development needs to be emphasized to make clear that a reduction or ending of the external deficit, without a reduction in the budget deficit, only shifts the impact of our nation's budget problems without resolving them.

The impacts of the external deficit and the strong dollar have been felt by our manufacturing industries, the agricultural sector, and some of our services industries. The effects are adverse not only for exports, but also for domestic import-competing sectors. On the whole, nevertheless, these impacts have been quite well absorbed. The American economy has expanded strongly. This has offset some of the pressure of mounting import competition deriving from a strong dollar. Moreover, some of the industries that have suffered from import competition are in that condition more because of factors specific to their industry than because of the high dollar. Industries that have failed to invest and reduce costs, that have not kept up with modern technology, and that in some cases have paid wages far above the national average for production workers, are bound to suffer even at a lower level of the dollar.

Aside from such industry-specific problems, I do not see the United States being deindustrialized. The combined domestic and foreign demand for U.S. industrial output has increased since 1980. In particular, the industrial production index for manufacturing is currently almost 6 percent higher than its level at the end of 1980, when the dollar began to appreciate. Employment in the manufacturing sector, on the other hand, is currently about 4 percent below its level at the end of 1980, partly reflecting relatively rapid productivity growth in the manufacturing sector, which historically has contributed to a negative trend in the share of manufacturing employment in total private employment.

My purpose in citing these statistics is to counsel strongly against additional import restrictions at this juncture as a means of dealing with the trade deficit, if the trade deficit is not reduced either by a decline in the dollar or, in a more fundamental sense, by a reduction in the budget deficit. Thanks to the strong economic recovery last year, our tradeable-goods industries as a group have not been severely injured on balance. Their circumstances cannot justify additional import restrictions, except when foreign competition is judged to be unfair as defined by our trade acts.

The costs of import protection are well known. The decision to protect one industry invariably imposes costs elsewhere in the economy. It is costly to other industries if foreign countries retaliate against U.S. exports, or if import restrictions lead to higher dollar exchange rates than would otherwise prevail, or if the prices they must pay for inputs rise. Protection typically leads also to higher prices and less choice for customers. An example of the consequences of protection for consumers we now observe in the recent very high profits of the automobile industry, which is protected by "voluntary" export restraints in Japan. Finally, protected industries typically delay making the adjustments that are necessary if they are ever to stand on their own feet. These costs should make us hesitant even to reciprocate against foreign protectionist actions. Retailiatory measures we take damage our own interests, whatever they may do to foreigners.

Reducing the trade deficit by protectionist methods without reducing the budget deficit would not resolve our problems. It would certainly not ease the pressures on our export industries, which, thanks to the discipline of international competition, are bound to be among our most efficient.

The right policy prescription for dealing with the trade deficit, as I have stressed, is to reduce the structural deficit in our federal budget. Such action, of course, would not cure all the diverse problems encountered in the various sectors of our economy. But a substantial adjustment of the budget toward balance, other things equal, would lead to declines in real dollar interest rates, a depreciation of the dollar in exchange markets, and (with some lag) a reduction in the external deficits. I hope that my remarks have conveyed the message that the strong dollar and large external deficits are partly symptoms, themselves damaging, of large budget deficits. I hope as well that the Congress and the administration will resist temptations to try to suppress the symptoms without curing the disease. □

Announcements

Revised Fee Schedule for ACH Services

The Federal Reserve Board, on February 15, 1984, approved a revised fee schedule for its automated clearinghouse (ACH) services and a plan to reduce and price ACH float over the next year. The revised ACH fee schedule becomes effective March 29, 1984.

The revised fee schedule is shown in the following tables:

Basic ACH transaction fees and nighttime deposit surcharges (cents)

Transaction	Intra-ACH	Inter-ACH			Nighttime deposit surcharges
		Unsorted deposit	Presorted deposit	New York[1]	
Debits originated	1.5	3.0	2.5	2.5	6.0
Debits received	.5	1.0	1.0	.5	...
Credits originated	.5	1.0	.5	.5	3.0[2]
Credits received	1.5	3.0	3.0	2.5	...

1. These fees would apply where the Federal Reserve does not operate a commercial ACH.
2. Next-day settlement only.

Fixed ACH fees (dollars)

Deposit fees	
Tape handling (per tape)	3.00
File processing (per file)	1.00
Receiver handling fees[1]	
Nonelectronic (per delivery)	1.75
Electronic[2] (per transmission)	.75
Telephone advice fees	
Ten pieces of information	2.50
Each additional piece of information	.05

1. Receiver handling fees will be assessed once a day per endpoint when ACH transactions are delivered.
2. Electronic endpoints are defined as endpoints that receive ACH transactions via data transmission or receivers that pick up ACH transactions at the Federal Reserve.

In conjunction with implementing the revised fee schedule, the Reserve Banks will offer two new services—a presorted deposit option and telephone advice for night-cycle transactions. Under the presorted deposit option, ACH originators will be assessed lower fees or be able to deposit transactions later if they sort transactions according to the receiving Federal Reserve office.

Telephone advice service will be provided by Reserve Banks to depository institutions whose ACH night-cycle transactions cannot be delivered by ground transportation in time for settlement. The Reserve Banks will provide sufficient information about transactions so that depository institutions will be able to post the transactions to their customers' accounts on the settlement date.

Besides the revised ACH fee schedule, the Board also approved a plan to reduce and price ACH float over the next year. ACH float is generated whenever reserve or clearing accounts of the originators of ACH transactions are credited or debited before the offsetting debit or credit is posted to the receiving depository institution's accounts.[1] In order to comply with the terms of the Monetary Control Act, the Reserve Banks proposed (1) to reduce ACH float to the extent possible through operational improvements; (2) to eliminate certain types of ACH float by modifying settlement procedures; and (3) to price the remaining float.

A major factor in ACH float is delayed transmissions of interregional transactions between Federal Reserve offices. By implementing operating improvements, the Reserve Banks expect to reduce this float to approximately $7.0 million by the fourth quarter of 1984. The annualized value of this float is included in the cost base of the 1984 fee schedule.

1. Originators of debit transactions are receivers of funds, and their accounts are credited on the settlement date. If the receiving depository institution's reserve or clearing account is not debited on the settlement date, debit float is generated. Originators of credit transactions are payors of funds, and their accounts are debited on the settlement date. If the receiving depository institution's reserve or clearing account is not credited on the settlement date, credit float is generated.

The inability to process ACH paper return items within the current availability schedules is another source of ACH float. ACH float arising from paper return items will be reduced by changing the current availability schedule for such interregional items from same-day to next-day settlement. Any residual float will be included in the ACH cost base the next time ACH fees are set.

Midweek closing and nonstandard holiday ACH float results from an inability to post ACH transactions to the accounts of depository institutions that are closed during the middle of the week (midweek closings) or on nonstandard holidays when the Reserve Bank is open. With regard to midweek and nonstandard holiday ACH float, the Board determined to follow the same procedures that were recently adopted for midweek and nonstandard holiday check float.

Inclusion of New Institutions in Program for Accelerated Check Collection

The Federal Reserve Board, on February 22, 1984, approved criteria for including certain depository institutions located outside Federal Reserve cities in the program to accelerate the collection of checks that was adopted by the Board in December 1982. The new criteria will become effective April 23, 1984.

In December 1982, the Board adopted a two-phased program to accelerate the collection of checks. The first phase provided for later deposit deadlines and a later uniform presentment or dispatch time for checks drawn on institutions located in cities with Federal Reserve offices (city institutions). The second phase of the program calls for additional changes in deposit deadlines and presentment or dispatch time for checks drawn on certain depository institutions located outside Federal Reserve cities (noncity institutions). This phase of the program is called the High Dollar Group Sort (HDGS).[1] The purpose of HDGS is to speed up the collection of checks drawn on such institutions as well as to reduce the cost of collecting these checks.

1. A group sort is a service enabling a collecting bank to deposit checks drawn on a limited, preselected group of payor institutions.

The following selection criteria for the High Dollar Group Sort are in effect:

- All presentment points with daily average out-of-zone presentments from the Federal Reserve of $10 million or more will be included initially.
- Presentment points with daily average out-of-zone presentments of less than $10 million may be added to the program on a case-by-case basis when cost justified.

If it appears that the costs of any presentment point's inclusion in the HDGS outweigh the public benefits, that point may be dropped from the program.

Revisions to Data on the Money Stock and Reserves

Measures of the money stock and reserves data were revised in February 1984. Data presented in tables 1.10, 1.20, and 1.21 will reflect these revisions beginning in the April 1984 Bulletin.

Data on the money stock have been revised to incorporate revisions to annual seasonal adjustment factors and new benchmarks and, for M3, a change in definition. Seasonal factors have been computed using the X-11 ARIMA procedure adopted in 1982. The nontransaction portion of M2 is now being seasonally adjusted as a whole—instead of being built up from seasonally adjusted savings and small time deposits—to reduce distortions caused by substantial portfolio shifts arising from regulatory and financial changes in recent years, especially the spread of MMDAs in 1983. A similar procedure is being used to seasonally adjust the remaining nontransaction balances in M3. All seasonal factors used to construct seasonally adjusted monthly data for M1, M2, and M3 are presented in table 1. Shown in table 2 are monthly seasonal factors for selected components of the broader money stock measures—savings, and small and large time deposits at commercial banks and thrift institutions—and seasonal factors for an experimental M1 series, which are derived from a model-based procedure applied to weekly data. Table 3 presents seasonal factors for the currency and deposit components of M1 and savings and time deposits at commercial banks.

Deposits in the money stock have been benchmarked to recent call reports. Further revisions to deposits stem from changes to System reporting procedures implemented in 1983, related largely to reduced reporting under the Garn–St Germain Act of 1982. In addition, the currency component was revised to reflect revisions to figures on the amount of coin in circulation. The

1. Seasonal factors used to construct M1, M2, and M3, monthly, 1983–84

Year and month	Currency	Nonbank travelers checks	Transactions deposits[1]	Demand deposits[1]	Nontransactions components	
					M2	M3 only
1983—January	.9909	.9424	1.0173	1.0194	.9990	1.0045
February	.9869	.9480	.9757	.9750	.9999	1.0082
March	.9899	.9520	.9841	.9811	1.0041	1.0014
April	.9971	.9536	1.0224	1.0110	1.0021	.9940
May	.9992	.9798	.9841	.9836	1.0003	1.0007
June	1.0017	1.0526	.9955	.9951	1.0014	.9939
July	1.0085	1.1155	.9999	1.0017	1.0022	.9887
August	1.0020	1.1027	.9875	.9895	1.0012	1.0007
September	.9968	1.0564	.9933	.9957	.9982	1.0005
October	.9979	1.0043	1.0028	1.0049	.9995	.9974
November	1.0053	.9528	1.0085	1.0098	.9972	1.0040
December	1.0173	.9400	1.0276	1.0323	.9936	1.0083
1984—January	.9895	.9414	1.0179	1.0202	.9994	1.0040
February	.9870	.9470	.9767	.9758	1.0005	1.0054
March	.9932	.9515	.9848	.9812	1.0047	1.0006
April	.9978	.9541	1.0222	1.0105	1.0024	.9940
May	.9996	.9814	.9844	.9838	1.0006	1.0006
June	1.0048	1.0545	.9954	.9949	1.0015	.9945
July	1.0079	1.1157	.9997	1.0017	1.0019	.9893
August	1.0036	1.1018	.9870	.9893	1.0008	1.0012
September	.9989	1.0562	.9903	.9957	.9978	1.0013
October	.9971	1.0048	1.0024	1.0046	.9993	.9980
November	1.0070	.9527	1.0080	1.0093	.9969	1.0042
December	1.0183	.9390	1.0278	1.0326	.9934	1.0081

1. In constructing M1 the seasonal factors for "transactions deposits" are used to derive the seasonally adjusted sum of demand deposits and other checkable deposits. The seasonal factors for demand deposits are used to construct seasonally adjusted demand deposits. Seasonally adjusted other checkable deposits is derived as the difference between these two series.

2. Seasonal factors for selected deposit components of M2 and M3, monthly, 1983–84

Year and month	Commercial bank deposits			Thrift institution deposits			Memo: Experimental alternative (model-based) seasonal factors for M1		
	Savings	Small-denomination time	Large-denomination time	Savings	Small-denomination time	Large-denomination time	Currency	Nonbank travelers checks	Transactions deposits
1983—January	.9925	1.0027	1.0118	.9906	1.0035	.9969	.9928	.9412	1.0203
February	.9954	1.0075	1.0099	.9912	1.0042	.9967	.9879	.9476	.9755
March	1.0056	1.0081	1.0037	.9996	1.0038	.9906	.9918	.9570	.9822
April	1.0130	1.0020	.9892	1.0055	1.0041	.9890	.9963	.9599	1.0174
May	1.0116	1.0008	.9918	1.0047	1.0022	.9962	1.0000	.9786	.9797
June	1.0111	1.0001	.9888	1.0078	1.0007	.9909	1.0035	1.0423	.9954
July	1.0129	.9967	.9849	1.0125	.9995	.9909	1.0061	1.1110	.9991
August	1.0023	.9983	.9991	1.0015	.9967	1.0016	1.0037	1.1035	.9892
September	.9929	.9973	1.0022	.9961	.9958	1.0120	.9987	1.0601	.9990
October	.9917	.9976	1.0020	.9998	.9982	1.0203	.9982	1.0094	1.0051
November	.9822	.9966	1.0058	.9950	.9971	1.0174	1.0073	.9595	1.0112
December	.9806	.9939	1.0153	.9904	.9946	1.0035	1.0169	.9471	1.0309
1984—January	.9934	1.0023	1.0095	.9914	1.0035	.9947	.9932	.9412	1.0201
February	.9986	1.0073	1.0061	.9932	1.0042	.9933	.9884	.9477	.9764
March	1.0103	1.0072	1.0013	1.0022	1.0038	.9888	.9915	.9570	.9822
April	1.0146	1.0015	.9888	1.0071	1.0041	.9890	.9960	.9599	1.0169
May	1.0132	.9999	.9911	1.0060	1.0022	.9958	1.0006	.9799	.9806
June	1.0131	.9992	.9903	1.0098	1.0007	.9906	1.0032	1.0433	.9946
July	1.0123	.9971	.9871	1.0121	.9995	.9908	1.0062	1.1117	.9989
August	1.0004	.9993	1.0012	.9996	.9967	1.0021	1.0038	1.1029	.9897
September	.9906	.9984	1.0036	.9936	.9958	1.0131	.9979	1.0599	.9984
October	.9892	.9983	1.0034	.9982	.9982	1.0214	.9993	1.0087	1.0063
November	.9809	.9968	1.0059	.9939	.9971	1.0194	1.0067	.9596	1.0109
December	.9791	.9936	1.0145	.9901	.9946	1.0047	1.0168	.9472	1.0293

3. Seasonal factors for currency and deposit components of M1 and selected commercial bank components of M2 and M3, weekly, December 1983–December 1984

Week ending	Currency	Transactions deposits[1]	Demand deposits[1]	Commercial bank deposits: Savings	Commercial bank deposits: Small-denomination time	Commercial bank deposits: Large-denomination time
1983—December 5	1.0090	1.0210	1.0240	.9792	.9926	1.0153
12	1.0210	1.0260	1.0280	.9808	.9918	1.0149
19	1.0197	1.0280	1.0320	.9815	.9935	1.0130
26	1.0260	1.0130	1.0145	.9822	.9962	1.0133
1984—January 2	1.0050	1.0530	1.0750	.9808	.9959	1.0197
9	1.0050	1.0690	1.0680	.9928	.9983	1.0139
16	.9930	1.0375	1.0360	.9946	1.0021	1.0072
23	.9840	.9950	.9900	.9936	1.0040	1.0048
30	.9740	.9640	.9720	.9935	1.0048	1.0075
February 6	.9880	.9920	.9910	.9972	1.0069	1.0080
13	.9905	.9810	.9820	.9990	1.0071	1.0070
20	.9885	.9690	.9640	.9986	1.0073	1.0046
27	.9785	.9610	.9630	.9994	1.0066	1.0051
March 5	.9935	.9955	.9880	1.0045	1.0083	1.0041
12	.9980	.9880	.9860	1.0085	1.0080	1.0008
19	.9933	.9850	.9840	1.0099	1.0071	.9984
26	.9884	.9620	.9600	1.0111	1.0065	1.0011
April 2	.9925	1.0000	.9955	1.0163	1.0043	1.0015
9	1.0080	1.0310	1.0239	1.0201	1.0025	.9946
16	1.0009	1.0400	1.0300	1.0166	1.0021	.9887
23	.9950	1.0300	1.0080	1.0123	1.0015	.9855
30	.9880	.9920	.9850	1.0107	1.0014	.9840
May 7	1.0030	.9990	.9930	1.0121	1.0000	.9892
14	1.0018	.9930	.9930	1.0132	1.0000	.9894
21	.9975	.9770	.9800	1.0132	1.0000	.9912
28	.9930	.9580	.9610	1.0125	.9998	.9933
June 4	1.0030	1.0030	1.0010	1.0153	1.0003	.9933
11	1.0110	1.0050	1.0040	1.0160	.9997	.9915
18	1.0050	1.0050	1.0040	1.0119	.9992	.9886
25	.9975	.9710	.9740	1.0092	.9987	.9886
July 2	1.0050	.9980	.9970	1.0136	.9971	.9892
9	1.0180	1.0220	1.0228	1.0159	.9968	.9860
16	1.0106	1.0120	1.0160	1.0143	.9968	.9847
23	1.0045	.9870	.9860	1.0111	.9970	.9861
30	.9970	.9780	.9850	1.0071	.9973	.9894
August 6	1.0080	.9990	.9990	1.0048	.9985	.9976
13	1.0100	.9980	1.0030	1.0029	.9990	.9996
20	1.0043	.9860	.9870	.9996	.9994	1.0002
27	.9930	.9650	.9670	.9964	.9996	1.0025
September 3	1.0010	.9920	.9960	.9945	.9979	1.0069
10	1.0100	1.0065	1.0110	.9931	.9981	1.0045
17	1.0008	1.0050	1.0100	.9906	.9984	1.0018
24	.9940	.9750	.9770	.9884	.9986	1.0034
October 1	.9870	.9850	.9850	.9911	.9968	1.0051
8	1.0065	1.0150	1.0170	.9937	.9970	1.0038
15	1.0000	1.0160	1.0200	.9918	.9978	1.0021
22	.9951	.9955	.9980	.9878	.9986	1.0022
29	.9870	.9840	.9845	.9838	.9987	1.0045
November 5	1.0045	1.0150	1.0160	.9838	.9982	1.0007
12	1.0115	1.0200	1.0170	.9831	.9980	1.0032
19	1.0072	1.0100	1.0130	.9809	.9976	1.0054
26	1.0045	.9850	.9910	.9791	.9966	1.0084
December 3	1.0050	1.0150	1.0164	.9776	.9935	1.0145
10	1.0220	1.0260	1.0240	.9781	.9922	1.0149
17	1.0200	1.0290	1.0320	.9782	.9927	1.0133
24	1.0260	1.0170	1.0250	.9795	.9949	1.0128
31	1.0090	1.0450	1.0560	.9809	.9966	1.0145

1. In constructing M1 the seasonal factors for "transactions deposits" are used to derive the seasonally adjusted sum of demand deposits and other checkable deposits. The seasonal factors for demand deposits are used to construct seasonally adjusted demand deposits. Seasonally adjusted other checkable deposits is derived as the difference between these two series.

net impact of these revisions was to raise the levels and boost the growth rates of each of the aggregates in 1983.

The definition of M3 has been changed to include term Eurodollars held by U.S. residents in Canada and the United Kingdom, and at foreign branches of U.S. banks elsewhere. Term Eurodollars had been included only in the broad measure of liquid assets, L, owing to lags in data availability; a recent reporting change provides data on term Eurodollars on a schedule similar to that for other components of M3.

Aggregate reserves and the monetary base have been revised to incorporate annual revisions to seasonal adjustment factors and, beginning with February 1984, the conversion to contemporaneous reserve requirements (CRR).

Revised historical data on the money stock, including revised weekly data beginning in 1975 for weeks ending on Monday (to conform to reporting periods for deposits under CRR) and monthly data beginning in 1959, are available on request from the Board of Governors of the Federal Reserve System, Banking Section, Washington, D.C. 20551. Revised monthly and weekly historical data on reserves and the monetary base are also available on request from the same source.

Delayed Disbursement Practices

The Federal Reserve Board announced that its Consumer Advisory Council met on March 14 and 15, in sessions open to the public.

Delayed disbursement consists of arrangements offered by depository institutions that are designed to delay the collection and final settlement of checks. Users of delayed disbursement arrangements draw checks on institutions located substantial distances from the payee or on institutions located outside Federal Reserve cities when alternate and more efficient payment arrangements are available.

The Board expressed concern over delayed disbursement practices because they deny prompt access to funds and increase the risk of loss to consumers, businesses, and others. Also, the increase in delayed disbursement practices had reduced the efficiency of the check collection system because of the higher processing and transportation costs to collect items, increased incidence of delayed funds availability, and higher processing and transportation costs for returned items. The Board is therefore encouraging and requesting the banking industry to seek further improvements in check collection and funds availability and not to offer delayed disbursement arrangements.

New Members Appointed to Thrift Institutions Advisory Council

The Federal Reserve Board, on February 14, 1984, announced the appointment of four new members to its Thrift Institutions Advisory Council and designated Thomas R. Bomar, President, AmeriFirst Federal Savings and Loan Association, Miami, Florida, as President of the Council for the current year. Richard H. Deihl, Chairman of the Board and Chief Executive Officer, Home Savings of America, Los Angeles, California, has been designated Vice President of the Council.

The Council is an advisory group made up of eleven representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, mutual savings bank, and credit union representatives. The Council meets at least four times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The newly appointed members to the Council, in addition to Mr. Deihl, are the following:

John T. Morgan, Chairman and Chief Executive Officer, American Savings Bank of New York, New York, New York; Sarah R. Wallace, President, First Federal Savings and Loan Association of Newark, Newark, Ohio; and J. Michael Cornwall, Chairman of the Board and Chief Executive Officer, First Texas Savings Association, Dallas, Texas.

Those reappointed to the Council, in addition to Mr. Bomar, are the following:

James A. Aliber, Chairman and Chief Executive Officer, First Federal of Michigan, Detroit, Michigan; Gene R. Artemenko, President, United Airlines Employees' Credit Union, Chicago, Illinois; John R. Eppinger, President and Chief Executive Officer, Main Line Federal Savings and Loan Association, Villanova, Pennsylvania; Norman M. Jones, President, Metropolitan Federal Savings and Loan Association, Fargo, North Dakota; Robert R. Masterton, President, The One Maine Savings Bank, Portland, Maine; and Fred A. Parker, President, Heritage Federal Savings and Loan Association, Monroe, North Carolina.

CONSUMER ADVISORY COUNCIL MEETING

The Federal Reserve Board announced that its Consumer Advisory Council met on March 14 and 15, in sessions open to the public.

The Council, with 30 members who represent a broad range of consumer and creditor interests, advises the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

PROPOSED ACTIONS

The Federal Reserve Board, on February 17, 1984, proposed that the federal financial institution regulators issue a joint policy statement to encourage institutions to disclose to their customers their practices regarding delayed availability of funds.

The Federal Reserve Board, on March 2, 1984, also proposed for public comment a list of nine nonbanking activities that, if adopted, would be permissible activities for bank holding companies. Comment should be submitted to the Board by May 2.

Some of the activities proposed for inclusion in the Board's Regulation Y have already been approved in individual cases. Others are being proposed for the first time.

In addition, the Federal Reserve Board has extended, to March 30, the comment period on certain proposals related to Regulation E (Electronic Fund Transfers) and Z (Truth in Lending).

CHANGES IN BOARD STAFF

The following changes have occurred in the official staff in the Division of Banking Supervision and Regulation.

Robert A. Jacobsen, Assistant Director, retired, effective January 21, 1984.

Thomas A. Sidman, Assistant Director, retired, effective January 28, 1984.

Samuel H. Talley, Assistant Director, resigned, effective February 10, 1984.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

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

Alabama
Montgomery .... Colonial Bank of Montgomery
Arizona
Phoenix .... Commercial State Bank
California
Fremont ..... Commercial Bank of Fremont
Pleasanton .... Bank of Pleasanton
Florida
Brandon .... Merchant Bank of Florida
Montana
Ronan .... Valley Bank of Ronan
Pennsylvania
Philadelphia .... William Penn Bank
Texas
Fort Worth .... Bank of Commerce –Fossil Creek

Legal Developments

AMENDMENTS TO REGULATION J

The Board has approved an amendment to Subpart A of Regulation J, (12 CFR Part 210) governing the collection of checks and other items by Reserve Banks, to permit a Reserve Bank to charge a paying bank for checks made available to it by a Reserve Bank on a weekday that is a banking day for the Reserve Bank but where the paying bank is regularly closed.

Effective April 2, 1984, the Board amends paragraph (a) in § 210.9 of Regulation J by inserting "(1)" after "(a) Cash items.", redesignating subparagraphs (1), (2) and (3) as (i), (ii) and (iii) respectively, designating the undesignated paragraph following subparagraph (iii) as "(2)" and revising paragraph (2) of section 210.9 to read as follows:

Part 210—Collection of Checks and Other Items and Wire Transfer of Funds

Section 210.9—Payment

(a) Cash items.

(1) * * *

(i) * * *

(ii) * * *

(iii) * * *

(2) The proceeds of any payment shall be available to the Reserve Bank by the close of the Reserve Bank's banking day on the banking day of receipt of the item by the paying bank. If the banking day of receipt is not a banking day for the Reserve Bank, payment shall be made on the next day that is a banking day for the Reserve Bank by the close of the Reserve Bank's banking day. A paying bank that closes regularly on a weekday which is a banking day for the Reserve Bank shall either pay on that day by the close of the Reserve Bank's banking day for cash items that the Reserve Bank makes available to the paying bank on that day, or compensate the Reserve Bank for the value of the float associated with the items in accordance with procedures provided in its Reserve Bank's operating circular; in such circumstances, the paying bank is not considered to receive the item until its next banking day.

* * * * *

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

Orders Issued Under Section 3 of Bank Holding Company Act

Bank of Boston Corporation,
Boston, Massachusetts

Order Approving the Acquisition of a Bank Holding Company

Bank of Boston Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire indirectly 100 percent of the shares of the successor by merger to Casco-Northern Corporation, Portland, Maine (Company).[1] As a result of this transaction, Applicant would acquire Company's subsidiary bank, Casco Bank & Trust Company, Portland, Maine.

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

Applicant, with nine banking subsidiaries, has consolidated assets of $18.7 billion and total domestic deposits of $5.8 billion.[2] It is the largest banking organization in Massachusetts. Upon acquisition of Company, which has total assets of $723.7 million and total domestic deposits of $631 million, Applicant would control the second largest banking organization in Maine and 17.8 percent of the total deposits in commercial banks in the state.

1. Applicant has applied under section 3(a)(1) of the Act, (12 U.S.C. § 1842(a)(1)) for approval to merge its wholly-owned inactive subsidiary, First of Boston Holding Corporation, Boston, Massachusetts, (FBHC) with Company thereby causing FBHC to become a bank holding company. Applicant has also applied under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Company at the time it merges with FBHC. FBHC is of no significance except as a means to facilitate the acquisition of voting shares of Company by Applicant.

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

Section 3(d) of the Act (12 U.S.C. § 1842(d)) prohibits the Board from approving any application by a bank holding company to acquire any bank located outside of the state in which operations of the bank holding company's subsidiaries are principally conducted, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." Prior to February 7, 1984, the statute laws of the state of Maine authorized the acquisition of a banking institution in Maine by a bank holding company that controls a bank located in another state, if that other state authorizes the acquisition of a banking institution in that state by a Maine bank holding company under terms no more restrictive than those imposed under Maine law. On February 7, 1984, the Maine law was amended to eliminate the reciprocity requirement.[3] Therefore, Maine law now permits an out-of-state bank holding company to acquire a bank in Maine without prior consideration of the nature of the banking laws of the acquiring company's state. Applicant, an out-of-state bank holding company within the meaning of the Maine statute, is eligible to acquire a bank holding company in Maine. Based on the foregoing, the Board has determined that the proposed acquisition conforms with Maine law and is expressly authorized by the statute laws of Maine. The Board believes that statutes such as Maine's are fully consistent with section 3(d) of the Act and provide a desirable means for creating a national market in banking services through state action and without unnecessary restrictions on commerce in financial services across state lines.

Company's banking subsidiaries operate in 14 markets in Maine. Consummation of this transaction would not eliminate any existing competition in commercial banking inasmuch as none of Applicant's subsidiary banks operates in Maine. Certain of Applicant's nonbanking subsidiaries compete with Company's banks in the provision of nonbanking services, including leasing, data processing, floor planning and inventory financing. Applicant provides these services nationwide and Company provides these services only in the state of Maine. Within the state of Maine, both Applicant and Company engage in these activities to a limited extent, and their respective market shares are small. Thus, the Board concludes that the amount of existing competition in these services that would be eliminated by this proposal is not significant.

The Board has considered the effects of this proposal on probable future competition and has also examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers or acquisitions.[4] In evaluating the effects of a proposal on probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for entry on a de novo or foothold basis absent approval of the acquisition. After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

There are a number of commercial banking organizations—including 20 commercial banking organizations in New York, six in Massachusetts, six in Connecticut and four in Rhode Island—with assets of over $1.0 billion each, that can be identified as probable future entrants into each of the 14 relevant markets in which Company operates. On the basis of these and other facts of record, the Board concludes that the elimination of Applicant as a probable future entrant into the 14 markets served by Company would not have a substantial anticompetitive effect in those markets. Applicant's banking subsidiaries operate in 10 markets in Massachusetts and one in Rhode Island. There are at least nine probable future entrants into each of these markets and, in view of this and other facts of record, the Board concludes that elimination of Company as a probable future entrant into the markets served by Applicant would not have a substantial anticompetitive effect in those markets.

The financial and managerial resources of Applicant and Company are considered satisfactory and their prospects appear favorable. Affiliation with Applicant would enable Company's banking subsidiary to expand the scope and array of its services. New services would include factoring, public finance and international banking. Company would also be in a position to expand its commercial lending and secondary mortgage lending services. Accordingly, it is the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

Based on the foregoing and other facts of record, the Board has determined that the applications under section 3 should be and hereby are approved for the

3. Me. Rev. Stat. Ann. tit. 9-B, § 1013 sub. 2 (As amended, February 7, 1984).

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

reasons set forth above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective February 28, 1984.

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

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

Bootheel Bancorp, Bernie, Missouri

Order Approving Formation of a Bank Holding Company

Bootheel Bancorp, Bernie, Missouri, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring 99.3 percent of the voting shares of State Bank of Bernie, Bernie, Missouri ("Bank").

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

Applicant is a nonoperating Missouri corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $16.6 million.[1] Upon acquisition of Bank, Applicant would control the 448th largest commercial banking organization in Missouri and approximately 0.05 percent of total deposits in commercial banks in the state. In light of the small share of the state's commercial banking deposits that would be controlled by Applicant, the Board concludes that consummation of the transaction would not have any serious adverse effects on the concentration of banking resources in Missouri.

The proposal involves a restructuring of Bank's ownership whereby one group of Bank's shareholders ("Belknap/Boeving Group") will form a corporation to acquire the voting shares of Bank owned by them, and an additional 18 percent of Bank's common stock owned by another group of individuals ("Waller Group"). As a result of the transaction, the Belknap/Boeving Group will control the majority of the shares of Bank through Applicant. The Belknap/Boeving Group also controls two other banks in the Bernie/Malden banking market: Malden State Bank, Malden, Missouri ("Malden Bank"), and State Bank of Campbell, Campbell, Missouri ("Campbell Bank").[2] In a related action, the Belknap/Boeving will transfer its shares of Malden Bank to the Waller Group.

Bank is currently the third largest commercial banking organization in the Bernie/Malden banking market, with total deposits of $16.6 million representing approximately 16.5 percent of total deposits in commercial banks in the market. Campbell Bank is the second largest bank in the market, with total deposits of $16.7 million, representing approximately 16.6 percent of total deposits in commercial banks in the market. Malden Bank is the largest Bank in the market with total deposits of $39.5 million and controls 39.3 percent of the market's deposits. Together, the three banks control 72.4 percent of the market's deposits.

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

In 1980, Applicant's principals applied to form a bank holding company through the acquisition of Malden Bank.[4] The Board reviewed the facts surrounding the original affiliation of Bank, Campbell Bank, and Malden Bank and concluded that the affiliation had eliminated significant competition in the Bernie/Malden banking market. Accordingly, the Board denied the application. In order to eliminate the

1. All banking data are as of March 31, 1983.

2. The Bernie/Malden banking market is approximated by the southern portion of Stoddard County, the northern third of Dunklin County, and western New Madrid County, all in Missouri.

3. *Mid-Nebraska Bancshares, Inc.*, v. *Board of Governors of the Federal Reserve System*, 627 F.2d 266 (D.C. Cir. 1980).

4. *Semo Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 509 (1980).

anticompetitive effects of the subject proposal, the majority owners of Bank, Malden Bank, and Campbell Bank have decided to end the affiliation between Malden Bank and Bank and Campbell Bank. The Waller Group will sell its interest in Bank to the Belknap/Boeving Group and in return the Belknap/Boeving Group will sell its interest in Malden Bank to the Waller Group. Malden Bank, the largest bank in the market, will be controlled solely by the Waller Group. All director and management interlocks between Malden Bank and the other banks will be terminated. Thus, Malden Bank will become an independent competitor of Bank and Campbell Bank.[5]

Although the Belknap/Boeving Group will no longer have any interest in Malden Bank, the Belknap/Boeving Group will indirectly control 78.7 percent of Bank and 96 percent of Campbell Bank. These two banks will control 33.8 percent of the deposits of commercial banks in the market. Although Applicant's principals will still control a significant share of the market, the proposal as a whole is procompetitive in that the number of competitors in the market will increase from four to five and the Herfindahl–Hirschman Index (HHI) will decrease from 5540 to 2938. In addition, the Board has considered that the banks have been affiliated for over 40 years, and the affiliation did not represent an attempt to evade the antitrust laws or the Bank Holding Company Act.[6]

After considering the facts of record, including the long-term affiliation between the banks and the procompetitive effects of the divestiture, the Board concludes that competitive considerations are consistent with approval of the application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the entire chain and analyzes the financial and managerial resources and future prospects of the chain under the Board's Capital Adequacy Guidelines. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank and the chain banking organization are consistent with approval. Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective February 7, 1984.

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

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

Continental Bancshares, Inc., Dallas, Texas

Order Approving Formation of a Bank Holding Company

Continental Bancshares, Inc., Dallas, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring all of the voting shares of Mockingbird Bancshares, Inc. ("Mockingbird"), and, indirectly, its subsidiary, Bank of Texas ("Texas Bank"), both of Dallas, Texas; Wynnewood Bancshares, Inc. ("Wynnewood"), and, indirectly, its subsidiary, Wynnewood Bank & Trust ("Wynnewood Bank"), both of Dallas, Texas; and Bank of Arlington ("Arlington Bank"), Arlington, Texas.

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

Applicant is a nonoperating corporation organized for the purpose of acquiring Mockingbird, Texas Bank, Wynnewood, Wynnewood Bank, and Arlington Bank, which together hold deposits of $138.3 million.[1] Upon consummation of this proposal, Applicant would control the 51st largest banking organization in Texas, representing less than two-tenths of one percent of the total deposits in commercial banks in the state.

5. See *Semo Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 228 (1984).
6. *Texas East Bancorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 636 (1983).

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

Mockingbird, Wynnewood and Arlington Bank are the 34th, 44th, and 33rd largest, respectively, of 113 banking organizations competing in the Dallas banking market and together control approximately 0.5 percent of the total deposits in commercial banks in that market.[2] This proposal represents a corporate restructuring whereby the principal of Mockingbird, Wynnewood, and Arlington Bank would consolidate his ownership of these institutions through the use of Applicant, which is controlled by the same principal. Applicant's principal is not a principal of any other banking organization in the relevant market and consummation of the proposed transaction would not have any significant adverse effects on the concentration of banking resources or on competition in any relevant area. The Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, Mockingbird, Texas Bank, Wynnewood, Wynnewood Bank, and Arlington Bank are generally satisfactory and the future prospects for each appear favorable, particularly in light of certain commitments made by Applicant in connection with this application. In its consideration of this application, the Board has applied the capital standards for banking organizations with total assets of $150 million or less.[3] While these standards generally are applicable to small bank holding company formations with subsidiary bank assets totalling approximately $150 million or less, the Board has permitted larger bank holding company formations to be evaluated under these standards if the Board finds that circumstances warrant such an exception.[4] The Board, after reviewing all the facts of record, finds that such circumstances exist in this case.

Approval of this application would perpetuate the current management of Mockingbird, Wynnewood, and Arlington Bank, which the Board finds in this instance to be a substantial public benefit. Applicant's principal acquired control of Texas Bank (in 1977) and Wynnewood Bank (in 1978) when the future prospects of these banks were uncertain due to their less than satisfactory financial condition. Under the direction of Applicant's principal, the condition of these two banks has improved and their future prospects are favorable. Moreover, the Board notes that the combined total assets of the three banks at the time that Applicant's principal acquired Arlington Bank in December 1982, was only $150.6 million.[5] That acquisition was made in contemplation of this proposal; the application, however, was not filed immediately due to the necessity of first obtaining other regulatory approvals.

Accordingly, the Board finds that under these circumstances, in light of the improvements that Applicant's principal made in Texas Bank and Wynnewood Bank, and given the fact that the combined banking assets of the three banking organizations only slightly exceeded $150 million at the time of the acquisition of Arlington bank, it is appropriate to apply the standards that would be applicable for small bank holding company formations involving banks with assets of less than $150 million. In applying these standards, it is the Board's opinion that banking factors are consistent with approval of this application.

Although consummation of the proposal would effect no immediate changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective February 28, 1984.

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

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

2. The relevant banking market is the Dallas banking market, which consists of all of Dallas County and portions of Collin, Denton, Ellis, Kaufman, Rockwell, and Tarrant Counties, Texas.

3. "Federal Reserve Board Policy Statement for Assessing Financial Factors in the Formation of Small One-Bank Holding Companies," 66 FEDERAL RESERVE BULLETIN 320 (1980); Federal Reserve Regulatory Service ¶ 4-855. The Board also applies these guidelines to bank holding company formations involving more than one bank where the total combined assets of the banks do not exceed $150 million, see, "Capital Adequacy Guidelines," Joint Statement by Federal Reserve Board and Comptroller of the Currency (December 17, 1981).

4. *Tulsa Commerce Bancshares, Inc.*, 68 FEDERAL RESERVE BULLETIN 196 (1982), and *The Union of Arkansas Corporation*, 66 FEDERAL RESERVE BULLETIN 659 (1980).

5. The combined total assets of the banking organizations to be acquired by Applicant were approximately $177 million as of September 30, 1983.

Locust Grove Banshares, Inc., Locust Grove, Oklahoma

Order Approving Acquisition of a Bank

Locust Grove Banshares, Inc., Locust Grove, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 93.9 percent of the voting shares of Bank of Commerce, Chouteau, Oklahoma ("Bank").

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

Applicant controls one banking subsidiary in Oklahoma with total deposits of approximately $10.5 million, representing 0.04 percent of the total deposits in commercial banks in the state.[1] Bank, with deposits of $8.4 million, is one of the smallest banking organizations in Oklahoma, and controls 0.03 percent of the total deposits in commercial banks in the state. Upon consummation of this transaction, Applicant would control 0.07 percent of the total deposits in commercial banks in the state. The Board concludes that consummation of this transaction would have no significant effect on the concentration of banking resources in Oklahoma.

Both Applicant and Bank compete in the Mayes County banking market.[2] Bank is the fifth largest banking organization in that market, controlling approximately 7.1 percent of the total deposits in commercial banks in the market. Applicant is the third largest commercial banking organization in the market, controlling approximately 8.8 percent of the total deposits in commercial banks in the market. Upon consummation of this transaction, Applicant would remain the third largest commercial banking organization in the market, and its share of the total deposits in commercial banks in the market would increase to 15.9 percent.

The acquisition of Bank by Applicant would not eliminate any existing competition between the two, since principals of Applicant acquired control of Bank in March 1983. However, the Board has reviewed the record to determine whether the affiliation between Applicant and Bank resulted in any adverse effects on competition in the Mayes County banking market. While the affiliation eliminated some existing competition between Applicant and Bank,[3] based on the record, particularly Bank's condition when it was acquired by Applicant's principals, the Board does not believe that the effects of the transaction on competition were so serious as to warrant denial of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiary, and Bank are regarded as generally satisfactory and their future prospects appear favorable. While Applicant will incur some debt in connection with the acquisition of Bank, it appears that Applicant has resources to service the debt through dividends from its existing subsidiary bank, while maintaining adequate capital at both Bank and the existing subsidiary. Accordingly, considerations relating to banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of the application. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective February 2, 1984.

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

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

1. All banking data are as of December 31, 1982.
2. The Mayes County banking market is approximated by Mayes County, Oklahoma, excluding the town of Langby.

3. Specifically, the Herfindahl-Hirschman Index ("HHI") of the Mayes County banking market increased by 125 points to 2911 as a result of the acquisition of Bank by Applicant's principals. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is over 1800 is considered highly concentrated and a merger that produces an increase in excess of 50 points would generally be subject to challenge by the Department. However, the Department of Justice did not submit any comment or object to consummation of the proposed transaction.

NCNB Corporation, Charlotte, North Carolina

Order Approving Acquisition of Bank Holding Company

NCNB Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval pursuant to section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Ellis Banking Corporation, Bradenton, Florida, also a bank holding company.

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

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

By order of the Board of Governors, effective February 15, 1984.

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

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

Statement By Board of Governors of the Federal Reserve System Regarding the Application of NCNB Corporation to Acquire Ellis Banking Corporation

By Order dated February 15, 1984, the Board approved the application of NCNB Corporation, Charlotte, North Carolina, pursuant to section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire Ellis Banking Corporation, Bradenton, Florida. In this Statement, the Board sets forth its reasons for approving the application.[1]

Applicant, with two bank subsidiaries, has consolidated deposits of $6.8 billion.[2] It is the largest banking organization in North Carolina controlling one bank subsidiary with deposits of $4.8 billion, representing 20.7 percent of the total deposits in commercial banks in that state. The Board has previously determined that the statute laws of Florida expressly authorize Applicant to acquire banks in Florida, and that such acquisitions are consistent with the interstate banking prohibition contained in section 3(d) of the Act, and relevant state laws.[3]

NCNB is the eighth largest banking organization in Florida, controlling one bank subsidiary, with deposits of $2.0 billion, representing approximately 3.7 percent of the total deposits in commercial banks in Florida.[4] Upon acquisition of Ellis (deposits of $1.4 billion), Applicant would control 6.3 percent of the total deposits in commercial banks in Florida and would become the fourth largest banking organization in that state. The Board has carefully considered the effects of the proposal on the structure of banking in Florida and has concluded that consummation of this transaction would not significantly increase the concentration of banking resources in that state.

Applicant and Ellis compete in 11 banking markets in Florida. In eight of these markets, however, either Applicant or Ellis or both do not have a significant presence. Accordingly, the Board concludes that any adverse effect on existing competition in these markets would not be significant.[5] In three of these 11 markets, Bradenton, New Port Richey and Sarasota, approval of these applications would have a more significant effect on existing competition between Applicant and Ellis.

Ellis is the largest banking organization in the Bradenton banking market, controlling deposits of $185.6 million,[6] representing 22.6 percent of the total deposits in commercial banks in the market.[7] Applicant is the ninth largest banking organization in the Bradenton banking market, controlling deposits of $13.8 million, representing 1.7 percent of the total deposits in commercial banks in the market. Upon acquisition of Ellis,

1. A number of comments on the application have been received from minority shareholders of Ellis concerning the fairness of the offer to minority shareholders. These commenters have essentially alleged that the offer to minority shareholders of Ellis differs from that made to the majority shareholders. Pursuant to the court's decision in *Western Bancshares Inc.* v. *Board of Governors*, 480 F.2d 749 (10th Cir. 1973), the Board may not deny applications under section 3 of the Act solely because of an applicant's failure to extend substantially equal purchase offers to minority shareholders.

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

3. *NCNB Corporation*, 68 FEDERAL RESERVE BULLETIN 54 (1982).

4. Pursuant to Board approval, Applicant has previously acquired three banking organizations in Florida: First National Bank of Lake City; Gulfstream Banks, Inc.; and Exchange Bancorporation, Inc. Applicant has since consolidated these banks under the name of NCNB National Bank of Florida.

5. These markets are the East Pasco County, East Polk County, Fort Myers, Orlando, Pinnellas County, Tampa, Venice, and West Polk County banking markets.

6. Market data are as of June 30, 1982.

7. The Bradenton banking market is defined as all of Manatee County, Florida.

Applicant would become the largest banking organization in the market, controlling 24.3 percent of the total deposits in commercial banks in the market.

While consummation of the transaction would eliminate some existing competition in the Bradenton banking market, the Board believes that a number of factors mitigate the anticompetitive effects of the acquisition. Upon consummation, the Herfindahl–Hirschman Index ("HHI") would increase by only 76 points to 1784 and the market would remain moderately concentrated as measured by this index.[8] In addition, eight banking organizations would remain in the market after consummation, including several statewide banking organizations.

The Board also has considered the influence of thrift institutions in evaluating the competitive effects of this proposal.[9] In this market, thrift institutions control almost 50 percent of the combined total deposits of banks and thrifts in the market. The record indicates that thrift institutions already exert a considerable competitive influence in the market as providers of consumer transaction accounts and consumer loans, and that two of the market's thrifts are substantially larger than any of the market's banking organizations. In addition, eight of the ten thrifts in this market offer commercial checking accounts and nine of them engage in the business of making commercial loans. At the same time, the record indicates that the portfolios of commercial banks in the market resemble the portfolios of thrift institutions in the market. For example, on average, 52 percent of the loan portfolios of the commercial banks in the market are in real estate loans, while only 15 percent are in commercial and industrial loans.[10] In view of these facts, the Board has determined that consummation of this proposal would not have a significantly adverse effect on existing competition in the Bradenton banking market.

Ellis is the second largest of seven banking organizations in the New Port Richey banking market, with deposits of $191.3 million, representing 30.5 percent of the total deposits in commercial banks in the market.[11] Applicant is the fifth largest banking organization in the market, with deposits of $37.2 million, representing 5.9 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the largest banking organization in the market, controlling 36.4 percent of the total deposits in the market and the HHI would increase 362 points to 2772.

Ellis is the largest banking organization in the Sarasota banking market, with deposits of $282.4 million, representing 31.5 percent of the total deposits in commercial banks in the market.[12] Applicant is the eighth largest banking organization in the market with deposits of $23.3 million, representing 2.6 percent of the total deposits in commercial banks in the market. Upon consummation of the proposed transaction, the HHI would increase 164 points to 2195.

The Board views the competitive effects of consummation in the New Port Richey and Sarasota banking markets with concern and, absent the substantial presence of thrifts in these markets, believes that competitive factors would be substantially adverse. In evaluating the competitive effect of thrifts in these markets, the Board has considered their large share of total deposits in these markets, the fact that thrifts are the largest depository institutions in both markets, the similarity in the services offered by thrifts and banks, and that the portfolios of the banks in these markets indicate they are in the same lines of business as the thrifts.[13]

In the New Port Richey market, thrift institutions have a substantial presence, controlling almost 62 percent of the total deposits in the market. Moreover, two of the market's thrifts are substantially larger than any of the market's commercial banking organizations. The Board has also considered the significant extent to which thrifts compete with commercial banks in the New Port Richey market as reflected in the similar asset and liability composition of the portfolios of banks and thrifts in this market. For example,

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

9. The Board has previously determined that thrift institutions have become or at least have the potential to become, major competitors of commercial banks. *Florida National Banks of Florida, Inc.* (Royal Trust Bank Corp.), 70 FEDERAL RESERVE BULLETIN 147 (1984) (Press Release dated January 25, 1984); *Sun Banks, Inc.* (Flagship Banks, Inc.), 69 FEDERAL RESERVE BULLETIN 934 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

10. If thrift institutions in the Bradenton market are included in the market analysis, Applicant's market share would be 0.9 percent, Ellis' would be 11.4 percent and the HHI would increase by only 19 points to 1198.

11. The New Port Richey banking market is approximated by the western portion of Pasco County including the communities of Holiday, Hudson, and New Port Richey.

12. The Sarasota banking market is approximated by Sarasota County excluding the southern portions of the county.

13. Under the provisions of the Thrift Institutions Restructuring Act, Title III of the Garn-St Germain Depository Institutions Act of 1982, 96 Stat. 1469, 1499–1500, the commercial lending powers of federally chartered thrift institutions were greatly expanded. Similarly, in 1980, Florida law was substantially amended to expand the commercial lending and other asset powers of state chartered thrift institutions. FLA. STAT. ANN. § 665 (West Supp. 1982).

13 of the market's 16 thrifts offer commercial checking accounts and 12 of them offer commercial loans. In this regard, the record indicates that thrifts hold more than 10 percent of the commercial loans made by depository institutions in the market.[14] The record also indicates that the orientation of commercial banks in the market is similar to that of the thrifts. For example, on average, commercial banks have over 70 percent of their portfolios in real estate loans and only 11 percent of their loans in commercial and industrial loans. Similarly, thrift institutions have approximately 82 percent of their portfolios in real estate loans.[15]

The elimination of existing competition in the Sarasota market is similar cause for concern. However, the Board is persuaded that, as in the case of the New Port Richey market, the substantial presence of thrifts in the Sarasota market and the similarity of the portfolios of the thrifts and commercial banks mitigate this concern. There are nine thrifts in the Sarasota banking market, which together control almost 54 percent of the total deposits in the market, and two of these thrifts are substantially larger than any of the commercial banks in the market. Moreover, thrifts are significant competitors of banks in the Sarasota market. For example, each of the 10 thrifts in the market offers consumer checking accounts and all but one offer commercial checking accounts. In addition, all market thrifts offer NOW accounts and some have as much as 25 percent of their deposits in NOW accounts. Moreover, thrifts hold at least 10 percent of the commercial loans made by depository institutions in the market. Finally, another important factor in weighing thrifts in the competitive analysis of the Sarasota banking market is the similarity of the portfolios of commercial banks in the market to those of the market's thrifts.[16] Based on the similar orientation of thrift and commercial bank organizations in the market, the amount of thrift participation in commercial bank activities appears particularly significant.[17]

Based on the facts that in both the New Port Richey and Sarasota markets thrifts hold over 50 percent of market deposits and provide substantial competition to the banks in these markets, the Board believes it is appropriate to take thrifts into account in evaluating the competitive effects of the proposed acquisition in these markets. In fact, even considering only 50 percent of the deposits held by thrifts in these markets, the market analysis indicates that concentration ratios would be acceptable. Accordingly, in view of the large share of these markets' deposits held by thrifts, their large size, and the similarity of the services and portfolios of commercial banks and thrifts in these markets, the Board has determined that consummation of this transaction would not have a significantly adverse effect on existing competition in these markets.

The Board has also considered the effect of consummation of this proposal on probable future competition.[18] There are sixteen banking markets in which either Applicant or Ellis, but not both, compete. In evaluating the effects of a proposal on probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired and the attractiveness of the market for entry on a de novo or foothold basis absent approval of the acquisition. In none of these markets would the proposed acquisition require intensive analysis under the Board's proposed guidelines. After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

Applicant has a number of nonbank subsidiaries engaged in consumer and commercial finance and leasing activities which compete in a number of the markets served by bank subsidiaries of Ellis. Although Ellis' subsidiaries compete in the relevant product markets, in each market, both Ellis and Applicant have relatively small market shares. Moreover, with respect to each market, there are numerous alternatives. Thus, the amount of existing competition that would be eliminated in these markets as a result of consummation is not significant.

The financial and managerial resources and future prospects of Applicant, Ellis and their subsidiaries are

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14. Thrifts only recently acquired their expanded commercial bank powers. Thus, this figure may not reflect the true extent to which thrifts are actually competing with commercial banks in these product lines.

15. If the thrift institutions in the New Port Richey banking market are included in the market analysis, Applicant's market share of total market deposits would be only 2.3 percent and Ellis' would be 11.7 percent. Moreover, the HHI would be only 1163 and, upon consummation of the proposed transaction, would increase by only 53 points.

16. For example, on average, commercial banks have 64 percent of their loan portfolios in real estate loans, while only 14 percent are in commercial and industrial loans. While thrifts have a somewhat larger percentage, the record indicates that both thrifts and banks have a similar orientation toward real estate lending.

17. If the thrift institutions in the Sarasota banking market are included in the market analysis, the HHI would rise by 35 points to 1524, Applicant's share of the total deposits in the market would be 14.6 percent, and Ellis' share would be 1.2 percent.

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

considered satisfactory. Affiliation with Applicant would enable Ellis' banking subsidiaries to expand the scope of their banking services to include a full range of consumer loans, credit and debit card services, factoring, accounts receivable financing, leasing, trust services and international banking services. In addition, affiliation would enable Ellis' banking subsidiaries to offer credit life, accident and health insurance at lower rates. Consequently, considerations relating to the convenience and needs of the communities to be served lend slight weight toward approval of the application and outweigh any anticompetitive effects that may result from consummation of this proposal. Based upon the foregoing and all the facts of record, it is the Board's judgment that consummation of the transaction would be consistent with the public interest and should be approved.

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

February 23, 1984

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

Dissenting Statement of Governor Teeters

This case represents a substantial departure from prior Board decisions involving the weighting of thrifts in the Board's competitive analysis. In this case, the Board relies solely on the purported competition from thrifts to mitigate what would otherwise be a clearly anticompetitive situation in the New Port Richey and Sarasota banking markets.

In my view, it is not clear that thrifts provide direct competition to the banking organizations in these markets. For this reason, I believe the Board should establish a system with an objective methodology for weighting the competition from thrifts.

Based on the record in this case, I cannot concur in the majority's apparent decision to weight thrifts at least 50 percent merely to reduce the concentration ratios to acceptable levels. Accordingly, I dissent.

February 23, 1984

Semo Bancshares, Inc., Malden, Missouri

Order Approving Formation of a Bank Holding Company

Semo Bancshares, Inc., Malden, Missouri, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring 99.1 percent of the voting shares of Malden State Bank, Malden, Missouri ("Bank").

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

Applicant is a nonoperating Missouri corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $39.5 million.[1] Upon acquisition of Bank, Applicant would control the 206th largest commercial banking organization in Missouri and approximately 0.13 percent of total deposits in commercial banks in the state. In light of the small share of the state's commercial banking deposits that would be controlled by Applicant, the Board concludes that consummation of the transaction would not have any serious adverse effects on the concentration of banking resources in Missouri.

This proposal involves a restructuring of Bank's ownership whereby one group of Bank's existing shareholders ("Waller Group") will form a corporation to acquire 100 percent of Bank's voting shares. The corporation will acquire the Waller Group's shares of Bank in addition to shares of Bank owned by another group of individuals ("Belknap/Boeving Group"). The Waller Group will own 100 percent of the shares of Applicant.

Bank is currently the largest commercial banking organization in the Bernie/Malden banking market, with total deposits of $39.5 million, representing 39.3 percent of the total deposits in commercial banks in the market.[2] The Belknap/Boeving Group also controls two other banks in the market: State Bank of Campbell, Campbell, Missouri ("Campbell Bank") and State Bank of Bernie, Bernie, Missouri ("Bernie Bank"). Bernie Bank and Campbell Bank together

1. All banking data are as of March 31, 1983.
2. The Bernie/Malden banking market is defined as southern Stoddard County, northern Dunklin County and western New Madrid County, all in Missouri.

control $33.3 million in deposits, representing 33.1 percent of the deposits of commercial banks in the market. Together, the three banks hold 72.4 percent of the deposits in commercial banks in the market.

In 1980, when the Belknap/Boeving Group applied for the Board's approval to become a bank holding company by acquiring Bank, the Board examined the competitive effects of the original affiliation of Bank, Campbell Bank, and Bernie Bank.[3] The Board concluded that the effect of the affiliation was to eliminate significant competition that existed prior to the affiliation and to increase the concentration of banking resources within the Bernie/Malden banking market. Accordingly, the application was denied.[4]

In order to eliminate these anticompetitive effects in connection with this application, the Waller Group has committed to divest its ownership in Bernie Bank to the Belknap/Boeving Group and the Belknap/Boeving Group has committed to divest its ownership in Bank to the Waller Group. The proposed divestitures will occur prior to or concurrent with consummation of the proposed transaction. Upon consummation of these transactions, the Waller Group will not own any bank in the market except Bank and will terminate all director/management interlocks with Bernie Bank. The disaffiliation of Bank with Bernie Bank and Campbell Bank will allow Bank to compete as an independent entity and will increase the number of competitors in the market. Accordingly, after considering the proposed divestitures and other facts of record, the Board concludes that the competitive considerations are consistent with approval of this application.

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

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

By order of the Board of Governors, effective February 7, 1984.

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

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

Victoria Bankshares, Inc., Victoria, Texas

Order Approving Acquisition of Banks

Victoria Bankshares, Inc., Victoria, Texas, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire First State Bank, Poteet, Texas ("State Bank"), and First National Bank in Pleasanton, Pleasanton, Texas ("National Bank") (collectively, "Banks").

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

Applicant is the twelfth largest banking organization in the state, controlling 16 banking subsidiaries with aggregate domestic deposits of $809.2 million, representing 0.65 percent of statewide deposits.[1] As a result of this proposal, Applicant would acquire State Bank with $13.8 million in deposits, representing 0.01 percent of statewide deposits, and National Bank with $34.1 million in deposits, representing 0.03 percent of statewide deposits. After consummation, Applicant's share of state banking deposits would increase by 0.04 percent. Accordingly, consummation of this proposal would not have an appreciable effect on the concentration of commercial banking resources in Texas.

Both Banks operate in the Atascosa banking market.[2] Applicant is not presently represented in that market. Accordingly, the proposal would not result in the elimination of any existing competition between Applicant and Banks.

3. In analyzing the competitive effects of a proposal involving principals of an applicant who control another banking organization in the same market as the bank to be acquired, the Board considers the competitive effects of the transaction whereby common control of the institutions was established. *Mahaska Investment Corporation*, 63 FEDERAL RESERVE BULLETIN 579 (1977).

4. *Semo Bancshares Corporation*, 66 FEDERAL RESERVE BULLETIN 509 (1980).

1. Banking data are as of December 31, 1982.

2. The Atascosa market consists of Atascosa County.

National Bank is the largest banking organization in the Atascosa market with 32.7 percent of deposits in commercial banks in the market. State Bank is the fifth largest banking organization in the market, with 13.2 percent of market deposits. The two banks hold combined deposits representing 45.9 percent of market deposits.

The Atascosa banking market is regarded as highly concentrated with the four largest banking organizations currently holding 84.3 percent of market deposits. After consummation, the four largest banking organizations would control 97.5 percent of market deposits. The post merger Herfindahl–Hirschman Index would increase by 431 points to 3036.

Under section 3(c) of the Act the Board is precluded from approving any proposed acquisition of a bank that (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. Ordinarily, a proposal of this type involving such a large combined share of market deposits would raise significant concerns regarding the competitive effects of the proposal under this standard.

In recent applications involving affiliated banks in the same market, however, the Board has regarded as mitigating factors the small absolute size of the banks at the time of their affiliation, the substantial number of years that the banks have been affiliated, and the existence of the affiliation before the application of the antitrust laws to bank mergers.[3] These factors are present in this case.

Banks have been under common ownership since 1947. At the time of their original affiliation, the absolute size of the banks was small (State Bank—$1.3 million in deposits; National Bank—$2.4 million in deposits). Currently, the banks continue to be among the smallest banking organizations in the state. The affiliation in this case has existed for 37 years and did not represent an attempt to evade the antitrust laws or the BHC Act. Common control was effected before the Celler-Kefauver Antimerger Act of 1950; before the enactment of the Bank Merger Act of 1960, which required regulatory agencies to take competitive factors into account in approving proposed mergers, and before enactment of the Bank Merger Act of 1966, which clarified the applicability of the antitrust law to bank mergers.

The Board also notes the presence of thrift institutions in the market which hold approximately 28 percent of total market deposits. Although these institutions do not at this time exercise full commercial banking powers, they do have a mitigating influence on the competitive effects of the proposal.

Accordingly, after considering the facts of record, including the size of the institutions at the time of affiliation and the substantial number of years that the institutions have been affiliated, the Board has concluded that the proposal would have no significant adverse effect on existing competition between Banks.

The Board also has evaluated the proposal in light of the Board's proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions. (47 *Federal Register* 9017 (1982)). The Board notes that the state has numerous large bank holding companies that may be potential entrants. On this basis, the Board concludes that approval of the applications would have no significant effect on potential competition.

The financial and managerial resources of Applicant, its subsidiary banks, and Banks are regarded as generally satisfactory and their prospects appear favorable. Accordingly, considerations relating to banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served also are consistent with approval of the proposal.

On the basis of the record, the application is approved for the reasons summarized above. The 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 Dallas, acting pursuant to delegated authority.

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

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

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

3. *Texas East BanCorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 636 (1983); *First Monco Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 293 (1983). Although these cases did not involve the transfer of ownership of a bank to parties that were not already principals of the bank, the Board believes that the rationale of these cases applies in this case as well since the proposed acquisition could be effected by the transfer of Banks to a holding company by its current owners, and the subsequent sale of the holding company to Applicant.

Orders Issued Under Section 4 of Bank Holding Company Act

Citicorp, New York, New York

Order Approving Acquisition of an Industrial Bank in Tennessee and an Industrial Loan Company in Kentucky that Will Engage in Certain Insurance Activities

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 et seq.), has applied for approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 CFR § 225.23(a)(1)(49 *Federal Register* 794 (1984)) to establish a de novo subsidiary, Citicorp Financial Services Corporation (Tennessee), to engage in the activities of an industrial bank through offices in Madison, Memphis, Nashville and Knoxville, Tennessee ("CFSC Tennessee"). Citicorp has also applied to establish a separate de novo subsidiary, Citicorp Financial Service Corporation (Kentucky) to engage in the activities of an industrial loan company through offices in Lexington and Louisville, Kentucky ("CFSC Kentucky"). Both CFSC Tennessee and CFSC Kentucky propose to make consumer and commercial loans, to accept time and savings deposits, to engage in the sale of life and accident and health insurance in connection with extensions of credit, and to engage in the sale at retail of money orders and travelers checks and the sale of consumer oriented financial management courses. Such activities, as qualified by the terms of Citicorp proposal, have been determined by the Board to be closely related to banking (12 CFR § 225.25(b)(2),(8) and (12)).[1]

Notice of both applications, affording opportunity for interested persons to comment, was duly published (48 *Federal Register* 44110 (1983)). The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).[2]

Citicorp is the largest commercial banking organization in the United States, with total consolidated assets of $134.7 billion.[3] Citicorp operates four subsidiary banks in the U.S. including Citibank, New York, New York with total assets of $110.6 billion. There is no evidence that consummation of this proposal would result in any undue concentration of resources, conflicts of interests or unsound banking practices.

Citicorp's application to establish an industrial bank in Tennessee[4] raises serious concerns relating to undermining the policies of the Act. In 1971, when the Board approved industrial banking as a permissible activity under section 4(c)(8), industrial banks and industrial loan companies, by tradition or by statutory constraint, were primarily engaged in consumer finance activities, which are regarded as both closely related to banking and a proper incident thereto. However, under Tennessee law, CFSC Tennessee's state industrial bank charter gives it the power to provide many of the products and services that a commercial bank may provide. Tennessee industrial banks may accept time deposits in the form of thrift certificate accounts and make commercial loans. Aside from their similar powers, industrial banks and state-chartered commercial banks in Tennessee are subject to similar regulatory requirements administered by the state bank commissioner. Tennessee industrial banks that accept deposits must have those deposits insured by the Federal Deposit Insurance Corporation. Under the Deposit Insurance Flexibility Act of 1982[5] and relevant FDIC regulations, industrial banks are regarded as "state banks" for purposes of the Federal Deposit Insurance Act,[6] making industrial banks eligible for FDIC insurance.

In evaluating Citicorp's application, the Board has considered the changing character of industrial banks and their newly acquired eligibility for FDIC insurance as relevant to the public benefits the Board is required to assess in all applications brought under section 4(c)(8) of the Act. The Board believes that the expanding powers of industrial banks and their ability to obtain FDIC insurance blurs the distinction between industrial banks and commercial banks and presents

1. The provision of consumer-oriented financial management courses was found by order to be closely related to banking. *Citicorp*, 65 FEDERAL RESERVE BULLETIN 265 (1979).

2. The comments of First Tennessee National Corporation, Memphis, Tennessee, were considered although received after the close of the comment period.

3. Banking data are as of December 30, 1983.

4. Industrial loan companies in Kentucky do not appear to be eligible for FDIC insurance, nor has Citicorp applied for such insurance. Therefore, the Kentucky acquisition does not raise the same issues as that in Tennessee, where State law requires FDIC insurance for the deposits held by industrial banks. Tenn. Code Ann. § 45-5-605 (1983).

5. Public Law No. 97-320; 96 Stat. 1969 (1982); 12 U.S.C. § 1813(a).

6. 64 Stat. 873 (1950); 12 U.S.C. § 1811 et seq.

the potential for undermining the policies of the Act. On balance, however, the Board finds that denial is not warranted in this case.

In considering this issue, the Board is constrained by the provisions of the Bank Holding Company Act defining a bank as an institution which both takes demand deposits and makes commercial loans. (12 U.S.C. § 1841(c)). In its recent expanded definition of that term (12 CFR § 225.2(a)(1)), the Board acted to bring within the scope of the Act those institutions that the Board believes, in accordance with the Act's legislative history, Congress intended to encompass within the term bank and to subject them to its limitations on conflicts of interests, concentration of resources and excessive risk.

The industrial bank that Citicorp proposes to acquire in this case would not be a bank within the scope of this expanded definition, because it will not accept demand deposits, including transaction accounts. Consequently, the Board believes that it would be inappropriate to treat this institution as a bank subject to the limitation on interstate acquisitions contained in section 3(d) of the Act. Nevertheless, the Board believes that industrial banks exercising the power to take federally insured deposits, make commercial loans and perform other banking functions should be subject to the policies established by Congress for banks as contained in the Bank Holding Company Act. Legislation proposed by the Board and others that is now pending before Congress would accomplish this objective. The recent acquisitions of industrial banks and nonbank banks by securities, insurance, and retail firms, as well as by bank holding companies, and the exclusion of these acquisitions from a broadened definition of the term bank, indicates that Congressional action is urgently needed in order to assure maintenance of the policies of the Act, including those on concentration of resources which are inherent in the limitations on interstate banking.

In reaching this determination, the Board has given serious consideration to the probable efficacy of a decision to limit further the type of industrial banking that is currently permissible under section 4(c)(8) of the Act. Any action that would restrict the acquisition of industrial banks by bank holding companies would not limit the use of industrial banks by commercial enterprises as a device for engaging in banking, because commercial enterprises that acquire such industrial banks would not be subject to the Act. Accordingly, it would be ineffective and would not further the policy objectives of the Act to impose a competitive limitation only on bank holding companies.

In addition, the Board has determined that certain limitations that it is placing on Citicorp's industrial bank activities mitigate the Board's concerns sufficiently to allow approval of this application. The Board has relied on the fact that CFSC Kentucky and CFSC Tennessee have committed to avoid offering any transaction accounts, thereby removing an important characteristic of bank status. In this regard, the Board conditions its order to require that Citicorp not use sweep accounts or tandem operations between CFSC Kentucky or CFSC Tennessee and any other of its subsidiaries or other financial institutions to offer as a package the demand deposit and commercial lending services that define a bank under the Act.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the applications are hereby approved. This determination is subject to the conditions set forth in this order with respect to operations in tandem with any other Citicorp subsidiary or any other financial institution and the conditions set forth in section 225.23(b) of Regulation Y (12 CFR § 225.23(b)). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective February 7, 1984.

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

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

Citizens Corporation, Providence, Rhode Island

Order Approving Acquisition of Shares in MARLA, Inc.

Citizens Corporation, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 CFR § 225.4(b)) to acquire

80 percent of the voting shares of MARLA, Inc., Atlanta, Georgia ("MARLA"), a de novo joint venture with The Money Store, Inc., Springfield, New Jersey ("TMS"). TMS would hold 20 percent of the voting shares of MARLA. MARLA would engage in the origination, sale, and servicing of mortgage loans and other consumer finance loans and would act as agent for the sale of credit life and credit accident and health insurance. The Board has determined each of these activities to be closely related to banking (12 CFR § 225.4(a)(1), (3), and (9)).

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly published (48 *Federal Register* 52,355). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant is a subsidiary of Citizens Savings Bank, Providence, Rhode Island ("Savings Bank"), an FDIC-insured mutual savings bank.[1] Considered as a single organization, Applicant and Savings Bank control aggregate deposits of approximately $1.0 billion[2] and constitute the fourth largest depository organization in Rhode Island. Both Applicant and Savings Bank currently make first and second mortgage loans and secured and unsecured personal loans.

TMS, with total assets of approximately $101.9 million, engages through numerous subsidiaries in making and packaging second mortgage loans and selling such loans to banks and other lenders. The company operates in 11 states[3] and the District of Columbia. While TMS does not directly conduct operations in Georgia, it holds approximately $500,000 in Georgia mortgages purchased in the secondary mortgage market. These purchased mortgages represent only 0.7 percent of TMS' total receivables of $89.4 million.

MARLA will do business under the name of "The Money Store/Georgia" or a similar name. MARLA will initially operate from one office in Atlanta, and the geographic area served will be the state of Georgia.

Section 4(c)(8) of the Act requires the Board, in connection with every application to engage in a nonbanking activity, to consider whether performance of a nonbanking activity by a particular bank holding company ". . . can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

This proposal involves a de novo acquisition. Normally, consummation of such a transaction would have no adverse effects upon either existing or potential competition. However, since the proposal involves a joint venture between a bank holding company and a nonbanking company, the Board has analyzed the proposal with respect to its effects on existing and potential competition between Applicant and TMS in the relevant markets for mortgage banking and consumer financing.[4]

Although both Applicant and TMS currently engage in the activities proposed for MARLA, neither TMS nor Applicant (or its parent organization) currently operates in Georgia. Consummation of the proposed transaction thus would not eliminate any existing competition between Applicant and TMS. The proposal would not have a significant effect on probable future competition in mortgage banking and consumer finance markets in Georgia, since these markets are not highly concentrated and there are numerous potential entrants into the markets.

The financial and managerial resources and future prospects of Applicant, Savings Bank, and TMS are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Consummation of the transaction will give residents of Georgia access to a new source of consumer financing and mortgage loans. In addition, it appears that the de novo nature of this proposal will result in increased competition in the relevant market.

There is no evidence in the record to indicate that consummation of the proposed joint venture would result in undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Based on the foregoing and other considerations reflected in the record, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the Act is favorable.

1. Savings Bank is exempt from bank holding company status under section 2(a)(5)(F) of the Act (12 U.S.C. § 1841(a)(5)(F)).

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

3. California, Connecticut, Delaware, Florida, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, and Virginia.

4. The Board has previously expressed concern about the potential for undue concentration of resources or other adverse effects that may result from the combination in a joint venture of banking and nonbanking institutions. See *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981); *BankAmerica Corporation*, 60 FEDERAL RESERVE BULLETIN 517 (1974). In this case, however, there appears to be no basis for such concerns since both co-venturers are of comparatively modest size, and all activities of the nonbanking coventurer, TMS, have been determined to be closely related to banking under section 225.4(a) of Regulation Y.

Accordingly, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of such activities 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 proposed activities shall be commenced 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 February 2, 1984.

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

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

Mellon National Corporation, Pittsburgh, Pennsylvania

Order Approving Acquisition of an Industrial Bank and Engaging in Certain Insurance Activities

Mellon National Corporation, Pittsburgh, Pennsylvania ("Mellon"), a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 et seq.), has applied for approval under section 4(c)(s) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 CFR § 225.23(a)(2), 49 *Federal Register* 794 (1984)), to acquire, through its subsidiary, Mellon Financial Services Corporation, Northglenn Industrial Bank, Inc., Northglenn, Colorado ("Northglenn"), a company that engages in the activities of an industrial bank, including making consumer and commercial loans and accepting time and savings deposits from consumers and small businesses. Mellon has also applied to engage, through Northglenn, in the sale of life and accident and health insurance in connection with extensions of credit by Northglenn. Such activities, as qualified by the terms of Mellon's proposal, have been determined by the Board to be closely related to banking (12 CFR § 225.25(b)(2), (8)).

Notice of the application, affording opportunity for interested persons to comment, was duly published (48 *Federal Register* 49381 (1983)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Mellon is the largest commercial banking organization in Pennsylvania, with total consolidated assets of $26 billion.[1] Mellon operates four subsidiary banks with total deposits of $15.8 billion. Among Mellon's nonbank subsidiaries are two industrial banks that, like Northglenn, operate in the Denver market, which contains 68 industrial banks with total deposits of $199.2 million.[2] Considerations under section 4(c)(8) relating to concentration of resources are consistent with approval. Also, there is no evidence that consummation of this proposal would result in any conflicts of interest or unsound banking practices.

The acquisition of Northglenn by Mellon raises serious concerns relating to undermining the policies of the Act. In 1971, when the Board approved industrial banking as a permissible activity under section 4(c)(8), industrial banks and industrial loan companies, by tradition or by statutory constraint, were primarily engaged in consumer finance activities, which are regarded as both closely related to banking and a proper incident thereto. However, under Colorado law, Northglenn's state industrial bank charter gives it the power to provide many of the products and services that a commercial bank may provide. Colorado industrial banks may accept time deposits, offer NOW and other thrift accounts and make commercial loans. Aside from their similar powers, industrial banks and state-chartered commercial banks in this state are subject to similar regulatory requirements administered by the state bank commissioner. Colorado industrial banks that offer deposits must have those deposits insured by a state or federal agency. Under the Deposit Insurance Flexibility Act of 1982[3] and relevant FDIC regulations, industrial banks are regarded as "state banks" for purposes of the Federal Deposit Insurance Act,[4] making industrial banks eligible for FDIC insurance.

In evaluating Mellon's application, the Board has considered the changing character of industrial banks and their newly acquired eligibility for FDIC insurance as relevant to the public benefits the Board is required to assess in all applications brought under section 4(c)(8) of the Act. The Board believes that the expanding powers of industrial banks and their ability to obtain FDIC insurance blur the distinction between industrial banks and commercial banks and present the

1. Banking data are as of September 30, 1983.
2. Industrial Bank Savings Guaranty Corporation of Colorado (Data as of December 31, 1982).
3. Public Law No. 97-320; 96 Stat. 1969 (1982); 12 U.S.C. § 1813(a).
4. 64 Stat. 873 (1950); 12 U.S.C. § 1811 et seq.

potential for undermining the policies of the Act. On balance, however, the Board finds that denial is not warranted in this case.

In considering this issue, the Board is constrained by the provisions of the Bank Holding Company Act defining a bank as an institution which both takes demand deposits and makes commercial loans. (12 U.S.C. § 1841(c)). In its recent expanded definition of that term (12 CFR § 225.2(a)(1)), the Board acted to bring within scope of the Act those institutions that the Board believes, in accordance with the Act's legislative history, Congress intended to encompass within the term bank and to subject them to its limitations on conflicts of interests, concentration of resources and excessive risk.

The industrial bank that Mellon proposes to acquire in this case would not be a bank within the scope of this expanded definition, because it will not accept demand deposits, including transaction accounts. Consequently, the Board believes that it would be inappropriate to treat this institution as a bank subject to the limitation on interstate acquisitions contained in section 3(d) of the Act. Nevertheless, the Board believes that industrial banks exercising the power to take federally insured deposits, make commercial loans and perform other banking functions should be subject to the policies established by Congress for banks that are contained in the Bank Holding Company Act, and legislation proposed by the Board and others that is now pending before Congress would accomplish this objective. The recent acquisitions of industrial banks and nonbank banks by securities, insurance, and retail firms, as well as by bank holding companies, and the exclusion of these acquisitions from a broadened definition of the term bank, indicate that Congressional action is urgently needed in order to assure maintenance of the policies of the Act, including those on concentration of resources, which are inherent in the limitations on interstate banking.

In reaching this determination, the Board has given serious consideration to the probable efficacy of a decision to limit further the type of industrial banking that is currently permissible under section 4(c)(8) of the Act. Any action that would restrict the acquisition of industrial banks by bank holding companies would not limit the use of industrial banks by commercial enterprises as a device for engaging in banking, because commercial enterprises that acquire such industrial banks would not be subject to the Bank Holding Company Act. Accordingly, in this instance, it would be ineffective and would not further the policy objectives of the Act to impose a competitive limitation only on bank holding companies.

In addition, the Board has determined that certain limitations that it is placing on Mellon's industrial bank activities mitigate the Board's concerns sufficiently to allow approval of this application. The Board has relied on the fact that Northglenn has committed to avoid offering any transaction account, thereby removing an important characteristic of bank status. In this regard, the Board conditions its order to require that Mellon not use sweep accounts or tandem operations between Mellon Financial Services Corporation and any other of its subsidiaries or other financial institutions to offer as a package the demand deposit and commercial lending services that define a bank under the Act.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved This determination is subject to the conditions set forth in this order with respect to operations in tandem with any other Mellon subsidiary or any other financial institution and the conditions set forth in section 225.23(b) of Regulation Y (12 CFR § 225.23(b)). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The 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 Cleveland, pursuant to delegated authority.

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

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

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

Norwest Corporation, Minneapolis, Minnesota

Order Approving Application to Engage De Novo in the Sale of Property and Casualty Insurance Related to Extensions of Credit by Finance Company Subsidiaries

Norwest Corporation, Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C.

§ 1841 et seq.) (the "Act"), has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 CFR 225.23(a)(1)), 49 *Federal Register* 974 (1984)) for approval to engage de novo, through its subsidiaries, Norwest Financial Massachusetts, Norwest Financial Maryland, Inc., and Norwest Financial Leasing, Inc., in the sale of property and casualty insurance in connection with extensions of credit by these subsidiaries.

Notice of the application affording interested persons an opportunity to submit comments, was duly published (48 *Federal Register* 56850 (1983)). The time for filing comments has expired and the Board has considered this application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Norwest, with total consolidated assets of $19.9 billion,[1] is one of the two largest commercial banking organizations in Minnesota. Norwest controls 86 subsidiary banks in seven states in the Midwest. In addition, Norwest has a number of subsidiaries engaged in nonbanking activities, including Norwest Financial Services, Inc., a consumer finance company, which also engages in the sale of credit life and accident and health insurance, lease financing, the reinsurance of credit-related insurance and data processing activities through offices in 37 states. Norwest Financial Services, through its Massachusetts subsidiary, Norwest Financial Massachusetts ("NFMass"), operates 12 consumer finance company offices in Massachusetts. It also operates 23 consumer finance company offices in Maryland through its Maryland subsidiaries Norwest Financial Maryland, Inc. ("NFMd"), and Norwest Financial Leasing, Inc. ("NFL"). These subsidiaries also engage in the sale of credit life and credit accident and health insurance. Norwest proposes to expand these insurance activities in Maryland and Massachusetts to include the sale of property and casualty insurance related to extensions of credit by NFMass, NFMd and NFL.

Title VI of the Garn-St Germain Act of 1982 amended section 4(c)(8) of the Act to specify that insurance agency activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (A through G) contained in section 4(c)(8). Norwest claims it is authorized to engage in the sale of credit-related property and casualty insurance under exemption G, which permits those bank holding companies that received Board approval prior to 1971 to engage in insurance agency activities to continue to engage in such activities. Unless Norwest's proposal qualifies under this exemption or some other exemption in section 4(c)(8), the sale of property and casualty insurance, even where related to extensions of credit, is not currently a permissible activity for bank holding companies.

Norwest has been engaged in general insurance agency operations since 1929. In 1959, Norwest received approval from the Board under the provisions of the Bank Holding Company Act of 1956, to retain eight insurance agencies which Norwest had organized into two subsidiaries.[2] Both of these subsidiaries engaged in general insurance agency activities, including the sale of property and casualty insurance to customers of Norwest and to the general public. Norwest has been engaged in general insurance agency activities on a continuous basis since receiving Board approval in 1959, and Norwest is one of 16 active companies that qualify for exemption G.

Norwest now seeks approval to sell property and casualty insurance related to extensions of credit by its Massachusetts and Maryland subsidiaries. Norwest did not sell such insurance, or indeed any insurance, in Massachusetts and Maryland in 1971.[3] In intepreting exemption G of section 4(c)(8), the Board must decide whether Norwest is authorized to engage in insurance agency activities in states where it was not operating in 1971.

The Board notes that exemption D of section 4(c)(8) also creates certain grandfather rights for bank holding companies engaged in insurance agency activities on May 1, 1982. Such companies would be permitted to expand their existing insurance agency activities geographically at least to new locations in the state where the bank holding company has its principal place of business or to adjacent states or to states where the insurance agency activities were already being conducted. Since by definition companies engaged in insurance agency activities prior to 1971 would qualify for the 1982 grandfather provision contained in exemption D, there would appear to be no purpose to exemption G unless it was to confer an exemption that is broader in scope than that in exemption D and to permit, as a minimum, insurance agency activities without restriction on location.

This interpretation is consistent with the terms of exemption G, which contains no qualifications or

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

2. 45 FEDERAL RESERVE BULLETIN 963 (1959).

3. Norwest began selling credit life and credit accident and health insurance in Massachusetts in 1982 (see 68 FEDERAL RESERVE BULLETIN 519 (1982)) and in Maryland in 1983 (see the letter of the Federal Reserve Bank of Minneapolis of August 16, 1983).

restrictions on the insurance activities of bank holding companies approved prior to 1971. Accordingly, the Board finds that exemption G authorizes the sale of credit-related property and casualty insurance by Norwest in Massachusetts and Maryland.

The Board does not have to reach the issue of whether exemption G permits as closely related to banking the sale of kinds or types of insurance that Norwest did not offer in 1971. The Order of the Board and the decision of the Hearing Officer in 1959[4] make it clear that Norwest engaged in the sale of property and casualty insurance.

There is evidence in the record indicating that consummation of Norwest's proposal would not result in any undue concentration of resources, adverse effects on competition, conflicts of interests, unsound banking practices, or any other adverse effects. Moreover, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Norwest will provide an additional source for property and casualty insurance that will be particularly convenient for its loan customers. It will enter the market de novo and it has indicated that it will act affirmatively to ensure compliance with all laws and regulations prohibiting tie-ins.

The Board has also reviewed the Massachusetts statutes that restrict the ability of financial institutions to obtain a license to sell insurance.[5] It would appear that Norwest's subsidiary, NFMass, has already obtained such a license and the state law licensing restrictions are inapplicable to this expansion of insurance agency activities. Moreover, the Board's approval would not permit any activity in contravention of state law since Norwest must still meet any applicable licensing requirements in a separate state proceeding. Nevertheless, the Board's review of the licensing restrictions indicates that they do not apply to sales finance companies, such as NFMass, or to bank holding companies, such as Norwest, that control subsidiary banks located in states other than the New England states.

Accordingly, based upon the foregoing and other facts of record, the application is hereby approved. This determination is subject to the conditions set forth in section 225.23(b) of Regulation Y (12 CFR § 225.23(b)) and to the Board's authority to require 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 proposal 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 Minneapolis, pursuant to delegated authority.

By order of the Board of Governors, effective February 28, 1984.

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

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

PNC Financial Corp, Pittsburgh, Pennsylvania

Order Approving Acquisition of Data Processing Subsidiary

PNC Financial Corp, Pittsburgh, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire 51 percent of the voting shares of LeMans Group, Ltd., Lancaster, Pennsylvania ("Company"), a company engaged in selling integrated mini-computer systems for the leasing of personal property by banks and other financial institutions. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(6)(i) and (8)).

Notice of the application, affording opportunity for interested Persons to submit comments, has been duly published (48 *Federal Register* 5177 (1983)). The time for filing comments has expired, and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, the second largest commercial banking organization in Pennsylvania, controlling four banking subsidiaries with aggregate domestic deposits of $7.7 billion,[1] has applied to acquire Company and thereby engage in the activities described above. In connection with this application, the Secretary of the Board has

4. 45 FEDERAL RESERVE BULLETIN 963.
5. *Massachusetts General Law Annotated,* Chapter 175, Section 174 E (1983).

1. Deposit data are as of December 31, 1982, adjusted for Applicant's acquisitions through January 31, 1984.

taken into consideration whether the activities to be performed by Applicant can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Having considered the record of this application in light of the factors contained in the Act, the Secretary of the Board has determined that the balance of the public interest factors under section 4(c)(8) is favorable.

On the basis of these considerations, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasions thereof.

The 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 Cleveland, acting pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective February 10, 1984.

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

Security Pacific Corporation, Los Angeles, California

Order Approving Application to Engage in Certain Futures Commission Merchant and Broker/Dealer Activities

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to engage de novo through its wholly-owned indirect subsidiary, Security Pacific Mortgage Services, Inc.[1] ("Mortgage Services"), in the following activities: the execution and clearance on behalf of nonaffiliated persons, of financial futures contracts including futures on securities issued or guaranteed by the U.S. government and its agencies and on U.S. and foreign money market instruments; and the execution and clearance of options on these financial futures contracts on behalf of nonaffiliated persons; acting as a broker and dealer on behalf of nonaffiliated persons with respect to securities issued or guaranteed by the U.S. government and its agencies; and acting as a broker with respect to options on securities issued or guaranteed by the U.S. government and its agencies and with respect to options on U.S. and foreign money market instruments. In addition, Mortgage Services proposes to offer incidental investment advice in connection with its FCM activities.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of the public interest factors regarding the application has been duly published (48 *Federal Register* 23910 (May 27, 1983)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.[2]

Applicant is a bank holding company by virtue of its control of Security Pacific National Bank, Los Angeles, California ("Bank"). Bank holds deposits of approximately $26.0 billion[3] and is the second largest banking organization in California. Applicant, through its subsidiaries, engages in various permissible nonbanking activities. Applicant's financial and managerial resources, and in particular, its capitalization are adequate for it to engage in additional nonbanking activities.

In order to approve an application submitted pursuant to section 4(c)(8) of the BHC Act, the Board is first required to determine that the proposed activities are closely related to banking or managing or controlling banks. The Board has determined previously that certain FCM activities are closely related to banking: the execution and clearance of futures contracts in bullion, foreign exchange, U.S. government and agency securities, and money market instruments,[4] and the execution and clearance of options on futures contracts in gold bullion and U.S. government securities.[5]

1. Security Pacific Mortgage Services, Inc. is a wholly-owned direct subsidiary of Security Pacific Mortgage Corporation ("Mortgage Corporation") a direct nonbank subsidiary of Applicant engaged primarily in mortgage banking activities. Mortgage Corporation is the third largest issuer of GNMA securities in the United States.

2. The Dealer Bank Association submitted a comment in favor of the proposal.

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

4. E.g., *J.P. Morgan & Company, Incorporated,* 68 FEDERAL RESERVE BULLETIN 514 (1982); *Citicorp,* 68 FEDERAL RESERVE BULLETIN 776 (1982).

5. E.g., *J.P. Morgan & Company, Incorporated,* 69 FEDERAL RESERVE BULLETIN 773 (1983) ("*Morgan II*").

Applicant's proposal to act as an FCM with respect to futures contracts on securities issued or guaranteed by the U.S. government and its agencies and on U.S. and foreign money market instruments is substantially similar to proposals to engage in these activities previously approved by the Board. The record indicates that Applicant, Bank and Mortgage Corporation have been active in the cash and futures markets for these instruments and have the expertise to provide these services to customers.[6] In addition, Mortgage Services has developed the requisite controls to monitor customer credit risk.[7] Thus, the Board has determined that in the manner proposed, these activities are closely related to banking.

The Board also has determined by order that underwriting and dealing in certain government securities and money market instruments is closely related to banking. The Board's finding that the activity is closely related to banking was premised on the facts that national and State member banks are expressly authorized by statute to engage in the activity, 12 U.S.C. § 24 (Seventh), and that many banks in fact engage in the activity.[8] The Board finds Mortgage Services' proposal to broker and deal in government securities is substantially similar to proposals the Board has previously approved. Accordingly, the Board concludes that in the manner proposed, Mortgage Services' proposal to broker and deal in U.S. government and agency securities is closely related to banking.

Mortgage Services proposes to engage in several activities not previously determined by the Board to be closely related to banking. Specifically, Mortgage Services proposes to execute and clear options on futures on U.S. and foreign money market instruments and to broker options on securities issued or guaranteed by the U.S. Government and its agencies and options on money market instruments.

With respect to Applicant's proposal to execute and clear options on futures on U.S. and foreign money market instruments, the Board has previously determined that options on futures are functionally and operationally similar to a futures contract for the same commodity.[9] As noted above, the Board has determined previously that executing and clearing futures on money market instruments is closely related to banking, and Applicant's prior experience in the cash and futures markets for these instruments demonstrates that Mortgage Services would have the expertise to provide the proposed options services with respect to these financial futures contracts. Accordingly, the Board concludes that Mortgage Services' proposal with respect to options on financial futures contracts is closely related to banking.

Mortgage Services also proposes to engage in brokerage activities with respect to options on certain physicals; i.e., securities issued or guaranteed by the U.S. Government and its agencies and U.S. and foreign money market instruments.[10] Although an option on a physical differs somewhat from a future or an option on a future, an option on a physical appears to serve the same function as these other instruments since it offers the investor a means to hedge portfolio risk.

The Board has previously approved applications to engage in discount securities brokerage for retail customers with respect to corporate securities and has added discount securities brokerage to the list of permissible nonbanking activities for bank holding companies generally.[11] As a broker for options on physicals, Mortgage Services will act solely as agent on behalf of nonaffiliated persons for the purchase and sale of such options. The Board notes that a broker of options on U.S. government and agency securities and of options on money market instruments is a securities broker under the securities laws. Moreover, the services performed by a broker of options on U.S.

6. Indeed, Mortgage Corporation has used financial futures to reduce the risks associated with its mortgage banking activities since such futures were first traded in 1975.

7. Pursuant to a formal service agreement, Mortgage Corporation will provide certain services to Mortgage Services, including the following; assessing customer credit risk, monitoring customer positions and margin accounts and providing administrative and data processing services. These services will assist Mortgage Services in establishing appropriate position limits for customers.

8. 41 *Federal Register* 47083 (1976); 43 *Federal Register* 5382 (1978).

9. *Morgan II*, supra.

10. Pursuant to an accord between the SEC and the CFTC, options on securities are considered securities and are regulated by the SEC. The substance of this accord was subsequently adopted by Congress, Pub. L. No. 97-444, 96 Stat. 2294 (codified as amended at 7 U.S.C. § 2(a)) (January 11, 1982) and Pub. L. No. 97-303, 96 Stat. 1409 (codified as amended at 15 U.S.C. § 77b) (October 13, 1982). Thus, Mortgage Services will be required to register as a broker/dealer under the Securities Exchange Act of 1934 in connection with its brokering of options on government securities and of options on money market instruments.

11. *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 105 (1983). Codified at 12 CFR § 225.4(a)(15). The Board's decision was subsequently upheld by the Court of Appeals in *Securities Industry Association* v. *Board of Governors*, 716 F.2d 92 (2nd Cir. 1983). The Board notes that the brokerage activities proposed by Mortgage Services are similar to those the Board has previously approved. While the Banking Act of 1933, commonly known as the Glass-Steagall Act, prohibits a commercial bank from engaging in or being affiliated with a firm engaged in certain securities activities, Courts have concluded that a commercial bank may act as a securities broker, i.e., execute purchases and sales of securities as agent for customers. Accordingly, the Board does not believe Mortgage Services' proposed brokerage activities with respect to options on securities issued or guaranteed by the U.S. government and its agencies and money market instruments would violate the prohibitions of the Glass-Steagall Act.

Government and agency securities and on money market instruments appear to be similar to those of other brokers. Accordingly, the Board concludes that Mortgage Services' proposal to broker options on U.S. Government and agency securities and options on U.S. and foreign money market instruments is closely related to banking.

In addition, Mortgage Services proposes to offer incidental investment advice in connection with its FCM activities. Mortgage Services will provide general research and advice on market conditions and trading strategies, client account information, reconciliation of trades and communication linkage between customers and the exchange floor. These functions would be performed for Mortgage Services' customers only as part of its FCM services and would not be offered separately or on a fee basis. The Board has determined previously that the offering of investment advice is incidental to FCM services.[12] Mortgage Services' proposal to offer advice in connection with its FCM activities is substantially similar to and consistent with other proposals approved by the Board. Based on the foregoing, the Board concludes that the advice Mortgage Services will offer in connection with its FCM activities is incidental to such activities.

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

Consummation of Applicant's proposal would provide added convenience to those clients of Applicant and its subsidiaries that trade in the cash, forward and futures markets for these instruments. The Board expects that the de novo entry of Mortgage Services 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 Mortgage Services can reasonably be expected to produce benefits to the public.

The Board has considered several issues with respect to possible adverse effects. The Board recognizes that the activities of executing futures contracts and options with regard to futures contracts involve various types of financial risks and potential conflicts of interests, and are susceptible to anticompetitive and manipulative practices. In approving proposals to act as an FCM, the Board has relied in the past on action taken by Congress to address these types of possible adverse effects through the passage of the Commodity Exchange Act[13] and the creation of the Commodity Futures Trading Commission ("CFTC"). The Board has relied also on the regulations adopted by the CFTC to effectuate the provisions of the Commodity Exchange Act.[14]

The Board has placed particular reliance on the following aspects of Applicant's proposal to act as an FCM.

1. Mortgage Services generally will not trade futures for its own account except for purposes of hedging its positions in securities.[15]
2. Mortgage Services shall not, without the prior consent of the Board, become a clearing member of any futures or securities exchange whose rules require the parent corporation of a clearing member to also become a clearing member, unless the requirement is waived with respect to Applicant.
3. Mortgage Services has committed that it will, in addition to time-stamping orders of all customers to the nearest minute, execute all orders, to the extent consistent with customers' specifications, in strictly chronological sequence, and that it will execute all orders with reasonable promptness with due regard to market conditions.
4. Mortgage Services will not extend credit to customers for the purpose of meeting initial or maintenance margin required of customers, subject to the limited exception of posting margin on behalf of customers in advance of prompt reimbursement.
5. Mortgage Services has and will maintain a capitalization fully adequate to meet its own commitments and commitments of its customers, including its affiliates.

12. E.g., *Citicorp*, 68 FEDERAL RESERVE BULLETIN 776, 778 (1982).

13. 7 U.S.C. §§ 1–24.

14. 17 CFR § 1.20, 1.25, 1.39 and §§ 1.10–18.

15. The Board notes that Mortgage Services may trade for its own account to a limited extent and solely for purposes of hedging its portfolio of U.S. Government and government-backed securities. In order to insure that Mortgage Services so limits its trading, however, and does not engage in speculative transactions, the Board expects Mortgage Services to comply with the Board's Policy Statement Regarding the Use of Futures, Forward and Standby Contracts, 12 CFR § 225.142. Thus, the policy objectives of its trading must be specific enough to outline permissible risk-reducing contract strategies and their relationship to Mortgage Services' other business activities, and sufficiently detailed to permit internal auditors and examiners to determine whether operations personnel have acted in accordance with authorized objectives. Operating personnel are expected to be able to describe and document in detail how the contract positions they have taken contribute to the attainment of Mortgage Services' stated objectives.

In addition, in evaluating Applicant's proposal to act as a broker of options on U.S. Government and government-backed securities and options on U.S. and foreign money market instruments, the Board has taken into account and has relied upon the regulatory framework established pursuant to law by the SEC for such trading as well as other prudential considerations.

The Board has considered also the potential for adverse effects associated with Mortgage Services' proposed broker/dealer activities with regard to U.S. government securities. The Board notes that as a nonbank subsidiary of Applicant, Mortgage Services would be engaging in underwriting and dealing in government securities without being subject to many of the rules that currently apply to Bank's conduct of the activity and the resulting potential for unsound banking practices.

Accordingly, the Board expects that Mortgage Services will conduct the proposed activities subject to the same rules and prudential limitations under which Bank would conduct such activities.[16] Any breach of these restrictions by Mortgage Services would constitute an unsafe or unsound banking practice that could be the subject of formal supervisory action by the Board.

There is no evidence in the record that consummation of the proposal would result in any effects that would be adverse to the public interest.

Based upon a consideration of all the relevant facts, the Board concludes 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. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

16. For example, member banks by statute are permitted to underwrite certain types of public housing and dormitory bonds of states and municipalities, provided that the amount of such securities of a single issuer held by the bank does not exceed ten percent of the bank's capital and surplus. 12 U.S.C. § 24 Seventh. Such securities are designated "Type II" securities in regulations of the Comptroller of the Currency. 12 CFR § 1.3(a). Mortgage Services should not underwrite, deal in, or hold Type II securities by any issuer in amounts that would not be permitted if such activities were conducted by Bank and should not sell securities to trust accounts of affiliated banks except as permitted by regulations of the Comptroller of the Currency.

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 8, 1983.

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

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

This Order, issued February 29, 1984, corrects an Order issued on December 8, 1983.

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

Barnett Banks of Florida, Inc., Jacksonville, Florida

Order Approving Acquisition of a Bank Holding Company

Barnett Banks of Florida, Inc., Jacksonville, Florida, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire the voting shares of Florida Coast Banks, Inc., Pompano Beach, Florida ("Florida Coast"), a bank holding company by virtue of its ownership of Florida Coast Bank, Pompano Beach, Florida, and Florida Coast Bank of Palm Beach County, West Palm Beach, Florida. Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire Midlantic/Florida Coast Holdings, Inc., Edison, New Jersey, and its wholly-owned subsidiary, Florida Coast Midlantic Trust Company, N.A., Lighthouse Point, Florida, which provides the services of a trust company in Florida.

Notice of the application, affording opportunity for interested persons to submit comments and views has been given in accordance with sections 3 and 4 of the Act. The time for filing comments and views has expired and the Board has considered the applications and all comments received, including comments submitted on behalf of Florida Coast, in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4 of the Act.

Applicant, the largest banking organization in Florida, controls 33 subsidiary banks with approximately $7.2 billion in total deposits, representing approximately 13.2 percent of the total deposits in commercial banks in Florida.[1] Florida Coast is the sixteenth largest banking organization in Florida, with two subsidiary banks controlling approximately $500 million in total deposits, representing 0.9 percent of total deposits in commercial banking organizations in Florida. Upon acquisition of Florida Coast, Applicant would continue to be the largest banking organization in Florida and would increase its share of total commercial bank deposits in Florida to 14.1 percent.

The banking subsidiaries of Florida Coast operate in the Miami-Fort Lauderdale banking market[2] and the East Palm Beach banking market.[3] Applicant also operates subsidiary banks in these markets. In the Miami-Fort Lauderdale banking market, Applicant is the second largest commercial banking organization with 10.5 percent of the total deposits in commercial banks in that market. Florida Coast is the fourteenth largest commercial banking organization in the Miami-Fort Lauderdale banking market and controls 1.8 percent of the deposits in commercial banks in that market. Upon consummation of the proposal, Applicant would remain the second largest commercial banking organization in the Miami-Fort Lauderdale banking market and would control approximately 12.3 percent of the commercial bank deposits in that market. The Miami-Fort Lauderdale banking market is not concentrated and would remain unconcentrated, with a Hirshmann–Herfindahl Index of 693, upon consummation of the transaction.

Applicant is the largest commercial banking organization in the East Palm Beach banking market, holding approximately $470.4 million in deposits in that market representing approximately 16.1 percent of the total deposits in commercial banking organizations in that market.[4] Florida Coast holds approximately $134.3 million in deposits in the East Palm Beach banking market, representing approximately 4.6 percent of the total market deposits, and is the ninth largest commercial banking organization in the market. Upon consummation of this proposed transaction, Applicant would remain the largest commercial banking organization in the East Palm Beach banking market, with a total market share of approximately 20.7 percent of deposits in commercial banks in the market.

Consummation of the proposed transaction would eliminate some existing competition in the East Palm Beach banking market. However, the East Palm Beach banking market is relatively unconcentrated, with a four-firm concentration ratio of 50.1 percent and a current HHI equal to 931. Upon consummation of the proposed transaction, there would remain 20 commercial banking organizations competing in the market, the four-firm concentration ratio would increase to 54.7 percent, and the HHI would increase by 148 points to 1079. Accordingly, consummation of the proposed transaction would not significantly reduce competition or increase the concentration of resources in the East Palm Beach banking market.[5]

Moreover, in view of the significant expansion of the commercial lending powers of federal thrift institutions authorized in the Garn-St Germain Depository Institutions Act of 1982, the Board has, in a number of recent cases, considered the presence and extent of competition of thrift institutions in the relevant banking market as a mitigating factor.[6] There are 25 savings and loan associations and savings banks in the East Palm Beach banking market, including the first, second, third, fifth and sixth largest depository institutions in the market. Together, thrift institutions hold approximately $4.6 billion in total market deposits, representing approximately 60.1 percent of the total deposits in commercial banks and thrift institutions in the market. The size of thrift institutions in the East Palm Beach banking market reflects in part the residential and consumer nature of this market. In this regard, commercial banks operating in this market concentrate a significantly higher proportion of their loan portfolio in residential real estate and consumer

1. Statewide banking data are as of June 30, 1983.

2. The Miami-Fort Lauderdale banking market is defined as Dade and Broward counties.

3. The East Palm Beach banking market comprises the eastern three-fourths of Palm Beach County, excluding the Belle Glade-Pahokee area.

4. East Palm Beach banking market data are as of June 30, 1982, and have been adjusted to reflect the recently consummated merger of Sun Banks and Flagship Banks, the divestiture by Barnett of nine offices in the market in November 1982 in conjunction with its acquisition of First Marine Banks, Inc., and the recently approved acquisition of Royal Trust Banks of Florida by Florida National Banks of Florida.

5. Applicant has provided deposit data as of March 31, 1983, based on a telephone survey of the East Palm Beach banking market conducted by the Florida Bankers Association. The Board believes that the most accurate market data available is the data collected and provided by the FDIC and verified and edited for consistency by the Board, which is reflected in the figures above. However, even if the data provided by Applicant were used, the East Palm Beach banking market is unconcentrated, with a four-firm concentration ratio of 48.48 percent, and an HHI of 869, and Applicant's market share would be 17.29 percent. After consummation of the proposed acquisition, Applicant's market share would increase to 22.1 percent, and the market would remain relatively unconcentrated, with a four-firm concentration ratio of 53.56 percent, and the market HHI would increase by 176 points to 1045. Even on the basis of these data, the Board does not believe that the proposal would significantly reduce competition in the market.

6. See, e.g., *Monmouth Financial Services, Inc.*, 69 Federal Reserve Bulletin 867 (1983); *Barnett Banks of Florida, Inc.*, 69 Federal Reserve Bulletin 44 (1983); *First Tennessee National Corporation*, 69 Federal Reserve Bulletin 298 (1983); *Midlantic Banks, Inc.*, 69 Federal Reserve Bulletin 652 (1983).

loans than commercial banks nationally. Accordingly, the Board deemed it appropriate to consider the presence of thrift institutions in the East Palm Beach banking market as a mitigating factor in assessing the competitive effects of this transaction.[7]

Consequently, while consummation of the proposal would eliminate some existing competition in the relevant banking markets, the Board has determined that, in view of all of the facts of record, consummation of this proposal would not have a significant adverse effect on existing or potential competition in the Miami-Fort Lauderdale banking market or the East Palm Beach banking market. Thus, competitive effects are consistent with approval.

The financial and managerial resources of Applicant and its subsidiary banks are regarded as generally satisfactory and their future prospects appear favorable.[8] The financial and managerial resources and future prospects of Florida Coast and its subsidiary banks are also satisfactory. Accordingly, considerations relating to banking factors are consistent with approval. Although no new banking services would be introduced to the relevant banking markets as a result of the proposed transaction, considerations relating to convenience and needs of the communities to be served are consistent with approval. Based on the foregoing and all the facts of record, it is the Board's judgment that consummation of the transaction would be consistent with the public interest.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Midlantic/Florida Coast Holdings, Inc., and its wholly-owned subsidiary, Florida Coast Midlantic Trust Company, N.A., Lighthouse Point, Florida, which provides trust company services. No adverse competitive effects would result from the proposed acquisition of Midlantic/Florida Coast Holdings, Inc., and its subsidiary, because the overlapping market share is not significant in comparison with the total market volume for trust services. Moreover, there are a large number of competitors for trust services in Florida and in the relevant markets, and elimination of Applicant or Florida Coast as a competitor for trust services would not have any significant adverse effects on competition. Accordingly, it does not appear that acquisition of the nonbanking subsidiaries of Florida Coast would have any significant effect upon existing or potential competition in any relevant area.

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

Based on the foregoing and all of the other facts of record, the Board has determined that the applications under sections 3(a)(3) and 4(c)(8) of the Act should be and hereby are approved. The transaction shall not be consummated before the thirtieth day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority.

By order of the Board of Governors, effective February 15, 1984.

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

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

7. If, to reflect the competitive influence by thrift institutions in the market, the Board were to include only 10 percent of the deposits held by thrift institutions operating in the market, the market would be unconcentrated, with an HHI of 666, and, upon consummation of the proposed transaction, would remain unconcentrated with an increase in the HHI of 112 points to 778.

8. In this regard, Florida Coast contends that shares of voting stock of Florida Coast held by Mr. Dennis O'Neil, Mr. James Walter, Mr. G. William Wilde, and Banco de Credito Bank and Trust Company are controlled by, and should be attributed to, Barnett. The Board has reviewed the rights associated with the preferred shares and options involved and, based on all of the facts of record, has determined that Barnett has not violated the BHC Act and that the actions described by Florida Coast do not warrant denial of this application. The Board has also reviewed the facts and circumstances surrounding Barnett's purchase of preferred stock of Florida Coast. Because Barnett immediately filed an application to convert these shares, the Board does not believe that the transaction is inconsistent with the BHC Act, Regulation Y, or the Board's policy statement regarding nonvoting equity investments. The Board also believes that the facts of record regarding these matters do not warrant a formal hearing, and denies Florida Coast's request for a formal hearing.

Orders Issued Under Section 5 of Bank Service Corporation Act

The Indiana National Bank, American Fletcher National Bank and Trust Company, and Merchants National Bank and Trust Company, all of Indianapolis, Indiana

Order Approving Acquisition of AIM Bank Service Corporation

Indiana National Bank ("Indiana National"), American Fletcher National Bank and Trust Company

("American Fletcher"), and Merchants National Bank and Trust Company ("Merchants National") all of Indianapolis, Indiana, and all national banks chartered by the Comptroller of the Currency (collectively, "Banks"), have applied for the Board's approval under section 5(b) of the Bank Service Corporation Act, as amended ("BSCA") (12 U.S.C. § 1865(b)), each to acquire one-third of the voting shares of a bank service corporation, AIM Bank Service Corporation, Indianapolis, Indiana ("Company"), a joint venture to provide back-up data processing facilities and services to Banks and to other banking and nonbanking entities.

Section 4(f) of the BSCA authorizes bank service corporations, with the prior approval of the Board, to engage at any geographic location in any activity that the Board has determined by regulation to be closely related to banking and thus permissible for bank holding companies under the Bank Holding Company Act (12 U.S.C. § 1841 et seq.). The BSCA also authorizes any bank, with the prior approval of the Board, to invest in bank service corporations engaged in those activities at such locations. The Board has previously determined, under section 225.25(b)(7) of Regulation Y (12 CFR § 225.25(b)(7)), that the provision of data processing facilities and services to others is such a permissible activity.

Initially, Company would acquire from Indiana Properties, Inc., a wholly-owned subsidiary of Indiana National, an abandoned warehouse which it would remodel to create a stand-by data processing facility containing adequate electrical, mechanical, and ventilation capacity to service independently three separate data processing operations, if ever required.[1] Company thereafter would enter into contracts with each owner Bank pursuant to which each would pay a fee for the right to use the facility in the event of a disaster or other emergency affecting its primary data processing facility. The facility is meant primarily to service the needs of Banks in the event of such a disaster. Except for times of disaster, the facility would remain empty.

To the extent that excess capacity would exist at the facility during such emergencies, Company also would contract with other banking and nonbanking entities to utilize the facility to process and transmit financial, banking or economic data only. Availability for the facility would be subject to prior use, as well as to a series of contractually stated priorities designed to assure reasonable access by all parties, while maintaining the facility in its primary function as back-up support for its owner Banks. Company would not provide any data processing hardware or software. Instead, Company's customers would utilize their own equipment at the facility for the duration of an emergency, and remove such equipment thereafter. Under these circumstances, the Board believes that Applicant's proposed activities are permissible activities under § 225.25(b)(7) of Regulation Y.

Section 5(c) of the BSCA authorizes the Board, in acting upon applications to invest in bank service corporations, to consider the financial and managerial resources of the institutions involved. The Board has reviewed the financial and managerial resources and future prospects of the Banks and Company, including the financial capabilities of the Banks to make a proposed investment under this Act, and has determined that such factors are consistent with approval.

The Board also is required to assess the adverse effects which may arise from consummation of a proposal under this section, such as undue concentration of resources, unfair or decreased competition, conflicts of interests, or unsafe or unsound banking practices. (12 U.S.C. § 1865(c)). Except for the facilities and services to be provided through Company, no Applicant offers the proposed data processing facilities and services to affiliated and nonaffiliated institutions. Inasmuch as the proposed venture is to commence de novo, no existing competition among the co-venturers in this line of commerce would be eliminated.

The Board also has considered the effects of consummation of this proposal on probable future competition in the provision of data processing facilities and services, particularly in light of the fact that this application involves the use of a joint venture to engage in the relevant activities. The Board notes that Applicants are the three largest financial institutions in the Indianapolis, Indiana, banking market[2] and presumably could offer these back-up facilities and services independently. However, Applicants have chosen not to engage in such activities. Moreover, the market for such back-up data processing services is not regarded as concentrated. Additionally, barriers to entry into this activity are low, as evidenced by the small initial investment required of Applicants and the widespread availability of the technical and managerial skills needed to engage in this activity. In this light, the loss of these potential entrants into the market for

1. Applicant proposes to establish this facility in order to conform to the Comptroller's policy regarding banks' contingency planning for data processing support. See Office of the Comptroller of the Currency, Banking Circular No. 177 (June 9, 1983).

2. As of September 30, 1983, Indiana National held assets of $2.7 billion, American Fletcher had assets of 3.3 billion, and Merchant National's assets totalled $2.0 billion.

back-up data processing facilities and services does not raise any serious concerns. Accordingly, the Board concludes that consummation of the proposed joint venture would not have any significantly adverse effects upon probable future competition.

The Board also has reviewed this proposal to ensure that no unfair competitive practices, violations of law or other substantially adverse effects would result from consummation of this proposal. In this regard, the Board notes that Company intends to contract with individual users in such a manner so as to assure reasonable access by all parties. Each contract, moreover, will state that no user is obliged to purchase or utilize any other services of Company or its three owner Banks. Upon a review of the record, therefore, the Board concludes that there is no evidence of adverse effects which would warrant disapproval of the application. Moreover, the Board notes that positive public benefits will flow from the increased availability of such stand-by data processing facilities and services in the event of a natural disaster.

Accordingly, this application is approved, subject to the Board's authority to require such modification or termination of the activities of a bank service corporation as the Board finds necessary to assure compliance with the provisions and purposes of the Bank Service Corporation Act or to prevent evasions thereof.

By order of the Board of Governors, effective February 7, 1984.

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

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

Orders Approved Under Bank Holding Company Act

By the Board of Governors

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

Section 3

Applicant	Bank(s)	Board action (effective date)
Angola Bancorporation, Inc., Angola, Indiana	The First National Bank of Angola, Angola, Indiana	February 13, 1984
Central Service Corporation, Enid, Oklahoma	Nichols Hills Bancorporation, Inc., Oklahoma City, Oklahoma	February 7, 1984
First State Banking Corporation, Alcester, South Dakota	State Bank of Alcester, Alcester, South Dakota	February 28, 1984
Kansas City Bancshares, Inc., Kansas City, Missouri	Traders Bank of Kansas City, Kansas City, Missouri	February 13, 1984
Olathe Financial Services Corporation, Olathe, Kansas	The Heritage Bank of Olathe, Olathe, Kansas	February 2, 1984
Security Shares, Inc., Mankato, Minnesota	Security State Bank of Mankato, Mankato, Minnesota	February 14, 1984

By Board of Governors

Section 4

Applicant	Bank	Effective date
C.C.B., Inc., Central Colorado Company, Central Bancorporation, Inc., Denver, Colorado	Central Bank at Centennial, N.A., Littleton, Colorado	February 1, 1984

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Banco Zaragozano, S.A., Madrid, Spain Banzano International, N.V., Curacao, Netherlands Antilles Banzano, B.V., Amsterdam, Netherlands Miami National Bancorp, Coral Gables, Florida	International Bank of Miami, Miami, Florida	Atlanta	February 7, 1984
Bancshares of Ripley, Inc., Ripley, Tennessee	Bank of Ripley, Ripley, Tennessee	St. Louis	February 6, 1984
Banks of Iowa, Inc., Des Moines, Iowa	Commercial Trust & Savings Bank, Charles City, Iowa	Chicago	February 17, 1984
The Baraboo Bancorporation, Inc., Baraboo, Wisconsin	Green Lake State Bank, Green Lake, Wisconsin	Chicago	February 16, 1984
Bezanson Corporation, Cedar Rapids, Iowa	Jefco, Inc., Cedar Rapids, Iowa	Chicago	February 13, 1984
Broward Bancorp, Lauderdale Lakes, Florida	Broward Bank, Lauderdale Lakes, Florida	Atlanta	February 9, 1984
Broward Bank, Lauderdale Lakes, Florida	Broward Interim Bank, Lauderdale Lakes, Florida	Atlanta	February 9, 1984
Camino Real Bancshares, Inc., Carrizo Springs, Texas	Frontier State Bank, Eagle Pass, Texas	Dallas	February 16, 1984
Coronado, Inc., Sterling, Kansas	Landmark Federal Savings Association, Dodge City, Kansas	Kansas City	February 6, 1984
County Bankshares, Inc., Blue Island, Illinois	Heritage Bank of Oak Lawn, Oak Lawn, Illinois	Chicago	February 10, 1984
East Tennessee Bancorp, Inc., Knoxville, Tennessee	Bank of Commerce, Morristown, Tennessee	Atlanta	January 20, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Eden Valley Bancshares, Inc., Eden Valley, Minnesota	State Bank in Eden Valley, Eden Valley, Minneosta	Minneapolis	February 6, 1984
Elkton Bancorp, Inc., Elkton, Kentucky	Elkton Bank and Trust Company, Elkton, Kentucky	St. Louis	February 13, 1984
F.A. Bankshares, Inc., Monroe, Georgia	First American Bank of Walton, Monroe, Georgia	Atlanta	February 10, 1984
Farmers Bancorp of Sturgis, Inc., Sturgis, Kentucky	Farmers State Bank, Sturgis, Kentucky	St. Louis	February 6, 1984
Fessenden Bancshares, Inc., Fessenden, North Dakota	The First National Bank of Fessenden, Fessenden, North Dakota	Minneapolis	February 3, 1984
First American Bancshares, Inc., North Little Rock, Arkansas	Grand National Bank, Hot Springs, Arkansas	St. Louis	February 8, 1984
First Bancorp of Kansas, Wichita, Kansas	Stockgrowers State Bank, Ashland, Kansas The First National Bank of Neodesha, Neodesha, Kansas	Kansas City	February 3, 1984
First Breckinridge Bancshares, Inc., Irvington, Kentucky	First State Bank, Irvington, Kentucky	St. Louis	February 7, 1984
First Commonwealth Financial Corporation, Indiana, Pennsylvania	Deposit Bank, DuBois, Pennsylvania	Cleveland	February 16, 1984
First Farmers Bancshares, Inc., Portland, Tennessee	The Farmers Bank, Portland, Tennessee	Atlanta	February 10, 1984
First Heyworth Corp., Heyworth, Illinois	Farmers State Bank of Heyworth, Heyworth, Illinois	Chicago	February 14, 1984
First National Financial Corporation, Marinette, Wisconsin	The First National Bank of Marinette, Marinette, Wisconsin	Chicago	February 13, 1984
First of Austin Bancshares, Inc., Austin, Texas	First National Bank, Austin, Texas	Dallas	February 10, 1984
First Service Bancshares, Inc., Greenville, Kentucky	First State Bank of Greenville, Greenville, Kentucky	St. Louis	February 2, 1984
First Virginia Banks, Inc., Clintwood, Virginia	Virginia Citizens Bank, Clintwood, Virginia	Richmond	February 10, 1984
First Western Pennbancorp, Inc., New Castle, Pennsylvania	First National Bank of Western Pennsylvania, New Castle, Pennsylvania	Cleveland	February 2, 1984
FNT Bancorp, Sunbury, Pennsylvania	First National Trust Bank, Sunbury, Pennsylvania	Philadelphia	February 3, 1984
G.S.B. Financial Corp., Indianapolis, Indiana	The Garrett State Bank, Garrett, Indiana	Chicago	February 10, 1984
Keystone Bancshares, Inc., Kankakee, Illinois	Illinois Trust & Savings Bank, Ottawa, Illinois	Chicago	February 10, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Lexington Bancshares, Inc., Lexington, Nebraska	Seven V Banco, Inc., Callaway, Nebraska	Kansas City	February 6, 1984
Maries County Bancorp, Inc., Vienna, Missouri	Maries County Bank, Vienna, Missouri Belle State Bank, Belle, Missouri	St. Louis	February 10, 1984
Midwest Bancshares, Inc., Edina, Minnesota	State Bank of Sleepy Eye, Sleepy Eye, Minnesota	Minneapolis	February 2, 1984
Midwest Financial Group, Inc., Peoria, Illinois	United Bancorporation, Inc., Rockford, Illinois East Riverside Inc., Rockford, Illinois Oregon Corporation, Rockford, Illinois Rochelle Bancorporation, Rochelle, Illinois	Chicago	February 17, 1984
Minier Financial, Inc., Minier, Illinois	First Farmer's State Bank of Minier, Minier, Illinois	Chicago	February 13, 1984
Moscow Bancshares, Inc., Moscow, Tennessee	Moscow Savings Bank, Moscow, Tennessee	St. Louis	February 10, 1984
National Bancshares, Inc., Oklahoma City, Oklahoma	American National Bancshares, Inc., Midwest City, Oklahoma	Kansas City	February 1, 1984
Northern of Tennessee Corp., Clarksville, Tennessee	First Southern Bank, Mt. Juliet, Tennessee	Atlanta	February 10, 1984
Northside Financial Corporation, San Antonio, Texas	Northwest Bank, N.A., San Antonio, Texas	Dallas	February 10, 1984
Pacific Capital Bancorp, Monterey, California	First National Bank of Monterey County, Monterey, California	San Francisco	February 8, 1984
Penn Central Bancorp, Inc., Huntingdon, Pennsylvania	Penn Central National Bank, Huntingdon, Pennsylvania	Philadelphia	February 10, 1984
Peoples Bancorp of Belleville, Inc., Belleville, Kansas	The Peoples National Bank of Belleville, Belleville, Kansas	Kansas City	January 17, 1984
Premier Bancorporation, Inc., Libertyville, Illinois	Golf Mill State Bank, Niles, Illinois Grayslake National Bank, Grayslake, Illinois Libertyville National Bank, Libertyville, Illinois First National Bank of Mundelein, Mundelein, Illinois The Premier Bank of Vernon Hills, Vernon Hills, Illinois	Chicago	February 9, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Rio Grande Bancshares, Inc., Edinburg, Texas	First State Bank & Trust Company, Edinburg, Texas	Dallas	February 17, 1984
River Forest Bancorp, River Forest, Illinois	Lincoln National Bank, Chicago, Illinois	Chicago	February 17, 1984
Saline Bancorp., Inc., Harrisburg, Illinois	The Bank of Harrisburg, Harrisburg, Illinois	St. Louis	February 7, 1984
Second National Corporation, Richmond, Indiana	Bentonville State Bank, Bentonville, Indiana	Chicago	February 7, 1984
Shannon Bancorp, Inc., Shannon, Illinois	First State Bank of Shannon, Shannon, Illinois	Chicago	February 13, 1984
Shawneetown Bancorp, Inc., Shawneetown, Illinois	First National Bank in Golconda, Golconda, Illinois	St. Louis	February 14, 1984
Silver Run Bancorporation, Inc., Red Lodge, Montana	The United States National Bank of Red Lodge, Red Lodge, Montana	Minneapolis	February 22, 1984
Southern Bancorp, Inc., Waycross, Georgia	Mount Vernon Bank, Mount Vernon, Georgia	Atlanta	February 3, 1984
Southern Illinois Bancshares, Inc., Murphysboro, Illinois	The Brookport National Bank, Brookport, Illinois	St. Louis	February 14, 1984
Southern Jersey Bancorp, Bridgeton, New Jersey	The Farmers and Merchants National Bank of Bridgeton, Bridgeton, New Jersey	Philadelphia	February 10, 1984
Southern National Bancshares, Inc., Decatur, Georgia	The First National Bank of DeKalb County, Decatur, Georgia	Atlanta	February 17, 1984
Spring Woods Bancshares, Inc., Houston, Texas	Spring Woods Bank, Houston, Texas	Dallas	February 10, 1984
Swea City Bancorporation, Swea City, Iowa	Swea City State Bank, Swea City, Iowa	Chicago	February 21, 1984
University National Bancshares of San Antonio, Inc., San Antonio, Texas	Castle Hills National Bank, San Antonio, Texas	Dallas	February 17, 1984
Valley Bank Holding Corpany, Security, Colorado	Mountain National Bank, Woodland Park, Colorado	Kansas City	February 6, 1984
Warrensburg Bancshares, Inc., Chillicothe, Missouri	Community Bank of Warrensburg, Warrensburg, Missouri	Kansas City	February 10, 1984
West Central Illinois Bancorp, Inc., Peoria, Illinois	The National Bank of Monmouth, Monmouth, Illinois	Chicago	February 13, 1984

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Bovey Financial Corporation, Bovey, Minnesota	Bovey Insurance Service, Bovey, Minnesota	Minneapolis	February 3, 1984

Section 4—Continued

Applicant	Nonbanking company	Reserve Bank	Effective date
CoreState Financial Corp, East Aurora, New York	Sterling Finance Corporation, East Aurora, New York	Philadelphia	February 10, 1984
First Union Corporation, Charlotte, North Carolina	Salem Securities, Inc., Winston-Salem, North Carolina	Richmond	February 10, 1984
Manly State Bancshares, Inc., Mason City, Iowa	Hanlontown Insurance Agency, Hanlontown, Iowa	Chicago	February 14, 1984
National City Bancorporation, Minneapolis, Minnesota	Diversified Discount and Acceptance Corporation, Minneapolis, Minnesota	Minneapolis	February 6, 1984

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
River Oaks Bancshares, Inc., Houston, Texas	River Oaks Bank & Trust Company, Houston, Texas River Oaks Trust Company, Houston, Texas River Oaks Trust Corporation, Houston, Texas	Dallas	February 17, 1984
St. Clair Agency, Inc., St. Clair, Minnesota	St. Clair State Bank, St. Clair, Minnesota general insurance agency activities	Minneapolis	February 14, 1984
Union Bankshares, Inc., Mena, Arkansas	The Union Bank of Mena, Mena, Arkansas real estate appraisal	St. Louis	February 2, 1984

Orders Approved Under Bank Merger Act

By the Board of Governors

Applicant	Bank	Effective date
United Virginia Bank, Richmond, Virginia	Bank of Virginia, Richmond, Virginia	February 7, 1984

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

Sundorph Aeronautical Corp. v. *Federal Reserve Board,* filed November 1983, U.S.D.C. for the Northern District of Ohio.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Directors of Federal Reserve Banks and Branches

The following list of directors of Federal Reserve Banks and Branches shows the principal business affiliation, the class of directorship, and the expiration date of the term for each director. Each Federal Reserve Bank has nine members on its board of directors: three Class A and three Class B directors, who are elected by the stockholding member banks, and three Class C directors, who are appointed by the Board of Governors of the Federal Reserve System. All Federal Reserve Bank directors are chosen without discrimination on the basis of race, creed, color, sex, or national origin. Class A directors represent the stockholding member banks in each Federal Reserve District. Class B and Class C directors represent the public and are chosen with due, but not exclusive, consideration to the interests of agriculture, commerce, industry, services, labor, and consumers; they may not be officers, directors, or employees of any bank, and Class C directors may not be stockholders of any bank.

For the purpose of electing Class A and Class B directors, the member banks of each Federal Reserve District are classified by the Board of Governors into three groups, each of which consists of banks with similar capitalization; each group then elects one Class A and one Class B director. Class C directors are appointed by the Board of Governors. The Board of Governors designates one Class C director as Chairman of the board of directors and Federal Reserve Agent of each District Bank and appoints another as Deputy Chairman.

Federal Reserve Branches have either five or seven directors, a majority of whom are appointed by the board of directors of the parent Federal Reserve Bank; the others are appointed by the Board of Governors of the Federal Reserve System. One of the directors appointed by the Board of Governors at each Branch is designated annually as Chairman of the board of that Branch in a manner the Federal Reserve Bank prescribes.

In this list of the directors, footnote 1 denotes a chairman of the Bank's board; footnote 2, a deputy chairman; and footnote 3, a director whose service began in 1983.

District 1—Boston

Class A

James Stokes Hatch	President and Chief Executive Officer, The Canaan National Bank, Canaan, Connecticut	1984
William W. Treat	President, Bank Meridian, N.A., Hampton, New Hampshire	1985
William S. Edgerly[3]	Chairman and President, State Street Bank and Trust Company, Boston, Massachusetts	1986

Class B

George N. Hatsopoulos	Chairman of the Board and President, Thermo Electron Company, Waltham, Massachusetts	1984
Matina S. Horner	President, Radcliffe College, Cambridge, Massachusetts	1985
Joseph A. Baute	Chairman and Chief Executive Officer, Markem Corporation, Keene, New Hampshire	1986

Class C

Robert P. Henderson[1]	Vice Chairman of the Board of Directors, Greylock Management Corporation, Boston, Massachusetts	1984
Thomas I. Atkins[2]	General Counsel, National Association for the Advancement of Colored People, New York, New York	1985
Michael J. Harrington	Harrington Company, Peabody, Massachusetts	1986

DISTRICT 2—NEW YORK

Class A

		Term expires Dec. 31
Robert A. Rough	President, The National Bank of Sussex County, Branchville, New Jersey	1984
Alfred Brittain	Chairman of the Board, Bankers Trust Company, New York, New York	1985
T. Joseph Semrod[3]	Chairman of the Board, United Jersey Bank, Hackensack, New Jersey	1986

Class B

Edward L. Hennessy, Jr.	Chairman of the Board, Allied Chemical Corporation, Morristown, New Jersey	1984
William S. Cook	President and Chief Executive Officer, Union Pacific Corporation, New York, New York	1985
John R. Opel	Chairman of the Board and Chief Executive Officer, International Business Machines Corporation, Armonk, New York	1986

Class C

Gertrude G. Michelson[2]	Senior Vice President, R.H. Macy & Company, Inc., New York, New York	1984
John Brademas[1]	President, New York University, New York, New York	1985
Clifton R. Wharton, Jr.	Chancellor, State University of New York System, Albany, New York	1986

—BUFFALO BRANCH

Appointed by Federal Reserve Bank

Edward W. Duffy	Chairman of the Executive Committee, Marine Midland Bank, N.A., Buffalo, New York	1984
Frederick G. Ray	Chairman, President and Chief Executive Officer, Rochester Savings Bank, Rochester, New York	1985
Donald I. Wickham	President, Tri-Way Farms, Inc., Stanley, New York	1985
Herbert Fort[3]	President, The Bath National Bank, Bath, New York	1986

Appointed by Board of Governors

George L. Wessel	President, Buffalo AFL–CIO Council, Buffalo, New York	1984
M. Jane Dickman[1]	Partner, Touche Ross & Co., Buffalo, New York	1985
Laval S. Wilson[3]	Superintendent of Schools, City School District, Rochester, New York	1986

DISTRICT 3—PHILADELPHIA

Class A

Douglas Eugene Johnson	Chairman and President, Ocean County National Bank, Point Pleasant Beach, New Jersey	1984
JoAnne Brinzey	Cashier and Chief Executive Officer, The First National Bank at Gallitzin, Gallitzin, Pennsylvania	1985
John H. Walther[3]	Chairman of the Board, New Jersey National Bank, Trenton, New Jersey	1986

DISTRICT 3—CONTINUED

Class B

		Term expires Dec. 31
Richard P. Hauser	Chairman and Chief Executive Officer, John Wanamaker, Philadelphia, Pennsylvania	1984
Eberhard Faber, IV	Chairman of the Board and Chief Executive Officer, Eberhard Faber, Inc., Wilkes-Barre, Pennsylvania	1985
Carl E. Singley[3]	Dean and Professor of Law, Temple University Law School, Philadelphia, Pennsylvania	1986

Class C

George E. Bartol, III	Chairman of the Board, Hunt Manufacturing Company, Philadelphia, Pennsylvania	1984
Nevius M. Curtis[2]	President and Chief Executive Officer, Delmarva Power & Light Company, Wilmington, Delaware	1985
Robert M. Landis[1]	Partner, Dechert Price & Rhoads, Philadelphia, Pennsylvania	1986

DISTRICT 4—CLEVELAND

Class A

Raymond D. Campbell	President and Chief Executive Officer, Independent State Bank of Ohio, Columbus, Ohio	1984
William A. Stroud	President, First-Knox National Bank, Mount Vernon, Ohio	1985
J. David Barnes	Chairman and Chief Executive Officer, Mellon Bank, Pittsburgh, Pennsylvania	1986

Class B

Richard D. Hannan	Chairman of the Board and President, Mercury Instruments, Inc., Cincinnati, Ohio	1984
John W. Kessler	President, John W. Kessler Company, Columbus, Ohio	1985
John R. Hall[3]	Chairman and Chief Executive Officer, Ashland Oil, Inc., Ashland, Kentucky	1986

Class C

E. Mandell de Windt[2]	Chairman of the Board, Eaton Corporation, Cleveland, Ohio	1984
William H. Knoell[1]	President and Chief Executive Officer, Cyclops Corporation, Pittsburgh, Pennsylvania	1986
Vacancy		

—CINCINNATI BRANCH

Appointed by Federal Reserve Bank

Richard J. Fitton	President and Chief Executive Officer, First National Bank of Southwestern Ohio, Hamilton, Ohio	1984
Sherrill Cleland	President, Marietta College, Marietta, Ohio	1984
Clement L. Buenger	President, The Fifth Third Bank, Cincinnati, Ohio	1985
Vernon J. Cole[3]	Executive Vice President and Chief Executive Officer, Harlan National Bank, Harlan, Kentucky	1986

DISTRICT 4—CONTINUED

Appointed by Board of Governors

		Term expires Dec. 31
Don Ross	Owner, Dunreath Farm, Lexington, Kentucky	1984
Sister Grace Marie Hiltz	President, Sisters of Charity Health Care Systems, Inc., Cincinnati, Ohio	1985
Vacancy		

—PITTSBURGH BRANCH

Appointed by Federal Reserve Bank

Robert C. Milsom	President, Pittsburgh National Bank, Pittsburgh, Pennsylvania	1984
James S. Pasman, Jr.	Vice Chairman, Aluminum Company of America, Pittsburgh, Pennsylvania	1984
A. Dean Heasley	President and Chief Executive Officer, Century National Bank & Trust Co., Rochester, Pennsylvania	1985
G. R. Rendle[3]	President and Chief Executive Officer, Gallatin National Bank, Uniontown, Pennsylvania	1986

Appointed by Board of Governors

Milton A. Washington[3]	President and Chief Executive Officer, Allegheny Housing Rehabilitation Corporation, Pittsburgh, Pennsylvania	1984
Robert S. Kaplan	Dean, Graduate School of Industrial Administration, Carnegie-Mellon University, Pittsburgh, Pennsylvania	1985
Milton G. Hulme, Jr.[1]	President and Chief Executive Officer, Mine Safety Appliances Company, Pittsburgh, Pennsylvania	1986

DISTRICT 5—RICHMOND

Class A

Joseph A. Jennings	Chairman and Chief Executive Officer, United Virginia Bankshares Inc. and United Virginia Bank, Richmond, Virginia	1984
Willard H. Derrick	President and Chief Executive Officer, Sandy Springs National Bank and Savings Institution, Sandy Springs, Maryland	1985
Robert S. Chiles, Sr.[3]	President and Chief Executive Officer, Greensboro National Bank, Greensboro, North Carolina	1986

Class B

Paul G. Miller	Director, Commercial Credit Company, Baltimore, Maryland	1984
George Deane Johnson, Jr.[3]	Partner, Johnson, Smith, Hibbard, Cleveland, Wildman and Dennis, Spartanburg, South Carolina	1985
Thomas B. Cookerly[3]	President, Broadcast Division, Allbritton Communications, Washington, D.C.	1986

Class C

William S. Lee, III[1]	Chairman of the Board and Chief Executive Officer, Duke Power Company, Charlotte, North Carolina	1984
Robert A. Georgine	President, Building and Construction Trades Department, AFL–CIO, Washington, D.C.	1985
Leroy T. Canoles, Jr.[2,3]	President, Kaufman and Canoles, Norfolk, Virginia	1986

DISTRICT 5—CONTINUED

—BALTIMORE BRANCH

Term expires Dec. 31

Appointed by Federal Reserve Bank

Pearl C. Brackett	Retired Deputy Manager, Baltimore Regional Chapter of the American Red Cross, Baltimore, Maryland	1984
Hugh D. Shires	Retired Senior Vice President, First National Bank of Maryland, Cumberland, Maryland	1985
Howard I. Scaggs	Chairman of the Board, American National Building and Loan Association, Baltimore, Maryland	1985
Charles W. Hoff, III[3]	President and Chief Executive Officer, Farmers and Mechanics National Bank, Frederick, Maryland	1986

Appointed by Board of Governors

Thomas H. Maddux	Executive Vice President and Chief Operating Officer, Easco Corporation, Baltimore, Maryland	1984
Edward H. Covell	President, The Covell Company, Easton, Maryland	1985
Robert L. Tate[1]	Chairman, Tate Industries, Baltimore, Maryland	1986

—CHARLOTTE BRANCH

Appointed by Federal Reserve Bank

Hugh M. Chapman	Chairman of the Board and Chief Executive Officer, The Citizens and Southern National Bank of South Carolina, Columbia, South Carolina	1984
John G. Medlin	President, Wachovia Bank and Trust Company, N.A., Winston-Salem, North Carolina	1985
J. Donald Collier[3]	President and Chief Executive Officer, First National Bank in Orangeburg, Orangeburg, South Carolina	1985
John A. Hardin[3]	Chairman of the Board and President, First Federal Savings and Loan Association, Rock Hill, South Carolina	1986

Appointed by Board of Governors

Henry Ponder[1]	President, Benedict College, Columbia, South Carolina	1984
G. Alex Bernhardt	President and Director, Bernhardt Industries, Inc., Lenoir, North Carolina	1985
Wallace J. Jorgenson	President, Jefferson-Pilot Broadcasting Co., Charlotte, North Carolina	1986

DISTRICT 6—ATLANTA

Class A

Guy W. Botts	Chairman of the Board, Barnett Banks of Florida, Inc., Jacksonville, Florida	1984
Dan B. Andrews	President, First National Bank, Dickson, Tennessee	1985
Mary W. Walker[3]	President, The National Bank of Walton County, Monroe, Georgia	1986

DISTRICT 6—CONTINUED

Class B

		Term expires Dec. 31
Horatio C. Thompson	President, Horatio Thompson Investments, Inc., Baton Rouge, Louisiana	1984
Bernard F. Sliger	President, Florida State University, Tallahassee, Florida	1985
Harold B. Blach, Jr.	President, Blach's Inc., Birmingham, Alabama	1986

Class C

Jane C. Cousins	President and Chief Executive Officer, Merrill Lynch Realty/Cousins, Miami, Florida	1984
John H. Weitnauer, Jr.[1]	Chairman and Chief Executive Officer, Richway, Atlanta, Georgia	1985
Bradley Currey, Jr.[2,3]	President, Rock-Tenn Company, Norcross, Georgia	1986

—BIRMINGHAM BRANCH

Appointed by Federal Reserve Bank

William M. Schroeder	Chairman and President, Central State Bank, Calera, Alabama	1984
Grady Gillam	Chairman, The American National Bank, Gadsden, Alabama	1985
G. Mack Dove	President, AAA Cooper Transportation Co., Dothan, Alabama	1985
Charles Lee Peery[3]	Chairman, The First National Bank of Florence, Florence, Alabama	1986

Appointed by Board of Governors

Louis J. Willie	Executive Vice President, Booker T. Washington Insurance Co., Birmingham, Alabama	1984
Martha A. McInnis[1]	President, EnviroSouth, Inc., Montgomery, Alabama	1985
Samuel R. Hill, Jr.	President, University of Alabama in Birmingham, Birmingham, Alabama	1986

—JACKSONVILLE BRANCH

Appointed by Federal Reserve Bank

Lewis A. Doman	President, Citizens and Peoples National Bank, Pensacola, Florida	1984
E.F. Keen, Jr.	Vice Chairman and President, Ellis Banking Corporation, Bradenton, Florida	1985
George C. Boone, Jr.[3]	President and Chief Executive Officer, Security First Federal Savings and Loan Association, Daytona Beach, Florida	1985
John D. Uible[3]	Chairman and Chief Executive Officer, Florida National Banks of Florida, Inc., Jacksonville, Florida	1986

Appointed by Board of Governors

Jerome P. Keuper[1]	President, Florida Institute of Technology, Melbourne, Florida	1984
E. William Nash, Jr.	President, South Central Operations, The Prudential Insurance Company of America, Jacksonville, Florida	1985
Jo Ann Doke Smith[3]	Co-owner, Smith Brothers, Micanopy, Florida	1986

DISTRICT 6—CONTINUED

—MIAMI BRANCH

Appointed by Federal Reserve Bank

		Term expires Dec. 31
Robert D. Rapaport[3]	Principal, The Rapaport Companies, Palm Beach, Florida	1984
Stephen G. Zahorian	President, Barnett Bank of Lee County, N.A., Fort Myers, Florida	1984
D. S. Hudson, Jr.	Chairman, First National Bank and Trust Company of Stuart, Stuart, Florida	1985
Robert L. Kester[3]	Chairman, Florida Coast Banks, Inc., Pompano Beach, Florida	1986

Appointed by Board of Governors

Roy Vandegrift, Jr.	President, Roy Van, Inc., Pahokee, Florida	1984
Sue McCourt Cobb[1]	Attorney, Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen, and Quentel, P.A., Miami, Florida	1985
Eugene E. Cohen	Chief Financial Officer and Treasurer, Howard Hughes Medical Institute, Coconut Grove, Florida	1986

—NASHVILLE BRANCH

Appointed by Federal Reserve Bank

Michael T. Christian	President and Chief Executive Officer, Commerce Union Bank of Greeneville, Greeneville, Tennessee	1984
Owen G. Shell, Jr.	President and Chief Executive Officer, First American National Bank of Nashville, Nashville, Tennessee	1985
Samuel H. Howard	Vice President and Treasurer, Hospital Corporation of America, Nashville, Tennessee	1985
Robert W. Jones[3]	Chairman and President, First National Bank, McMinnville, Tennessee	1986

Appointed by Board of Governors

C. Warren Neel[1]	Dean, College of Business Administration, The University of Tennessee, Knoxville, Tennessee	1984
Condon S. Bush	President, Bush Brothers & Company, Dandridge, Tennessee	1985
Patsy R. Williams[3]	Partner, Rhyne Lumber Company, Newport, Tennessee	1986

—NEW ORLEANS BRANCH

Appointed by Federal Reserve Bank

Jerry W. Brents	Lafayette, Louisiana	1984
Philip K. Livingston	President and Chief Executive Officer, Citizens National Bank, Hammond, Louisiana	1985
Tom B. Scott, Jr.	President and Chief Executive Officer, Unifirst Federal Savings and Loan Association, Jackson, Mississippi	1985
Carl E. Jones, Jr.[3]	Chairman, President and Chief Executive Officer, Merchants National Bank of Mobile, Mobile, Alabama	1986

Appointed by Board of Governors

Roosevelt Steptoe	Professor of Economics, Southern University, Baton Rouge Campus, Baton Rouge, Louisiana	1984
Sharon A. Perlis[1]	Attorney, Metairie, Louisiana	1985
Leslie B. Lampton	President, Ergon, Inc., Jackson, Mississippi	1986

DISTRICT 7—CHICAGO

Class A

		Term expires Dec. 31
Charles M. Bliss	Retired Chairman of the Board and Chief Executive Officer, Harris Bankcorp, Inc.–Harris Trust and Savings Bank, Chicago, Illinois	1984
Patrick E. McNarny	President, First National Bank of Logansport, Logansport, Indiana	1985
Ollie Jay Tomson	President, The Citizens National Bank of Charles City, Charles City, Iowa	1986

Class B

Dennis W. Hunt	President, Hunt Truck Lines, Inc., Rockwell City, Iowa	1984
Mary Garst	Manager of Cattle Division, Garst Company, Coon Rapids, Iowa	1985
Leon T. Kendall	Chairman of the Board and Chief Executive Officer, Mortgage Guaranty Insurance Corp., Milwaukee, Wisconsin	1986

Class C

Edward F. Brabec[2]	Business Manager, Chicago Journeymen Plumbers, Local Union 130, U.A., Chicago, Illinois	1984
Stanton R. Cook[1]	President, Tribune Company, Chicago, Illinois	1985
Robert G. Day[3]	President and Chief Operating Officer, United States Gypsum Company, Chicago, Illinois	1986

—DETROIT BRANCH

Appointed by Federal Reserve Bank

James H. Duncan	Chairman of the Board and Chief Executive Officer, First American Bank Corporation, Kalamazoo, Michigan	1984
Thomas R. Ricketts	Chairman of the Board and President, Standard Federal Savings and Loan Association, Troy, Michigan	1984
Charles T. Fisher, III	Chairman of the Board and President, National Bank of Detroit, Detroit, Michigan	1985
Ronald D. Story[3]	President, The Ionia County National Bank of Ionia, Ionia, Michigan	1986

Appointed by Board of Governors

Robert E. Brewer	Executive Vice President–Finance, K Mart Corporation, Troy, Michigan	1984
Russell G. Mawby[1]	President and Trustee, W.K. Kellogg Foundation, Battle Creek, Michigan	1985
Karl D. Gregory	Professor, Management and Economic Consultant, School of Economics and Management, Oakland University, Rochester, Michigan	1986

DISTRICT 8—ST. LOUIS

Class A

George M. Ryrie	President, First National Bank & Trust Co., Alton, Illinois	1984
Donald L. Hunt	President, First National Bank of Marissa, Marissa, Illinois	1985
Clarence C. Barksdale	Chairman of the Board and President, Centerre Bank, N.A., St. Louis, Missouri	1986

DISTRICT 8—CONTINUED

Class B

		Term expires Dec. 31
Jesse M. Shaver	Consultant, Allis-Chalmers Corporation, Louisville, Kentucky	1984
Robert J. Sweeney[3]	President and Chief Executive Officer, Murphy Oil Corp., El Dorado, Arkansas	1985
Frank A. Jones, Jr.	President, Dietz Forge Company, Memphis, Tennessee	1986

Class C

W.L. Hadley Griffin[1]	Chairman of the Board, Brown Group, Inc., St. Louis, Missouri	1984
Robert L. Virgil	Dean, School of Business, Washington University, St. Louis, Missouri	1985
Mary P. Holt[2]	President, Clothes Horse, Little Rock, Arkansas	1986

—LITTLE ROCK BRANCH

Appointed by Federal Reserve Bank

Gordon E. Parker	Chairman of the Board, The First National Bank of El Dorado, El Dorado, Arkansas	1984
Wilbur P. Gulley, Jr.	Chairman of the Board and Chief Executive Officer, Savers Federal Savings and Loan Association, Little Rock, Arkansas	1984
D. Eugene Fortson	Chairman and Chief Executive Officer, Worthen Bank and Trust Company, N.A., Little Rock, Arkansas	1985
Willliam H. Kennedy, Jr.	Chairman of the Board, National Bank of Commerce of Pine Bluff, Pine Bluff, Arkansas	1986

Appointed by Board of Governors

Sheffield Nelson[1]	Chairman of the Board and Chief Executive Officer, Arkla, Inc., Little Rock, Arkansas	1984
Shirley J.R. Pine, Ph.D.	Department of Communicative Disorders, University of Arkansas at Little Rock, Little Rock, Arkansas	1985
Richard V. Warner	Group Vice President, Wood Products Group, Potlatch Corporation, Warren, Arkansas	1986

—LOUISVILLE BRANCH

Appointed by Federal Reserve Bank

R.I. Kerr, Jr.	Chairman of the Board, President, and Chief Executive Officer, Great Financial Federal, Louisville, Kentucky	1984
John E. Darnell, Jr.	Chairman of the Board, The Owensboro National Bank, Owensboro, Kentucky	1984
Allan S. Hanks	President, The Anderson National Bank of Lawrenceburg, Lawrenceburg, Kentucky	1985
Frank B. Hower, Jr.	Chairman of the Board and Chief Executive Officer, Liberty National Bank and Trust Company of Louisville, Louisville, Kentucky	1986

Appointed by Board of Governors

Sister Eileen M. Egan[1]	President, Spalding University, Louisville, Kentucky	1984
Henry F. Frigon	President, BATUS, Inc., Louisville, Kentucky	1985
William C. Ballard, Jr.	Executive Vice President, Finance and Administration, Humana, Inc., Louisville, Kentucky	1986

DISTRICT 8—CONTINUED

—MEMPHIS BRANCH

Appointed by Federal Reserve Bank

		Term expires Dec. 31
Edgar H. Bailey	Chairman of the Board and Chief Executive Officer, Leader Federal Savings and Loan Association, Memphis, Tennessee	1984
William M. Matthews, Jr.	Chairman of the Board and Chief Executive Officer, Union Planters National Bank, Memphis, Tennessee	1984
William H. Brandon, Jr.	President, First National Bank of Phillips County, Helena, Arkansas	1985
Wayne W. Pyeatt	President, Memphis Fire Insurance Company, Memphis, Tennessee	1986

Appointed by Board of Governors

G. Rives Neblett	Attorney, Neblett, Bobo, Chapman & Heaton, Shelby, Mississippi	1984
Patricia W. Shaw[1]	President and Chief Executive Officer, Universal Life Insurance Company, Memphis, Tennessee	1985
Donald B. Weis	President, Tamak Transportation Corp., West Memphis, Arkansas	1986

DISTRICT 9—MINNEAPOLIS

Class A

Dale W. Fern	President and Chairman of the Board, The First National Bank of Baldwin, Baldwin, Wisconsin	1984
Curtis W. Kuehn	President, The First National Bank in Sioux Falls, Sioux Falls, South Dakota	1985
Burton P. Allen, Jr.[3]	President, First National Bank, Milaca, Minnesota	1986

Class B

William L. Mathers	President, Mathers Land Co., Inc., Miles City, Montana	1984
Richard L. Falconer	District Manager, Northwestern Bell, Bismarck, North Dakota	1985
Harold F. Zigmund	Chairman, Blandin Paper Company, Grand Rapids, Minnesota	1986

Class C

William G. Phillips[1]	Chairman of the Board and Chief Executive Officer, International Multifoods, Minneapolis, Minnesota	1984
Sister Generose Gervais	Administrator, St. Mary's Hospital, Rochester, Minnesota	1985
John B. Davis, Jr.[2]	President, Macalester College, St. Paul, Minnesota	1986

—HELENA BRANCH

Appointed by Federal Reserve Bank

Harry W. Newlon	President, First National Bank, Bozeman, Montana	1984
Seabrook Pates	President and Chief Executive Officer, Midland Implement Co., Inc., Billings, Montana	1984
Roger H. Ulrich	President, The First State Bank of Malta, Malta, Montana	1986

		Term expires Dec. 31
DISTRICT 9—CONTINUED		
—HELENA BRANCH—CONTINUED		
Appointed by Board of Governors		
Ernest B. Corrick[1]	Vice President and General Manager, Champion International Corporation, Timberlands-Rocky Mountain Operation, Missoula, Montana	1984
Gene J. Etchart	Past President, Hinsdale Livestock Company, Glasgow, Montana	1985

DISTRICT 10—KANSAS CITY

Class A		
John D. Woods	Chairman and Chief Executive Officer, The Omaha National Bank, Omaha, Nebraska	1984
Howard K. Loomis	President, The Peoples Bank, Pratt, Kansas	1985
Wayne D. Angell	Chairman, First State Bank, Pleasanton, Kansas	1986
Class B		
Duane C. Acker	President, Kansas State University, Manhattan, Kansas	1984
Charles C. Gates	Chairman of the Board and President, Gates Corporation, Denver, Colorado	1985
Richard D. Harrison[3]	Chairman of the Board and Chief Executive Officer, Fleming Companies, Inc., Oklahoma City, Oklahoma	1986
Class C		
Doris M. Drury[1]	Professor of Economics and Director of Public Affairs Program, University of Denver, Englewood, Colorado	1984
Irvine O. Hockaday, Jr.[2,3]	Executive Vice President and Member of the Office of the Chairman, Hallmark Cards, Inc., Kansas City, Missouri	1986
John F. Anderson	President, Farmland Industries, Inc., Kansas City, Missouri	1986

—DENVER BRANCH

Appointed by Federal Reserve Bank		
Donald D. Hoffman	Chairman of the Board and Chief Executive Officer, Central Bank of Denver, Denver, Colorado	1984
George S. Jenks	Chairman and Chief Executive Officer, First New Mexico Bankshares Corporation, Albuquerque, New Mexico	1985
Roger L. Reisher[3]	Co-Chairman, Firstbank Holding Company of Colorado, Lakewood, Colorado	1986
Kenneth C. Naramore	Chairman of the Board and Chief Executive Officer, Stockmen's Bank & Trust Company, Gillette, Wyoming	1986
Appointed by Board of Governors		
James E. Nielson[1]	President and Chief Executive Officer, JN, Inc., Cody, Wyoming	1984
Anthony W. Williams[3]	President, Williams, Turner and Holmes, P.C., Grand Junction, Colorado	1985
Ralph F. Cox	Executive Vice President, Atlantic Richfield Company, Denver, Colorado	1986

DISTRICT 10—CONTINUED

—OKLAHOMA CITY BRANCH

Appointed by Federal Reserve Bank

		Term expires Dec. 31
Marcus R. Tower	Vice Chairman of the Board and Chairman of the Credit Policy Committee, Bank of Oklahoma, N.A., Tulsa, Oklahoma	1984
William O. Alexander	President and Chief Executive Officer, Continental Federal Savings & Loan Association, Oklahoma City, Oklahoma	1984
William H. Crawford	President and Chief Executive Officer, First National Bank and Trust Company, Frederick, Oklahoma	1985

Appointed by Board of Governors

John Snodgrass[3]	President and Trustee, Samuel Robert Noble Foundation, Inc., Ardmore, Oklahoma	1984
Patience Latting[1,3]	Oklahoma City, Oklahoma	1985

—OMAHA BRANCH

Appointed by Federal Reserve Bank

Donald J. Murphy	Director, United States National Bank of Omaha, Omaha, Nebraska	1984
Charles H. Thorne[3]	Chairman and Chief Executive Officer, First Federal Savings and Loan Association of Lincoln, Lincoln, Nebraska	1985
William W. Cook, Jr.	President, Beatrice National Bank and Trust Company, Beatrice, Nebraska	1985

Appointed by Board of Governors

Robert G. Lueder[1]	Chairman, Lueder Construction Company, Omaha, Nebraska	1984
Kenneth Morrison[3]	President, Morrison-Quirk Grain Corp., Hastings, Nebraska	1985

DISTRICT 11—DALLAS

Class A

Lewis H. Bond	Chairman of the Board and Chief Executive Officer, Texas American Bancshares Inc., Ft. Worth, Texas	1984
John P. Gilliam	President and Chief Executive Officer, First National Bank in Valley Mills, Valley Mills, Texas	1985
Miles D. Wilson	Chairman of the Board and President, The First National Bank of Bellville, Bellville, Texas	1986

Class B

J. Wayland Bennett	Associate Dean, College of Agricultural Sciences, Texas Tech University, Lubbock, Texas	1984
Robert Ted Enloe, III	President, Lomas & Nettleton Financial Corporation, Dallas, Texas	1985
Kent Gilbreath	Associate Dean, Hankamer School of Business, Baylor University, Waco, Texas	1986

DISTRICT 11—CONTINUED

Class C

		Term expires Dec. 31
Robert D. Rogers[1]	President, Texas Industries, Inc., Dallas, Texas	1985
John V. James[2]	Retired Chairman, Dresser Industries, Inc., Dallas, Texas	1986
Vacancy		

—EL PASO BRANCH

Appointed by Federal Reserve Bank

Ernest M. Schur	Chairman of the Executive Committee, InterFirst Bank Odessa, Odessa, Texas	1984
Gerald W. Thomas	President, New Mexico State University, Las Cruces, New Mexico	1984
Stanley J. Jarmiolowski	Chairman of the Board and Chief Executive Officer, InterFirst Bank El Paso, N.A., El Paso, Texas	1985
David L. Stone	President, The Portales National Bank, Portales, New Mexico	1986

Appointed by Board of Governors

Mary Carmen Saucedo[1]	Associate Superintendent, Central Area, El Paso Independent School District, El Paso, Texas	1984
John Sibley[3]	President, Delaware Mountain Enterprises, Carlsbad, New Mexico	1986
Peyton Yates[3]	President, Yates Drilling Company, Artesia, New Mexico	1985

—HOUSTON BRANCH

Appointed by Federal Reserve Bank

Ralph E. David	Chairman of the Board and Chief Executive Officer, First Freeport National Bank, Freeport, Texas	1984
Thomas B. McDade	Vice Chairman, Texas Commerce Bancshares, Inc., Houston, Texas	1984
Will E. Wilson	Chairman of the Board and Chief Executive Officer, First Security Bank of Beaumont, N.A., Beaumont, Texas	1985
Marcella D. Perry[3]	President and Chief Executive Officer, Heights Savings Association, Houston, Texas	1986

Appointed by Board of Governors

George V. Smith, Sr.	President, Smith Pipe & Supply, Inc., Houston, Texas	1984
Robert T. Sakowitz	Chairman of the Board and President, Sakowitz Inc., Houston, Texas	1985
Paul N. Howell[1]	Chairman of the Board, Howell Corporation, Houston, Texas	1986

—SAN ANTONIO BRANCH

Appointed by Federal Reserve Bank

Charles E. Cheever, Jr.	Chairman of the Board, Broadway National Bank, San Antonio, Texas	1984
Joe D. Barbee	President and Chief Executive Officer, Barbee-Neuhaus Implement Company, Weslaco, Texas	1984
George Brannies	Chairman of the Board and President, The Mason National Bank, Mason, Texas	1985
C. Ivan Wilson[3]	Chairman and Chief Executive Officer, First City Bank of Corpus Christi, Corpus Christi, Texas	1986

DISTRICT 11—CONTINUED

—SAN ANTONIO BRANCH—CONTINUED

Appointed by Board of Governors

		Term expires Dec. 31
Carlos A. Zuniga	Partner, Zuniga Freight Services, Inc., Laredo, Texas	1984
Robert F. McDermott	Chairman of the Board and President, United Services Automobile Association, San Antonio, Texas	1985
Lawrence L. Crum[1]	Professor of Banking and Finance, University of Texas at Austin, Austin, Texas	1986

DISTRICT 12—SAN FRANCISCO

Class A

Robert A. Young	Chairman of the Board and President, Northwest National Bank, Vancouver, Washington	1984
Spencer F. Eccles	Chairman, President, and Chief Executive Officer, First Security Corporation, Salt Lake City, Utah	1985
Rayburn S. Dezember[3]	Chairman, Central Pacific Corporation, Bakersfield, California	1986

Class B

George H. Weyerhauser	President and Chief Executive Officer, Weyerhauser Company, Tacoma, Washington	1984
Togo W. Tanaka	Chairman, Gramercy Enterprises, Inc., Los Angeles, California	1985
John C. Hampton	President, Willamina Lumber Company, Portland, Oregon	1986

Class C

Alan C. Furth[2]	President, Southern Pacific Company, San Francisco, California	1984
Caroline Leonetti Ahmanson[1]	Chairman of the Board, Caroline Leonetti, Ltd., Hollywood, California	1985
Fred W. Andrew	Chairman of the Board, President, and Chief Executive Officer, Superior Farming Company, Bakersfield, California	1986

—LOS ANGELES BRANCH

Appointed by Federal Reserve Bank

Robert R. Dockson	Chairman and Chief Executive Officer, California Federal Savings, Los Angeles, California	1984
Bram Goldsmith	Chairman of the Board, City National Bank, Beverly Hills, California	1985
William L. Tooley	Managing Partner, Tooley and Company, Los Angeles, California	1985
Harvey J. Mitchell[3]	President and Chief Executive Officer, Escondido National Bank, Escondido, California	1986

Appointed by Board of Governors

Bruce M. Schwaegler[1]	President, Bullock's–Bullock's Wilshire, Los Angeles, California	1984
Thomas R. Brown, Jr.	Chairman and Chief Executive Officer, Burr–Brown Research Corporation, Tucson, Arizona	1985
Lola M. McAlpin-Grant	Attorney, Los Angeles, California	1986

DISTRICT 12—CONTINUED

—PORTLAND BRANCH

		Term expires Dec. 31

Appointed by Federal Reserve Bank

Jack W. Gustavel	President and Chief Executive Officer, The First National Bank of North Idaho, Coeur d'Alene, Idaho	1984
John A. Elorriaga	Chairman and Chief Executive Officer, United States National Bank of Oregon, Portland, Oregon	1984
Herman C. Bradley, Jr.	President and Chief Executive Officer, Tri-County Banking Company, Junction City, Oregon	1985
William S. Naito	Vice President, Norcrest China Company, Portland, Oregon	1986

Appointed by Board of Governors

Carolyn S. Chambers	Executive Vice President and Treasurer, Liberty Communications, Inc., Eugene, Oregon	1984
G. Johnny Parks	Northwest Regional Director, International Longshoremen's & Warehousemen's Union, Portland, Oregon	1985
Paul E. Bragdon[1,3]	President, Reed College, Portland, Oregon	1986

—SALT LAKE CITY BRANCH

Appointed by Federal Reserve Bank

Lela M. Ence	Executive Director, University of Utah Alumni Association, Salt Lake City, Utah	1984
Fred C. Humphreys	President and Chief Executive Officer, The Idaho First National Bank, Boise, Idaho	1985
John A. Dahlstrom	Chairman of the Board, Tracy-Collins Bank and Trust Company, Salt Lake City, Utah	1985
Albert C. Gianoli	President and Chairman of the Board, First National Bank of Ely, Ely, Nevada	1986

Appointed by Board of Governors

Wendell J. Ashton[1]	Publisher, Deseret News, Salt Lake City, Utah	1984
David A. Nimkin	Executive Director, Salt Lake Neighborhood Housing Services, Inc., Salt Lake City, Utah	1985
Robert N. Pratt[3]	President, White River Shale Oil Corp., Salt Lake City, Utah	1986

—SEATTLE BRANCH

Appointed by Federal Reserve Bank

John N. Nordstrom	Co-Chairman of the Board, Nordstrom, Inc., Seattle, Washington	1984
G. Robert Truex, Jr.	Chairman, Rainier Bancorporation and Rainier National Bank, Seattle, Washington	1984
William W. Philip	Chairman, President and Chief Executive Officer, Puget Sound Bancorp, Tacoma, Washington	1985
Lonnie G. Bailey	Executive Vice President and Chief Operating Officer, Farmers & Merchants Bank of Rockford, Spokane, Washington	1986

DISTRICT 12—CONTINUED

—SEATTLE BRANCH—CONTINUED

Appointed by Board of Governors

		Term expires Dec. 31
John W. Ellis[1]	President and Chief Executive Officer, Puget Sound Power & Light Company, Bellevue, Washington	1984
Byron I. Mallot	Chairman and Chief Executive Officer, Sealaska Corporation, Juneau, Alaska	1985
Carol A. Birkholz[3]	Managing Partner, Laventhol and Horwath, Seattle, Washington	1986

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES ▲

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1983				1983				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.	Dec.
Reserves of depository institutions									
1 Total	4.1	12.4	4.7	−2.1	−3.4	.7	−3.0	−6.9	5.8
2 Required	3.8	12.6	4.6	−2.6	−1.5	−1.5	−3.2	−7.8	4.9
3 Nonborrowed	3.5	6.2	1.8	4.9	−6.6	4.2	16.7	−9.1	10.3
4 Monetary base[2]	9.5	11.1	7.6	7.4	6.4	9.1	7.6	6.1	6.4
Concepts of money and liquid assets[3]									
5 M1	14.1	12.2	8.9	2.1	2.8	.9	1.9	.9	6.5
6 M2	20.3	10.1	7.8	7.0	6.0	4.8	9.1	7.2	5.5
7 M3	10.2	8.1	8.4	9.0	8.6	7.6	8.6	11.9	6.6
8 L	10.8	9.8	10.8	n.a.	11.0	8.4	6.6	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	14.2	3.0	6.1	7.2	5.7	6.0	3.1	13.8	9.7
10 Savings[4]	−43.4	−14.8	−6.8	−9.5	−11.2	−8.7	−10.5	−7.9	−11.5
11 Small-denomination time[5]	−48.5	24.1	14.9	20.1	22.4	17.3	23.1	21.7	9.3
12 Large-denomination time[6]	−53.9	−24.8	−8.5	−4.2	−2.9	−3.8	−21.6	11.2	14.5
13 Thrift institutions[7]	12.1	16.0	13.7	11.5	13.5	12.5	13.0	9.7	5.9
14 Total loans and securities at commercial banks[8]	10.9	9.9	8.6	12.5	11.2	4.9	9.9	13.7	12.9

Item	Interest rates (levels, percent per annum)								
	1983				1983			1984	
	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.	Feb.
Short-term rates									
15 Federal funds[9]	8.65	8.80	9.46	9.43	9.48	9.34	9.47	9.56	9.59
16 Discount window borrowing[10]	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
17 Treasury bills (3-month, secondary market)[11]	8.11	8.40	9.14	8.80	8.64	8.76	9.00	8.90	9.09
18 Commercial paper (3-month)[11,12]	8.34	8.62	9.34	9.21	8.99	9.10	9.53	9.20	9.32
Long-term rates									
Bonds									
19 U.S. government[13]	10.87	10.81	11.79	11.90	11.77	11.92	12.02	11.82	12.00
20 State and local government[14]	9.43	9.23	9.61	9.77	9.66	9.75	9.89	9.63	9.64
21 A-rated utility (recently-offered)[15]	12.70	12.12	12.96	13.14	12.43	12.64	12.62	12.99	13.05
22 Conventional mortgages[16]	13.26	13.16	13.83	13.47	13.52	13.48	13.41	13.28	13.31

▲ Data appearing in this issue of the BULLETIN are reprinted because historical data on the money stock and reserves were not available at the time of publication.

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Quoted on a bank-discount basis.

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

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

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

15. 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. This table previously showed the rate on newly-issued Aaa utility bonds, but this series was discontinued in January 1984 owing to the lack of Aaa issues.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets; from Department of Housing and Urban Development.

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT▲

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1983		1984	1983			1984			
	Nov.	Dec.	Jan.p	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**167,773**	**171,695**	**173,591**	**169,687**	**173,426**	**172,966**	**174,845**	**173,499**	**171,238**	**170,769**
2 U.S. government securities[1]	148,005	151,679	152,481	150,671	153,770	151,498	153,555	153,696	151,822	151,266
3 Bought outright	147,775	151,517	151,482	150,671	153,770	151,498	151,120	153,162	151,822	150,586
4 Held under repurchase agreements	230	162	999	0	0	0	2,435	534	0	680
5 Federal agency securities	8,762	8,673	8,709	8,646	8,645	8,645	8,920	8,662	8,635	8,691
6 Bought outright	8,714	8,646	8,630	8,646	8,645	8,645	8,645	8,642	8,635	8,626
7 Held under repurchase agreements	48	27	79	0	0	0	275	20	0	65
8 Acceptances	54	34	76	0	0	0	413	7	0	10
9 Loans	912	745	726	629	1,054	753	1,291	563	781	505
10 Float	1,592	2,294	2,843	1,583	1,655	3,592	2,119	1,946	1,298	1,439
11 Other Federal Reserve assets	8,448	8,270	8,756	8,159	8,301	8,479	8,547	8,624	8,703	8,859
12 Gold stock	11,123	11,123	11,120	11,123	11,123	11,123	11,121	11,121	11,121	11,120
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	12,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	165,317	168,284	167,006	167,713	168,295	169,685	170,156	168,979	167,168	165,418
16 Treasury cash holdings	481	471	477	473	473	471	462	467	478	481
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	2,905	3,591	4,479	3,266	4,108	3,729	3,436	3,458	3,118	5,252
18 Foreign	238	220	216	197	237	224	210	216	225	216
19 Other	596	594	489	581	620	528	755	471	465	427
20 Service-related balances and adjustment	1,237	1,477	1,941	1,484	1,501	1,348	1,531	2,422	2,105	1,973
21 Other Federal Reserve liabilities and capital	5,584	5,598	5,617	5,617	5,682	5,654	5,514	5,566	5,735	5,573
22 Reserve accounts[2]	20,943	20,986	22,889	19,883	22,036	20,854	22,305	21,443	21,467	20,951
	End-of-month figures			Wednesday figures						
	1983		1984	1983			1984			
	Nov.	Dec.	Jan.p	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25p
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**168,481**	**172,460**	**169,225**	**171,971**	**174,928**	**174,318**	**179,211**	**178,565**	**176,275**	**174,267**
24 U.S. government securities[1]	149,439	151,942	150,254	150,055	152,379	152,570	157,519	153,740	153,538	151,914
25 Bought outright	149,439	150,558	150,254	150,055	152,379	152,570	153,147	153,740	153,538	149,699
26 Held under repurchase agreements	0	1,384	0	0	0	0	4,372	0	0	2,215
27 Federal agency securities	8,647	8,853	8,605	8,645	8,645	8,645	8,974	8,635	8,635	8,825
28 Bought outright	8,647	8,645	8,605	8,645	8,645	8,645	8,645	8,635	8,635	8,605
29 Held under repurchase agreements	0	208	0	0	0	0	329	0	0	220
30 Acceptances	0	418	0	0	0	0	436	0	0	35
31 Loans	1,057	918	418	2,431	1,132	1,311	1,217	2,215	3,362	646
32 Float	898	1,563	846	2,522	4,232	3,055	2,296	5,252	1,880	3,795
33 Other Federal Reserve assets	8,438	8,766	9,102	8,318	8,540	8,737	8,769	8,723	8,860	9,052
34 Gold stock	11,123	11,121	11,120	11,123	11,123	11,123	11,121	11,121	11,120	11,120
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	166,682	170,005	164,514	168,146	169,033	170,616	170,229	168,291	166,619	164,786
38 Treasury cash holdings	475	463	484	473	472	462	462	468	480	484
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	2,896	3,661	7,153	2,839	4,621	3,636	3,104	3,258	3,921	7,331
40 Foreign	360	191	252	232	287	263	198	226	171	198
41 Other	610	845	410	540	531	597	474	485	431	435
42 Service-related balances and adjustment	983	1,013	1,047	1,018	1,023	1,018	1,014	1,020	1,034	1,049
43 Other Federal Reserve liabilities and capital	5,432	5,394	5,625	5,432	5,499	5,496	5,552	5,554	5,446	5,445
44 Reserve accounts[2]	20,569	20,413	19,263	22,817	22,989	21,756	27,702	28,787	27,696	24,062

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

2. Excludes required clearing balances.

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

1.12 RESERVES AND BORROWINGS Depository Institutions ▲

Millions of dollars

Reserve classification	1981 Dec.	1982 Dec.	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.^{p}
	Monthly averages of daily figures									
1 Reserve balances with Reserve Banks[1]	26,163	24,804	21,808	22,139	21,965	20,585	21,059	20,943	20,986	22,889
2 Total vault cash (estimated)	19,538	20,392	20,098	20,413	20,035	20,798	20,471	20,558	20,755	22,548
3 Vault cash at institutions with required reserve balances[2]	13,577	14,292	13,593	13,647	13,656	13,927	13,866	14,014	14,597	14,784
4 Vault cash equal to required reserves at other institutions	2,178	2,757	3,014	3,161	3,039	3,404	3,212	3,187	3,311	4,002
5 Surplus vault cash at other institutions[3]	3,783	3,343	3,491	3,605	3,340	3,467	3,393	3,357	2,847	3,762
6 Reserve balances + total vault cash[4]	45,701	45,196	41,906	42,552	42,000	41,383	41,530	41,501	41,741	45,437
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	41,853	38,415	38,947	38,660	37,916	38,137	38,144	38,894	41,675
8 Required reserves (estimated)	41,606	41,353	37,935	38,440	38,214	37,418	37,632	37,615	38,333	39,508
9 Excess reserve balances at Reserve Banks[4,6]	312	500	480	507	446	498	505	529	561	2,167
10 Total borrowings at Reserve Banks	642	697	1,714	1,382	1,573	1,441	837	912	745	726
11 Seasonal borrowings at Reserve Banks	53	33	121	172	198	191	142	119	96	86
12 Extended credit at Reserve Banks	149	187	964	572	490	515	255	6	2	4

	Weekly averages of daily figures for week ending									
	1983 Nov. 23	1983 Nov. 30	1983 Dec. 7	1983 Dec. 14	1983 Dec. 21	1983 Dec. 28	1984 Jan. 4	1984 Jan. 11	1984 Jan. 18	1984 Jan. 25^p
13 Reserve balances with Reserve Banks[1]	21,935	21,127	20,605	19,883	22,036	20,854	22,305	21,443	21,467	20,951
14 Total vault cash (estimated)	19,190	21,036	20,929	20,348	20,383	21,292	20,912	21,508	24,027	23,137
15 Vault cash at institutions with required reserve balances[2]	13,650	14,409	14,355	14,715	14,422	14,879	14,637	14,841	15,253	15,637
16 Vault cash equal to required reserves at other institutions	2,672	3,298	3,216	3,843	2,963	3,270	3,198	3,378	4,364	3,664
17 Surplus vault cash at other institutions[3]	2,868	3,329	3,358	1,790	2,998	3,143	3,077	3,289	4,410	3,836
18 Reserve balances + total vault cash[4]	41,125	42,163	41,534	40,231	42,419	42,146	43,217	42,951	45,494	44,088
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	38,257	38,834	38,176	38,441	39,421	39,003	40,140	39,662	41,084	40,252
20 Required reserves (estimated)	37,958	38,198	37,671	37,954	38,776	38,567	39,182	38,980	40,609	39,672
21 Excess reserve balances at Reserve Banks[4,6]	299	636	505	487	645	436	958	682	475	580
22 Total borrowings at Reserve Banks	813	877	438	629	1,054	753	1,291	563	781	505
23 Seasonal borrowings at Reserve Banks	123	123	89	89	100	115	73	69	79	96
24 Extended credit at Reserve Banks	4	13	2	1	1	3	5	2	4	6

▲ Data appearing in this issue of the BULLETIN are reprinted because historical data on the money stock and reserves were not available at the time of publication.

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

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

Averages of daily figures, in millions of dollars

By maturity and source	Jan. 4	Jan. 11	Jan. 18	Jan. 25	Feb. 1	Feb. 6	Feb. 13	Feb. 20	Feb. 27
	1984 week ending Wednesday								
One day and continuing contract									
1 Commercial banks in United States	56,748^r	60,936^r	57,939^r	52,795^r	53,310	57,860	59,206	58,037	53,884
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	19,684^r	21,380^r	22,974	24,970	23,324	23,998	26,065	25,325	24,740
3 Nonbank securities dealers	5,720	5,421	5,866	4,790	5,231	5,228	5,318	6,278	5,784
4 All other	25,886^r	27,179	26,483	28,271^r	27,630	26,411	26,569	28,316	27,133
All other maturities									
5 Commercial banks in United States	6,458^r	5,933^r	6,560^r	6,240^r	6,522	6,163	6,821	6,273	6,862
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	9,737	8,927	9,026	8,759	9,303	9,097	9,614	9,065	9,298
7 Nonbank securities dealers	6,400	6,190	6,756	7,402^r	7,603	7,463	8,058	7,114	7,636
8 All other	9,756	8,316	9,786	9,666	9,830	9,811	10,314	9,182	9,599
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	22,904^r	24,576^r	24,528	23,568^r	23,819	25,799	26,397	27,598	23,610
10 Nonbank securities dealers	4,367	4,862	4,291	4,068	4,784	5,057	5,254	6,798	5,879

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 2/29/84	Effective date	Previous rate	Rate on 2/29/84	Previous rate	Rate on 2/29/84	Previous rate	Rate on 2/29/84	Previous rate	
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York	↑	12/15/82	↑	↑	↑	↑	↑	↑	↑	12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas	↓	12/14/82	↓	↓	↓	↓	↓	↓	↓	12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years[2]

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
In effect Feb. 29, 1984	8½	8½

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act	
	Percent	Effective date
Net demand[2]		
$0 million–$2 million	7	12/30/76
$2 million–$10 million	9½	12/30/76
$10 million–$100 million	11¾	12/30/76
$100 million–$400 million	12¾	12/30/76
Over $400 million	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
$0 million–$5 million, by maturity		
30–179 days	3	3/16/67
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75
Over $5 million, by maturity		
30–179 days	6	12/12/74
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75

Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date
Net transaction accounts[7,8]		
$0–$28.9 million	3	12/29/83
Over $28.9 million	12	12/29/83
Nonpersonal time deposits[9]		
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. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975*, and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

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

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

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

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

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

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

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

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 12, 1984, the amount of the exemption is $2.2 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

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

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

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Feb. 29, 1984		In effect Feb. 29, 1984	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $2,500 or more[2]	....	1/5/83	....	1/5/83
4 Money market deposit account[2]	............[3]	12/14/82	............[3]	12/14/82
Time accounts by maturity				
5 7–31 days of less than $2,500[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $2,500 or more[2]	....	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation* before November 1983.
2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements.
3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days notice before withdrawals. When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.
4. Deposits of less than $2,500 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1981	1982	1983	1983						1984
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	13,899	17,067	18,888	666	1,768	3,184	309	1,435	3,695	0
2 Gross sales	6,746	8,369	3,420	0	289	214	0	0	0	1,967
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,816	3,000	2,400	0	0	500	0	700	0	1,300
Others within 1 year										
5 Gross purchases	317	312	484	156	0	0	0	155	0	0
6 Gross sales	23	0	0	0	0	0	0	0	0	0
7 Maturity shift	13,794	17,295	18,887	1,162	2,212	902	529	2,828	915	573
8 Exchange	−12,869	−14,164	−16,553	0	−5,344	−753	−636	−2,930	0	1,530
9 Redemptions	0	0	87	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,702	1,797	1,896	481	0	0	0	820	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−10,299	−14,524	−15,533	−1,121	−2,212	−902	−256	−1,684	−915	−487
13 Exchange	10,117	11,804	11,641	0	3,130	753	636	1,796	0	1,530
5 to 10 years										
14 Gross purchases	393	388	890	215	0	0	0	349	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	300
16 Maturity shift	−3,495	−2,172	−2,450	−41	516	0	−273	−250	0	−86
17 Exchange	1,500	2,128	2,950	0	1,300	0	0	700	0	0
Over 10 years										
18 Gross purchases	379	307	383	124	0	0	0	151	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	−601	−904	0	−516	0	0	−894	0	0
21 Exchange	1,253	234	1,962	0	914	0	0	434	0	0
All maturities										
22 Gross purchases	16,690	19,870	22,540	1,642	1,768	3,184	309	2,909	3,695	0
23 Gross sales	6,769	8,369	3,420	0	289	214	0	0	0	2,267
24 Redemptions	1,816	3,000	2,487	0	0	500	0	700	0	1,300
Matched transactions										
25 Gross sales	589,312	543,804	578,591	40,934	45,989	48,193	53,751	56,858	58,979	54,833
26 Gross purchases	589,647	543,173	576,908	43,037	44,480	47,667	53,367	57,991	56,404	58,096
Repurchase agreements										
27 Gross purchases	79,920	130,774	105,971	7,816	2,263	37,211	19,247	3,257	3,644	14,245
28 Gross sales	78,733	130,286	108,291	8,978	0	30,223	28,499	3,257	2,260	15,629
29 Net change in U.S. government securities	9,626	8,358	12,631	2,583	2,234	8,933	−9,326	3,342	2,504	−1,688
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	494	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	108	189	292	10	138	5	6	84	2	40
Repurchase agreements										
33 Gross purchases	13,320	18,957	8,833	558	189	2,871	1,960	497	634	931
34 Gross sales	13,576	18,638	9,213	773	0	2,510	2,510	497	426	1,139
35 Net change in federal agency obligations	130	130	−672	−225	51	356	−557	−84	206	−248
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	−582	1,285	−1,062	−203	209	913	−1,122	0	418	−418
37 **Total net change in System Open Market Account**	**9,175**	**9,773**	**10,897**	**2,155**	**2,493**	**10,203**	**−11,005**	**3,258**	**3,128**	**−2,354**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1983	1984	
	Feb. 1	Feb. 8	Feb. 15	Feb. 22	Feb. 29	Dec.	Jan.	Feb.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,120	11,119	11,118	11,117	11,116	11,121	11,120	11,116
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	499	518	530	531	534	415	498	534
Loans								
4 To depository institutions	1,292	252	2,218	376	1,020	918	418	1,020
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	418	0	0
Federal agency obligations								
7 Bought outright	8,585	8,585	8,568	8,568	8,568	8,645	8,605	8,568
8 Held under repurchase agreements	0	0	0	0	0	208	0	0
U.S. government securities								
Bought outright								
9 Bills	66,224	64,305	63,123	64,455	56,399	65,810	65,806	56,399
10 Notes	63,634	63,634	62,921	62,921	62,921	63,934	63,634	62,921
11 Bonds	20,814	20,814	21,527	21,527	21,527	20,814	20,814	21,527
12 Total bought outright[1]	150,672	148,753	147,571	148,903	140,847	150,558	150,254	140,847
13 Held under repurchase agreements	0	0	0	0	0	1,384	0	0
14 Total U.S. government securities	150,672	148,753	147,571	148,903	140,847	151,942	150,254	140,847
15 **Total loans and securities**	**160,549**	**157,596**	**158,357**	**157,847**	**150,435**	**162,131**	**159,277**	**150,435**
16 Cash items in process of collection	9,083	8,043	10,412	11,672	11,193	9,708	10,383	11,193
17 Bank premises	548	549	549	549	549	547	548	549
Other assets								
18 Denominated in foreign currencies[2]	3,700	3,703	3,705	3,708	3,915	3,688	3,700	3,915
19 All other[3]	5,070	4,904	3,764	3,828	3,879	4,531	4,854	3,879
20 **Total assets**	**195,187**	**191,044**	**193,053**	**193,870**	**186,239**	**196,759**	**194,998**	**186,239**
LIABILITIES								
21 Federal Reserve notes	151,804	152,537	152,929	152,824	152,383	157,097	151,711	152,383
Deposits								
22 To depository institutions	22,615	20,737	20,766	19,209	16,330	21,446	20,361	16,330
23 U.S. Treasury—General account	6,682	4,791	4,877	5,693	3,226	3,661	7,153	3,226
24 Foreign—Official accounts	196	210	260	195	247	191	252	247
25 Other	437	603	607	524	498	825	359	498
26 **Total deposits**	**29,930**	**26,341**	**26,510**	**25,621**	**20,301**	**26,123**	**28,125**	**20,301**
27 Deferred availability cash items	7,916	6,823	8,325	10,145	8,000	8,145	9,537	8,000
28 Other liabilities and accrued dividends[4]	2,340	2,106	2,033	2,026	2,099	2,464	2,188	2,099
29 **Total liabilities**	**191,990**	**187,807**	**189,797**	**190,616**	**182,783**	**193,829**	**191,561**	**182,783**
CAPITAL ACCOUNTS								
30 Capital paid in	1,470	1,472	1,478	1,478	1,482	1,465	1,468	1,482
31 Surplus	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
32 Other capital accounts	262	300	313	311	509	0	504	509
33 **Total liabilities and capital accounts**	**195,187**	**191,044**	**193,053**	**193,870**	**186,239**	**196,759**	**194,998**	**186,239**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	112,407	112,430	116,680	116,650	119,391	114,619	112,311	119,391
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	180,707	181,088	181,591	181,988	182,185	178,875	180,570	182,185
36 LESS: Held by bank[5]	28,903	28,567	28,662	29,164	29,838	21,778	28,859	29,838
37 Federal Reserve notes, net	151,804	152,521	152,929	152,824	152,347	157,097	151,711	152,347
Collateral held against notes net:								
38 Gold certificate account	11,120	11,119	11,118	11,117	11,116	11,121	11,120	11,116
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	136,066	136,784	137,193	137,089	136,613	141,358	135,973	136,613
42 **Total collateral**	**151,804**	**152,521**	**152,929**	**152,824**	**152,347**	**157,097**	**151,711**	**152,347**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1984					1983	1984	
	Feb. 1	Feb. 8	Feb. 15	Feb. 22	Feb. 29	Dec. 30	Jan. 31	Feb. 29
1 Loans—Total	1,292	252	2,218	376	1,020	918	418	1,020
2 Within 15 days	1,246	219	2,198	359	941	881	387	941
3 16 days to 90 days	46	33	20	17	79	37	31	79
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	418	0	0
6 Within 15 days	0	0	0	0	0	418	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	150,672	148,753	147,571	148,903	140,847	151,942	150,254	140,847
10 Within 15 days[1]	9,501	10,806	6,449	8,530	4,499	2,700	6,295	4,499
11 16 days to 90 days	32,749	29,716	30,242	31,242	25,076	38,247	35,451	25,076
12 91 days to 1 year	43,160	42,969	43,548	41,799	43,925	45,475	43,246	43,925
13 Over 1 year to 5 years	34,149	34,149	34,506	34,506	34,521	34,021	34,149	34,521
14 Over 5 years to 10 years	13,099	13,099	14,196	14,196	14,196	13,485	13,099	14,196
15 Over 10 years	18,014	18,014	18,630	18,630	18,630	18,014	18,014	18,630
16 Federal agency obligations—Total	8,585	8,585	8,568	8,568	8,568	8,853	8,605	8,568
17 Within 15 days[1]	118	118	176	176	162	386	212	162
18 16 days to 90 days	779	779	643	643	688	598	685	688
19 91 days to 1 year	1,676	1,676	1,654	1,654	1,587	1,937	1,696	1,587
20 Over 1 year to 5 years	4,290	4,290	4,373	4,373	4,378	4,196	4,290	4,378
21 Over 5 years to 10 years	1,319	1,319	1,319	1,319	1,350	1,333	1,319	1,350
22 Over 10 years	403	403	403	403	403	403	403	403

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE ▲

Billions of dollars, averages of daily figures

Item	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1983 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**32.46**	**33.75**	**36.23**	**37.59**	**37.13**	**37.61**	**37.80**	**37.69**	**37.72**	**37.62**	**37.41**	**37.59**
2 Nonborrowed reserves	30.77	33.11	35.60	36.82	36.18	35.98	36.35	36.15	36.28	36.78	36.50	36.82
3 Required reserves	31.94	33.43	35.73	37.03	36.68	37.13	37.29	37.25	37.22	37.12	36.88	37.03
4 Monetary base[3]	151.1	158.8	171.1	186.5	178.8	180.3	181.1	182.1	183.4	184.6	185.5	186.5
	Not seasonally adjusted											
5 **Total reserves[2]**	**33.4**	**34.61**	**36.96**	**38.37**	**36.64**	**36.79**	**37.34**	**37.06**	**37.39**	**37.68**	**37.69**	**38.37**
6 Nonborrowed reserves	31.72	33.98	36.33	37.60	35.69	35.15	35.89	35.52	35.95	37.84	36.79	37.50
7 Required reserves	32.89	34.29	36.46	37.81	36.19	36.31	36.83	36.62	36.89	37.18	37.17	37.81
8 Monetary base[3]	154.4	161.9	174.4	190.0	177.8	179.6	181.7	181.8	182.9	184.4	186.7	190.0
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves[2]**	**40.66**	**41.92**	**41.85**	**38.89**	**38.28**	**38.42**	**38.95**	**38.66**	**37.92**	**38.14**	**38.14**	**38.89**
10 Nonborrowed reserves	38.97	41.29	41.22	38.12	37.33	36.78	37.50	37.12	36.48	37.29	37.24	38.12
11 Required reserves	40.15	41.60	41.35	38.33	37.83	37.93	38.44	38.21	37.42	37.63	37.62	38.33
12 Monetary base[3]	162.5	169.7	179.3	190.6	179.8	181.6	183.7	183.8	183.5	184.9	187.2r	190.6

▲ Data appearing in this issue of the BULLETIN are reprinted because historical data on the money stock and reserves were not available at the time of publication.

1. Reserve aggregates include required reserves of member banks and Edge Act corporations and other depository institutions. Discontinuities associated with the implementation of the Monetary Control Act, the inclusion of Edge Act corporation reserves, and other changes in Regulation D have been removed.

2. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

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

4. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustments to eliminate the effect of changes in Regulation D including changes associated with the implementation of the Monetary Control Act. Includes required reserves of member banks and Edge Act corporations and beginning Nov. 13, 1980, other depository institutions. Under the transitional phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows: Effective Nov. 13, 1980, a reduction of \$2.9 billion; Feb. 12, 1981, an increase of \$245 million; Mar. 12, 1981, an increase of \$75 million; May 14, 1981, an increase of \$245 million; Sept. 3, 1981, a reduction of \$1.1 billion; Nov. 12, 1981, an increase of \$210 million; Jan. 14, 1982, a reduction of \$60 million; Feb. 11, 1982 an increase of \$170 million; Mar. 4, 1982, an estimated reduction of \$2.0 billion; May 13, 1982, an estimated increase of \$150 million; Aug. 12, 1982 an estimated increase of \$140 million; and Sept. 2, 1982, an estimated reduction of \$1.2 billion; Oct. 28, 1982 an estimated reduction of \$100 million; Dec. 23, 1982 an estimated reduction of \$800 million; Mar. 3, 1983 an estimated reduction of \$1.9 billion; and Sept. 1, 1983, an estimated reduction of \$1.2 billion beginning with the week ended Dec. 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by \$60 million to \$90 million in December 1981 and \$180 million to \$230 million in January 1982, mostly reflecting a reduction in reservable Eurocurrency transactions. Also, beginning with the week ending Apr. 20, 1983, required reserves were reduced an estimated \$80 million as a result of the elimination of reserve requirements on nonpersonal time deposits with maturities of 2½ years or more to less than 3½ years.

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and changes in reserve requirements are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.21 MONEY STOCK MEASURES AND COMPONENTS ▲

Billions of dollars, averages of daily figures

Item	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.
	Seasonally adjusted							
MEASURES[1]								
1 M1	414.1	440.6	478.2	521.1	517.1	517.9	518.3	521.1
2 M2	1,630.3	1,794.9	1,959.5	2,184.6	2,145.4	2,161.6	2,174.6	2,184.6
3 M3	1,936.7	2,167.9	2,377.6	2,602.9	2,544.9	2,563.2	2,588.7	2,602.9
4 L[2]	2,343.6	2,622.0	2,896.7	n.a.	3,137.9	3,155.2	n.a.	n.a.
SELECTED COMPONENTS								
5 Currency	116.2	123.2	132.8	146.0	143.0	144.2	145.3	146.0
6 Travelers checks[3]	4.1	4.5	4.2	4.8	4.7	4.8	4.8	4.8
7 Demand deposits	266.8	236.4	239.8	243.1	243.4	242.9	241.6	243.1
8 Other checkable deposits[4]	26.9	76.6	101.3	127.1	126.0	126.0	126.5	127.1
9 Savings deposits[5]	400.7	344.4	359.3	312.3	320.6	318.8	316.4	312.3
10 Small-denomination time deposits[6]	731.7	828.6	859.1	792.1	757.7	771.0	784.4	792.1
11 Large-denomination time deposits[7]	258.9	302.6	333.8	329.0	317.7	319.9	324.8	329.0
	Not seasonally adjusted							
MEASURES[1]								
12 M1	424.7	452.1	491.0	535.3	514.1	519.5	523.8	535.3
13 M2	1,635.0	1,799.6	1,964.5	2,191.4	2,137.2	2,160.6	2,174.4	2,191.4
14 M3	1,944.9	2,175.9	2,385.3	2,611.4	2,535.7	2,561.7	2,588.3	2,611.4
15 L[2]	2,350.8	2,629.7	2,904.7	n.a.	3,121.3	3,150.3	n.a.	n.a.
SELECTED COMPONENTS								
16 Currency	118.3	125.4	135.2	148.7	142.6	143.9	146.1	148.7
17 Travelers checks[3]	3.9	4.3	4.0	4.6	5.0	4.8	4.6	4.6
18 Demand deposits	275.2	244.0	247.7	251.4	242.1	244.4	244.7	251.4
19 Other checkable deposits[4]	27.2	78.4	104.0	130.7	124.5	126.4	128.4	130.7
20 Overnight RPs and Eurodollars[8]	28.4	36.1	44.3	56.1	53.0	56.5	55.2	56.1
21 Savings deposits[5]	398.3	342.1	356.7	310.1	318.2	318.0	313.8	310.1
22 Money market deposit accounts	n.a.	n.a.	43.2	372.4	366.9	367.4	369.1	372.4
23 Small-denomination time deposits[6]	728.3	824.1	853.9	786.7	754.8	769.2	781.3	786.7
Money market mutual funds								
24 General purpose and broker/dealer	61.4	150.9	182.2	138.0	137.6	137.8	138.7	138.0
25 Institution only	14.9	36.0	47.6	40.2	39.1	39.9	40.6	40.2
26 Large-denomination time deposits[7]	262.4	305.9	336.5	330.8	316.7	319.4	324.6	330.8

▲ Data appearing in this issue of the BULLETIN are reprinted because historical data on the money stock and reserves were not available at the time of publication.

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

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

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

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

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

3. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers.

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

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions and CUSDs at credit unions and all money market deposit accounts (MMDAs).

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1981[1]	1982[1]	1983[1]	1983 July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858.7	90,914.4	109,642.5	107,884.4	111,538.1	110,700.7	118,407.2	114,466.6	127,335.8
2 Major New York City banks	33,891.9	37,932.9	47,769.4	46,978.0	48,373.3	46,903.7	52,639.9	49,715.8	53,446.6
3 Other banks	46,966.9	52,981.6	61,873.1	60,906.4	63,164.9	63,796.9	65,767.3	64,750.8	73,889.2
4 ATS–NOW accounts[3]	743.4	1,036.2	1,405.5	1,390.1	1,679.5	1,495.9	1,392.8	1,447.4	1,626.1
5 Savings deposits[4]	672.7	721.4	741.4	659.4	706.3	712.7	643.7	674.9	730.0
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	380.5	371.5	385.7	384.7	409.6	398.3	440.4
7 Major New York City banks	1,105.1	1,287.6	1,528.0	1,432.2	1,526.7	1,508.8	1,703.8	1,645.6	1,733.1
8 Other banks	186.2	211.1	240.9	236.5	245.3	248.6	254.7	251.8	286.1
9 ATS–NOW accounts[3]	14.0	14.5	15.6	15.0	17.9	15.9	14.9	15.5	17.3
10 Savings deposits[4]	4.1	4.5	5.4	4.8	5.2	5.3	4.9	5.1	5.5
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031.9	109,517.7	105,057.8	115,776.6	111,741.3	114,191.9	110,963.9	135,256.1
12 Major New York City banks	34,032.0	38,001.0	47,707.4	45,601.0	49,788.2	48,276.1	49,910.9	47.508.1	58,049.3
13 Other banks	47,165.9	53,030.9	61,810.3	59,456.8	65,988.3	63,465.2	64,280.9	63,455.8	77,206.8
14 ATS–NOW accounts[3]	737.6	1,027.1	1,397.8	1,325.3	1,468.9	1,388.3	1,373.2	1,327.2	1,589.0
15 MMDA[5]	0	0	573.5	603.3	655.5	641.4	700.3	639.1	819.0
16 Savings deposits[4]	672.9	720.0	742.0	661.6	694.3	688.9	672.9	635.3	714.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.1	325.0	379.9	357.6	406.7	387.2	391.1	381.7	453.0
18 Major New York City banks	1,114.2	1,295.7	1,526.6	1,383.5	1,621.6	1,574.5	1,595.5	1,553.4	1,813.9
19 Other banks	186.2	211.5	240.5	227.9	259.8	246.1	246.6	244.0	289.6
20 ATS–NOW accounts[3]	14.0	14.3	15.5	14.5	16.0	15.0	14.6	14.0	16.4
21 MMDA[5]	0	0	2.8	2.8	3.0	2.9	3.2	2.8	3.6
22 Savings deposits[4]	4.1	4.5	5.4	4.8	5.1	5.2	5.1	4.8	5.5

1. Annual averages of monthly figures.
2. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.
4. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs.
5. Money market deposit accounts.

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSAs that were available through June 1977. Historical data for ATS–NOW and savings deposits are available back to July 1977. Back data are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981	1982	1983				1981	1982	1983			
	Dec.[2]	Dec.	Sept.	Oct.	Nov.	Dec.	Dec.[2]	Dec.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3]**	**1,316.3**	**1,412.1**	**1,520.3**	**1,532.9**	**1,548.9**	**1,566.8**	**1,326.1**	**1,422.5**	**1,521.6**	**1,538.2**	**1,555.8**	**1,578.1**
2 U.S. Treasury securities	111.0	130.9	176.9	182.3	186.2	188.1	111.4	131.5	176.3	180.8	185.0	188.9
3 Other securities	231.4	239.1	247.1	246.5	247.1	247.0	232.8	240.6	247.1	246.9	247.4	248.5
4 Total loans and leases[3]	973.9	1,042.0	1,096.3	1,104.1	1,115.7	1,131.7	981.8	1,050.4	1,098.2	1,110.4	1,123.4	1,140.7
5 Commercial and industrial loans	358.0	392.4	402.6	404.7	407.8	413.1	360.1	394.7	402.2	405.4	409.6	415.5
6 Real estate loans	285.7	303.2	326.2	329.2	332.1	335.2	286.8	304.1	326.9	330.5	333.4	336.2
7 Loans to individuals	185.1	191.8	207.7	212.0	215.4	219.5	186.4	193.1	209.1	213.6	216.7	221.0
8 Security loans	21.9	24.7	23.7	25.2	26.2	27.2	22.7	25.5	23.4	25.0	26.7	28.1
9 Loans to nonbank financial institutions	30.2	31.1	30.8	30.4	29.8	28.8	31.2	32.1	30.9	30.6	30.2	29.7
10 Agricultural loans	33.0	36.1	38.9	39.1	39.3	39.6	33.0	36.1	38.2	38.3	39.6	39.6
11 Lease financing receivables	12.7	13.1	12.9	13.0	13.0	13.1	12.7	13.1	12.9	13.0	13.0	13.1
12 All other loans	47.2	49.5	53.5	50.6	52.1	55.1	49.2	51.5	53.4	52.6	54.1	57.5
MEMO												
13 **Total loans and securities plus loans sold[3,4]**	**1,319.1**	**1,415.0**	**1,522.8**	**1,535.5**	**1,551.4**	**1,569.2**	**1,328.9**	**1,425.4**	**1,524.2**	**1,540.5**	**1,558.6**	**1,580.5**
14 Total loans plus loans sold[3,4]	976.7	1,045.0	1,098.9	1,106.7	1,118.2	1,134.1	984.7	1,053.3	1,100.8	1,112.9	1,126.0	1,143.1
15 Total loans sold to affiliates[3,4]	2.8	2.9	2.6	2.6	2.5	2.4	2.8	2.9	2.6	2.6	2.5	2.4
16 Commercial and industrial loans plus loans sold[4]	360.2	394.6	404.6	406.7	409.7	414.9	362.3	396.9	404.2	407.4	411.6	417.3
17 Commercial and industrial loans sold[4]	2.2	2.3	2.0	2.0	1.9	1.8	2.2	2.3	2.0	2.0	1.9	1.8
18 Acceptances held	8.9	8.5	8.3	8.9	8.6	8.2	9.8	9.5	8.3	8.8	8.9	9.0
19 Other commercial and industrial loans	349.1	383.8	394.3	395.8	399.2	404.9	350.3	385.2	393.9	396.6	400.8	406.5
20 To U.S. addressees[5]	334.9	373.5	381.8	383.2	386.9	394.7	334.3	372.7	381.6	383.9	388.0	393.9
21 To non-U.S. addressees	14.2	10.3	12.5	12.7	12.3	10.2	16.1	12.4	12.3	12.8	12.7	12.5
22 Loans to foreign banks	19.0	13.5	14.3	14.7	14.5	12.2	20.0	14.5	14.7	15.0	14.8	13.1

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).
3. Excludes loans to commercial banks in the United States.
4. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
5. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982	1983										1984
	Dec.	Dec.[r]	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.
Total nondeposit funds													
1 Seasonally adjusted[2]	96.3	83.3	76.0	80.3	90.9	88.4	76.5	82.6	83.4	80.2	97.1	100.6	97.7
2 Not seasonally adjusted	98.1	84.9	76.8	79.0	90.5	90.1	78.6	87.0	86.1	82.8	99.4	102.2	99.4
Federal funds, RPs, and other borrowings from nonbanks[3]													
3 Seasonally adjusted	111.8	128.1	135.5[r]	139.9	146.0	140.9	132.8	130.9	132.3	133.5	141.6	141.1	138.0
4 Not seasonally adjusted	113.5	129.7	136.2	138.5	145.6	142.6	134.9	135.3	135.1	136.0	143.9	142.7	139.7
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.1	−47.7	−62.4[r]	−62.5[r]	−57.8	−55.2	−59.9	−50.9	−51.5	−55.8	−47.0	−42.9	−42.7
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.9	3.0	3.0	2.8	2.7	2.7	2.6	2.6	2.6	2.5	2.4	2.4
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.4	−39.6	−52.8[r]	−52.7[r]	−48.7	−49.2	−50.9	−45.3	−46.3	−48.5	−42.9	−39.7	−38.6
8 Gross due from balances	54.9	72.2	79.7	80.3	76.3	75.8	77.4	73.6	74.7	76.4	76.5	75.2	73.0
9 Gross due to balances	32.4	32.6	26.8	27.6	27.6	26.6	26.5	28.3	28.3	27.9	33.6	35.5	34.5
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−8.1	−9.6[r]	−9.8[r]	−9.1	−6.0	−8.0	−6.6	−5.1	−7.3	−4.1	−3.0	−4.8
11 Gross due from balances	48.1	54.7	56.2[r]	55.9	55.8	53.9	55.2	53.5	53.5	55.4	53.1	53.5	52.9
12 Gross due to balances	52.4	46.6	46.6	46.1	46.7	47.9	47.2	47.0	48.3	48.0	49.0	50.6	48.0
Security RP borrowings													
13 Seasonally adjusted[7]	59.0	71.2	74.8[r]	79.3	84.7	81.4	75.7	74.3	76.1	78.2	84.0	85.2	84.6
14 Not seasonally adjusted	59.2	71.2	73.9	76.3	82.7	81.5	76.2	77.0	77.3	79.1	84.6	85.1	84.6
U.S. Treasury demand balances[8]													
15 Seasonally adjusted	12.2	11.9	12.5	13.5	11.3	13.0	24.0	20.6	16.5	21.7	9.9	11.9	18.9
16 Not seasonally adjusted	11.1	10.8	13.2	14.2	12.5	13.2	21.8	16.4	17.9	24.7	7.5	10.8	19.6
Time deposits, $100,000 or more[9]													
17 Seasonally adjusted	325.4	350.3	301.0[r]	293.3[r]	287.7	287.4	285.1	284.7	283.9	279.0	281.8	285.1	283.6
18 Not seasonally adjusted	330.4	354.6	300.3[r]	296.9[r]	285.5	284.0	281.5	284.4	284.7	280.3	283.0	288.1	287.1

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

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

Billions of dollars except for number of banks

Account	1982 Dec.	1983 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,370.3	1,392.2	1,403.8	1,411.9	1,435.1	1,437.4	1,457.0	1,466.1	1,483.0	1,502.3	1,525.2
2 Loans, excluding interbank	1,000.7	1,001.7	1,005.1	1,007.5	1,025.6	1,029.1	1,043.4	1,049.7	1,060.3	1,075.5	1,095.1
3 Commercial and industrial	356.7	358.0	357.9	356.7	360.1	361.1	363.0	364.0	367.0	372.8	380.8
4 Other	644.0	643.7	647.2	650.8	665.6	668.0	680.4	685.7	693.3	702.7	714.4
5 U.S. Treasury securities	129.0	150.6	155.5	160.9	166.0	165.1	167.5	171.2	176.8	180.4	181.4
6 Other securities	240.5	239.9	243.3	243.5	243.5	243.3	246.1	245.2	245.9	246.4	248.7
7 Cash assets, total	184.4	168.9	170.1	164.5	176.9	168.7	176.9	160.0	164.0	179.0	190.5
8 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.0	20.8	20.5	22.3	23.3
9 Reserves with Federal Reserve Banks	25.4	20.5	23.9	22.4	18.8	20.6	22.5	15.4	19.7	17.6	18.6
10 Balances with depository institutions	67.6	67.1	66.1	65.6	69.7	67.1	69.0	66.7	67.1	70.9	75.6
11 Cash items in process of collection	68.4	61.5	59.6	56.3	67.1	60.3	64.4	56.9	56.6	69.0	73.0
12 Other assets[2]	265.3	257.9	252.4	248.3	253.2	254.5	257.2	252.3	253.0	261.9	253.8
13 Total assets/total liabilities and capital	**1,820.0**	**1,818.9**	**1,826.3**	**1,824.8**	**1,865.2**	**1,860.6**	**1,891.0**	**1,878.4**	**1,900.0**	**1,943.9**	**1,969.5**
14 Deposits	1,361.8	1,374.2	1,368.0	1,370.8	1,402.7	1,396.5	1,420.1	1,408.1	1,419.5	1,459.2	1,482.6
15 Demand	363.9	333.4	329.2	324.5	344.4	334.2	344.7	328.1	331.3	358.1	371.0
16 Savings	296.4	419.2	426.9	440.2	445.3	447.5	449.0	448.8	451.5	458.3	460.7
17 Time	701.5	621.6	611.9	606.1	613.1	614.8	626.4	631.2	636.8	642.8	650.8
18 Borrowings	215.1	211.3	224.0	214.1	221.2	217.5	217.2	217.8	226.8	219.7	216.3
19 Other liabilities	109.2	103.5	102.3	104.7	104.3	105.5	107.6	107.1	106.5	112.6	117.9
20 Residual (assets less liabilities)	133.8	130.0	132.0	135.1	137.0	141.0	146.1	145.4	147.2	152.4	152.8
MEMO											
21 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
22 Number of banks	14,787	14,819	14,823	14,817	14,826	14,785	14,795	14,804	14,800	14,799	14,796
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,429.7	1,451.3	1,460.8	1,467.6	1,491.5	1,494.1	1,515.4	1,525.4	1,541.8	1,563.2	1,586.8
24 Loans, excluding interbank	1,054.8	1,054.5	1,055.7	1,056.4	1,075.2	1,078.8	1,094.9	1,102.5	1,112.2	1,129.2	1,149.3
25 Commercial and industrial	395.3	395.9	393.5	391.7	395.3	397.7	400.6	402.7	405.3	412.0	420.1
26 Other	659.5	658.6	662.2	664.7	679.9	681.2	694.3	699.8	706.8	717.2	729.2
27 U.S. Treasury securities	132.8	155.3	160.2	166.1	171.3	170.3	172.7	176.1	182.0	185.9	186.9
28 Other securities	242.1	241.5	244.9	245.2	245.1	245.0	247.8	246.9	247.7	248.1	250.6
29 Cash assets, total	200.7	185.5	186.3	180.3	193.5	185.2	193.3	174.7	178.4	195.0	205.0
30 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.1	20.9	20.5	22.3	23.4
31 Reserves with Federal Reserve Banks	26.8	22.0	25.4	23.8	20.0	21.9	24.0	16.6	20.8	19.1	19.7
32 Balances with depository institutions	81.4	81.0	79.8	78.9	84.0	81.2	82.8	79.3	79.5	83.6	88.0
33 Cash items in process of collection	69.4	62.6	60.7	57.3	68.2	61.4	65.4	58.0	57.6	70.0	74.0
34 Other assets[2]	341.7	325.4	317.8	309.5	318.1	318.7	324.6	320.9	318.8	329.7	321.3
35 Total assets/total liabilities and capital	**1,972.1**	**1,962.2**	**1,964.9**	**1,957.4**	**2,003.2**	**1,998.0**	**2,033.3**	**2,021.0**	**2,039.1**	**2,088.0**	**2,113.1**
36 Deposits	1,409.7	1,419.5	1,411.0	1,413.1	1,443.8	1,438.1	1,461.4	1,448.9	1,459.0	1,499.4	1,524.8
37 Demand	376.2	345.7	341.1	336.4	356.4	346.4	356.6	340.0	343.2	369.9	383.2
38 Savings	296.7	419.7	427.3	440.7	445.7	448.0	449.5	449.3	452.0	458.8	461.3
39 Time	736.7	654.1	642.6	636.0	641.6	643.8	655.3	659.5	663.8	670.6	680.4
40 Borrowings	278.3	269.9	281.3	269.5	278.2	277.9	280.5	282.6	289.6	282.5	275.1
41 Other liabilities	148.4	141.1	138.6	137.9	142.3	139.1	143.4	142.3	141.5	151.9	158.6
42 Residual (assets less liabilities)	135.7	131.9	133.9	137.0	138.9	142.9	148.0	147.3	149.1	154.2	154.7
MEMO											
43 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
44 Number of banks	15,329	15,376	15,390	15,385	15,396	15,359	15,370	15,382	15,383	15,382	15,380

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.

2. Other assets include loans to U.S. commercial banks.

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

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

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

Millions of dollars, Wednesday figures

Account	1983								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
1 Cash items in process of collection	49,878	49,636	53,639	49,096	53,442	47,811	52,076	53,484	57,643
2 Demand deposits due from banks in the United States	7,144	7,372	8,013	6,403	8,071	7,914	7,626	8,258	9,170
3 All other cash and due from depository institutions	33,431	29,220	31,786	34,728	32,089	32,122	35,366	34,678	35,642
4 Total loans and securities	**689,197**	**689,244**	**688,605**	**685,393**	**693,383**	**694,972**	**694,913**	**695,166**	**697,514**
Securities									
5 U.S. Treasury securities	56,304	57,065	58,501	57,373	58,500	60,023	59,209	58,181	56,665
6 Trading account	9,114	9,383	9,701	8,178	9,045	9,855	8,603	8,342	7,686
7 Investment account, by maturity	47,190	47,682	48,800	49,194	49,455	50,168	50,606	49,839	48,979
8 One year or less	14,730	15,139	15,274	15,442	15,469	15,952	15,677	15,398	14,941
9 Over one through five years	29,246	29,318	30,734	30,932	31,244	31,353	31,824	31,248	30,838
10 Over five years	3,213	3,225	2,792	2,820	2,743	2,862	3,105	3,192	3,200
11 Other securities	84,140	83,673	83,614	84,536	83,946	84,723	84,333	85,150	85,735
12 Trading account	6,346	5,799	5,719	6,227	5,675	6,491	5,782	6,164	5,912
13 Investment account	77,794	77,874	77,894	78,309	78,271	78,231	78,551	78,986	79,823
14 U.S. government agencies	15,982	15,885	15,881	16,021	15,905	15,893	16,150	16,205	16,152
15 States and political subdivisions, by maturity	58,146	58,356	58,348	58,618	58,676	58,641	58,702	59,105	60,010
16 One year or less	7,833	7,942	7,863	7,992	7,984	8,133	7,996	7,964	7,953
17 Over one year	50,312	50,415	50,485	50,626	50,692	50,507	50,706	51,140	52,057
18 Other bonds, corporate stocks and securities	3,667	3,633	3,665	3,670	3,690	3,697	3,699	3,676	3,661
Loans									
19 Federal funds sold[1]	45,751	44,083	42,523	40,574	44,815	43,761	44,777	39,568	40,220
20 To commercial banks	33,202	32,288	30,276	27,998	33,587	30,628	31,122	26,686	27,565
21 To nonbank brokers and dealers in securities	9,394	8,391	9,181	9,406	8,369	9,612	10,065	9,202	9,210
22 To others	3,156	3,404	3,067	3,170	2,860	3,522	3,590	3,680	3,446
23 Other loans, gross	516,660	518,144	517,700	516,651	519,866	520,265	520,386	526,046	528,688
24 Commercial and industrial	216,767	218,604	216,684	216,292	217,410	218,307	218,202	219,732r	221,665r
25 Bankers acceptances and commercial paper	4,858	5,329	4,358	3,904	4,862	4,842	4,684	4,343	4,619
26 All other	211,909	213,274	212,326	212,387	212,548	213,465	213,518	215,390r	217,046r
27 U.S. addressees	204,653	205,928	205,055	205,124	205,251	206,194	206,447	208,187r	209,804r
28 Non-U.S. addressees	7,256	7,346	7,271	7,263	7,298	7,270	7,070	7,203	7,242
29 Real estate	139,441	139,261	139,634	139,686	139,903	139,911	140,288	140,303	140,001
30 To individuals for personal expenditures	81,642	81,756	81,980	82,425	82,898	83,448	84,171	85,083	85,976
To financial institutions									
31 Commercial banks in the United States	7,891	8,202	7,997	8,131	7,879	7,814	7,647	9,110	9,095
32 Banks in foreign countries	8,606	8,604	8,587	8,087	8,411	8,208	7,335	7,700	7,884
33 Sales finance, personal finance companies, etc.	9,655	9,322	9,297	9,178	9,224	9,299	9,322	9,139	9,358
34 Other financial institutions	15,581	15,888	15,438	15,023	15,246	15,505	15,653	15,365	16,124
35 To nonbank brokers and dealers in securities	9,840	9,213	10,387	10,590	11,232	10,685	10,544	11,550	10,494
36 To others for purchasing and carrying securities[2]	3,332	3,378	3,186	3,195	3,180	3,200	3,204	3,229	3,290
37 To finance agricultural production	7,284	7,221	7,208	7,161	7,153	7,068	7,157	7,207	7,152
38 All other	16,620	16,696	17,300	16,883	17,329	16,817	16,862	17,627r	17,647r
39 LESS: Unearned income	4,979	5,018	4,997	4,979	4,973	4,973	4,976	4,965	4,970
40 Loan loss reserve	8,680	8,703	8,737	8,763	8,771	8,827	8,816	8,813	8,826
41 Other loans, net	503,001	504,423	503,967	502,909	506,122	506,465	506,594	512,268	514,893
42 Lease financing receivables	10,987	10,992	10,989	11,015	11,044	11,063	11,058	11,104	11,136
43 All other assets	143,736	146,917	142,369	140,841	142,090	144,500	142,929	144,029	140,567
44 Total assets	**934,374**	**933,382**	**935,401**	**927,476**	**940,119**	**938,383**	**943,969**	**946,720**	**951,672**
Deposits									
45 Demand deposits	178,265r	178,266r	182,702	172,648	185,419	177,669	182,850	184,936	193,574
46 Mutual savings banks	707	713	734	563	677	623	674	587	633
47 Individuals, partnerships, and corporations	136,456r	136,268r	138,397	133,377	141,338	136,614	141,563	141,620	147,568
48 States and political subdivisions	5,522	4,340	4,844	4,691	5,120	4,796	4,863	5,266	5,754
49 U.S. government	1,154	1,496	2,314	2,026	1,938	1,820	2,237	1,188	2,059
50 Commercial banks in the United States	19,740	18,620r	20,147	18,289	20,124	19,234	18,785	20,005	21,620
51 Banks in foreign countries	6,316	5,978	6,921	6,000	6,498	6,058	5,995	5,929	6,461
52 Foreign governments and official institutions	711	751	899	936	1,276	821	760	954	897
53 Certified and officers' checks	7,659	10,100	8,448	6,766	8,448	7,702	7,973	9,386	8,582
54 Time and savings deposits	422,723	424,004r	423,360	425,988	426,856	427,672	427,187	428,095	429,545
55 Savings	173,711	174,186	174,195	173,928	174,763	176,017	175,169	174,814	174,788
56 Individuals and nonprofit organizations	153,120	153,311	153,138	152,788	153,398	154,440	153,673	153,483	153,254
57 Partnerships and corporations operated for profit	19,344	19,671	19,780	19,926	20,109	20,265	20,222	20,048	20,242
58 Domestic governmental units	1,200	1,164	1,232	1,171	1,216	1,255	1,222	1,202	1,208
59 All other	45	40	45	43	40	57	52	80	84
60 Time	249,012	249,818r	249,166	252,060	252,093	251,655	252,018	253,281	254,757
61 Individuals, partnerships, and corporations	222,530	223,408r	222,521	225,008r	225,114	224,902	224,907	225,765	227,183
62 States and political subdivisions	16,572	16,609	16,648	16,960r	16,617	16,368	16,530	16,752	16,624
63 U.S. government	224	211	218	214	214	232	217	215	209
64 Commercial banks in the United States	6,558	6,460	6,598	6,728	7,059	7,119	7,305	7,370	7,661
65 Foreign governments, official institutions, and banks	3,128	3,129	3,180	3,150	3,089	3,034	3,059	3,180	3,080
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	379	3,725	910	605	515	149	1,938	420	706
67 Treasury tax-and-loan notes	15,032	2,742r	1,662	1,340	1,482	2,650	2,219	9,382	6,087
68 All other liabilities for borrowed money[3]	168,664	171,900r	172,658	170,290	171,267	173,748	169,103	163,414	162,051
69 Other liabilities and subordinated notes and debentures	87,328r	90,616r	92,032	94,716	92,177	93,798	98,066	98,360	97,320
70 Total liabilities	**872,390**	**871,253**	**873,325**	**865,587**	**877,717**	**875,686**	**881,363**	**884,606**	**889,283**
71 Residual (total assets minus total liabilities)[4]	61,984	62,129	62,076	61,888	62,402	62,696	62,606	62,114	62,389

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

NOTE: January and February data, which normally would appear in this issue of the BULLETIN, will be published on a revised basis in the April issue. Weekly data on the new basis are being published currently in the Board's H.4.2 statistical release.

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

Millions of dollars, Wednesday figures

Account	1983								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
1 Cash items in process of collection	46,875	46,935	50,398	45,894	50,369	45,117	49,034	50,347	54,359
2 Demand deposits due from banks in the United States	6,585	6,755	7,381	5,821	7,393	7,236	6,846	7,447	8,307
3 All other cash and due from depository institutions	30,516	26,405	28,915	31,783	29,203	29,381	32,321	31,567	32,476
4 **Total loans and securities**	**638,763**	**638,837**	**638,598**	**635,667**	**643,166**	**644,015**	**644,065**	**643,972**	**645,913**
Securities									
5 U.S. Treasury securities	51,254	51,944	53,424	52,232	53,353	54,785	53,931	52,889	51,330
6 Trading account	9,020	9,288	9,576	8,095	8,953	9,743	8,490	8,240	7,560
7 Investment account, by maturity	42,234	42,656	43,848	44,136	44,400	45,041	45,442	44,649	43,770
8 One year or less	13,025	13,376	13,601	13,674	13,759	14,204	13,940	13,677	13,220
9 Over one through five years	26,266	26,324	27,724	27,911	28,166	28,243	28,634	28,016	27,593
10 Over five years	2,943	2,955	2,522	2,550	2,475	2,594	2,867	2,956	2,957
11 Other securities	76,264	75,820	75,766	76,677	76,110	76,889	76,453	77,284	77,699
12 Trading account	6,167	5,651	5,537	6,077	5,558	6,334	5,604	6,025	5,752
13 Investment account	70,097	70,169	70,229	70,600	70,552	70,555	70,849	71,259	71,947
14 U.S. government agencies	14,291	14,192	14,223	14,350	14,246	14,242	14,493	14,556	14,516
15 States and political subdivisions, by maturity	52,501	52,705	52,702	52,945	52,976	52,969	53,005	53,374	54,126
16 One year or less	7,164	7,306	7,228	7,360	7,345	7,500	7,357	7,325	7,300
17 Over one year	45,336	45,399	45,474	45,585	45,631	45,469	45,648	46,049	46,826
18 Other bonds, corporate stocks and securities	3,305	3,272	3,304	3,305	3,329	3,343	3,351	3,329	3,305
Loans									
19 Federal funds sold[1]	40,363	38,874	37,751	36,315	40,237	38,422	39,944	34,824	35,691
20 To commercial banks	28,536	27,808	26,132	24,271	29,452	25,888	27,011	22,800	23,938
21 To nonbank brokers and dealers in securities	8,727	7,684	8,584	8,917	7,978	9,046	9,380	8,382	8,346
22 To others	3,101	3,381	3,035	3,128	2,807	3,487	3,554	3,642	3,408
23 Other loans, gross	483,520	484,890	484,356	483,150	486,177	486,717	486,526	491,745	493,974
24 Commercial and industrial	204,614	206,381	204,486	203,962	205,076	206,102	205,913	207,207[r]	208,951[r]
25 Bankers acceptances and commercial paper	4,654	5,134	4,166	3,695	4,667	4,652	4,473	4,129	4,386
26 All other	199,959	201,247	200,321	200,268	200,410	201,449	201,440	203,078[r]	204,565[r]
27 U.S. addressees	192,817	194,024	193,163	193,120	193,256	194,317	194,517	196,027[r]	197,434[r]
28 Non-U.S. addressees	7,142	7,224	7,157	7,148	7,153	7,132	6,923	7,052	7,131
29 Real estate	130,566	130,411	130,724	130,737	130,930	130,931	131,269	131,269	130,927
30 To individuals for personal expenditures	72,344	72,416	72,614	72,999	73,402	73,892	74,526	75,362	76,070
To financial institutions									
31 Commercial banks in the United States	7,404	7,719	7,540	7,628	7,407	7,354	7,128	8,526	8,515
32 Banks in foreign countries	8,466	8,480	8,473	7,976	8,291	8,095	7,217	7,575	7,784
33 Sales finance, personal finance companies, etc.	9,438	9,113	9,093	8,962	9,006	9,081	9,102	8,929	9,140
34 Other financial institutions	14,928	15,230	14,798	14,401	14,587	14,861	15,010	14,728	15,482
35 To nonbank brokers and dealers in securities	9,768	9,122	10,287	10,506	11,151	10,592	10,450	11,441	10,385
36 To others for purchasing and carrying securities[2]	3,073	3,115	2,922	2,926	2,909	2,933	2,937	2,962	3,019
37 To finance agricultural production	7,082	7,022	7,012	6,967	6,958	6,872	6,961	7,014	6,955
38 All other	15,836	15,880	16,407	16,085	16,460	16,004	16,012	16,732[r]	16,745[r]
39 LESS: Unearned income	4,394	4,431	4,410	4,389	4,390	4,390	4,391	4,379	4,381
40 Loan loss reserve	8,243	8,259	8,289	8,318	8,320	8,407	8,399	8,390	8,400
41 Other loans, net	470,883	472,199	471,657	470,443	473,466	473,920	473,736	478,976	481,193
42 Lease financing receivables	10,554	10,558	10,554	10,580	10,606	10,626	10,620	10,663	10,690
43 All other assets	139,606	142,651	138,045	136,490	137,699	140,116	138,463	139,520	135,943
44 **Total assets**	**872,900**	**872,141**	**873,892**	**866,236**[r]	**878,437**	**876,492**	**881,350**	**883,515**	**887,688**
Deposits									
45 Demand deposits	165,521	165,890[r]	169,740	159,885	172,163	164,870	169,474	171,322	179,632
46 Mutual savings banks	675	674	702	534	649	595	648	561	602
47 Individuals, partnerships, and corporations	126,481	126,396[r]	128,262	123,235	130,841	126,370	130,941	130,952	136,702
48 States and political subdivisions	4,935	3,820	4,258	4,137	4,522	4,293	4,289	4,448	5,024
49 U.S. government	1,009	1,380	2,088	1,857	1,757	1,673	1,973	1,044	1,886
50 Commercial banks in the United States	18,078	17,095[r]	18,475	16,722	18,481	17,676	17,196	18,367	19,868
51 Banks in foreign countries	6,269	5,918	6,880	5,952	6,453	6,002	5,949	5,881	6,408
52 Foreign governments and official institutions	710	750	898	935	1,275	809	760	954	845
53 Certified and officers' checks	7,362	9,856	8,178	6,512	8,184	7,452	7,719	9,114	8,296
54 Time and savings deposits	391,342	392,352	391,644	394,295	395,347	396,187	395,635	396,405	397,529
55 Savings	160,380	160,740	160,680	160,538	161,334	162,455	161,667	161,310	161,209
56 Individuals and nonprofit organizations	141,516	141,620	141,416	141,202	141,793	142,731	142,006	141,800	141,577
57 Partnerships and corporations operated for profit	17,733	18,026	18,099	18,232	18,406	18,554	18,526	18,363	18,504
58 Domestic governmental units	1,071	1,039	1,106	1,046	1,080	1,098	1,069	1,066	1,070
59 All other	60	54	59	58	55	71	67	80	57
60 Time	230,962	231,612	230,964	233,758	234,013	233,732	233,968	235,095	236,320
61 Individuals, partnerships, and corporations	206,447	207,214	206,332	208,763	209,042	208,937	208,836	209,567	210,765
62 States and political subdivisions	14,845	14,839	14,885	15,161	14,866	14,680	14,857	15,110	14,988
63 U.S. government	202	190	198	194	195	212	198	196	190
64 Commercial banks in the United States	6,341	6,241	6,368	6,490	6,822	6,869	7,017	7,042	7,296
65 Foreign governments, official institutions, and banks	3,128	3,129	3,180	3,150	3,089	3,034	3,059	3,180	3,080
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	379	3,686	813	580	480	149	1,938	302	622
67 Treasury tax-and-loan notes	14,220	2,580	1,494	1,232	1,389	2,490	2,072	8,849	5,740
68 All other liabilities for borrowed money[3]	158,270	161,053[r]	162,261	159,852	160,742	162,603	158,010	152,641	150,918
69 Other liabilities and subordinated notes and debentures	85,198	88,453	89,830	92,480	89,932	91,547	95,655	95,875	94,832
70 **Total liabilities**	**814,929**	**814,014**	**815,781**	**808,325**	**820,053**	**817,846**	**822,784**	**825,393**	**829,273**
71 Residual (total assets minus total liabilities)[4]	57,970	58,127	58,111	57,911	58,384	58,646	58,566	58,122	58,415

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

NOTE: January and February data, which normally would appear in this issue of the BULLETIN, will be published on a revised basis in the April issue. Weekly data on the new basis are being published currently in the Board's H.4.2 statistical release.

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

Millions of dollars, Wednesday figures

Account	1983								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
1 Cash items in process of collection	14,002	19,123	15,874	13,488	16,566	14,245	16,933	16,935	17,190
2 Demand deposits due from banks in the United States	978	1,302	1,383	814	1,335	1,408	1,290	1,265	1,233
3 All other cash and due from depository institutions	6,069	3,579	5,099	5,434	5,264	5,805	6,822	5,596	5,007
4 **Total loans and securities**[1]	**148,231**	**146,850**	**147,867**	**147,994**	**150,616**	**148,742**	**150,019**	**149,697**	**151,043**
Securities									
5 U.S. Treasury securities[2]									
6 Trading account[2]									
7 Investment account, by maturity	9,440	9,845	10,366	10,530	10,461	10,041	9,904	9,506	9,069
8 One year or less	2,455	2,899	3,083	3,123	2,972	2,667	2,430	2,421	2,416
9 Over one through five years	6,078	6,039	6,847	6,972	7,053	6,854	6,778	6,318	5,894
10 Over five years	907	907	435	435	436	520	695	766	759
11 Other securities[2]									
12 Trading account[2]									
13 Investment account	14,919	15,063	14,998	15,152	15,145	15,254	15,316	15,634	16,211
14 U.S. government agencies	1,476	1,476	1,408	1,401	1,396	1,389	1,389	1,387	1,384
15 States and political subdivisions, by maturity	12,712	12,855	12,864	13,010	13,007	13,131	13,191	13,505	14,086
16 One year or less	1,895	2,004	1,974	2,019	1,940	2,011	2,029	1,985	2,047
17 Over one year	10,817	10,851	10,890	10,990	11,067	11,120	11,162	11,520	12,039
18 Other bonds, corporate stocks and securities	731	732	726	741	742	734	736	741	741
Loans									
19 Federal funds sold[3]	11,907	10,571	10,183	11,390	13,136	11,678	13,195	10,580	11,891
20 To commercial banks	5,361	4,615	3,968	4,912	7,629	5,229	6,458	4,057	5,644
21 To nonbank brokers and dealers in securities	4,821	4,042	4,362	4,603	3,951	4,375	4,618	4,166	4,077
22 To others	1,724	1,914	1,853	1,876	1,557	2,074	2,119	2,357	2,169
23 Other loans, gross	116,052	115,461	116,415	115,038	116,010	115,928	115,787	118,135	118,023
24 Commercial and industrial	57,958	58,687	58,314	57,500	57,644	58,252	58,113	57,968	58,793
25 Bankers' acceptances and commercial paper	1,727	1,815	1,452	1,151	1,563	1,478	1,417	1,171	1,307
26 All other	56,232	56,871	56,862	56,349	56,081	56,774	56,696	56,797	57,486
27 U.S. addressees	54,422	55,081	55,090	54,554	54,288	54,973	54,883	54,939	55,622
28 Non-U.S. addressees	1,810	1,791	1,772	1,795	1,793	1,801	1,812	1,858	1,864
29 Real estate	20,646	20,580	20,622	20,630	20,580	20,496	20,522	20,613	20,412
30 To individuals for personal expenditures	12,693	12,717	12,718	12,791	12,829	12,937	13,040	13,168	13,286
To financial institutions									
31 Commercial banks in the United States	1,605	1,618	1,659	1,607	1,589	1,597	1,573	2,180	2,122
32 Banks in foreign countries	2,984	2,753	2,901	2,564	2,831	2,732	2,438	2,765	2,932
33 Sales finance, personal finance companies, etc.	3,992	3,673	3,678	3,529	3,625	3,749	3,718	3,772	3,797
34 Other financial institutions	4,230	4,356	4,091	3,979	4,112	4,086	4,220	4,295	4,454
35 To nonbank brokers and dealers in securities	6,089	5,115	6,405	6,669	7,058	6,387	6,412	7,476	6,113
36 To others for purchasing and carrying securities[4]	668	681	648	624	590	607	628	662	665
37 To finance agricultural production	691	698	701	661	661	615	637	652	611
38 All other	4,495	4,584	4,678	4,481	4,491	4,470	4,486	4,583	4,838
39 LESS: Unearned income	1,459	1,460	1,454	1,456	1,457	1,458	1,460	1,464	1,474
40 Loan loss reserve	2,627	2,629	2,642	2,661	2,679	2,702	2,722	2,693	2,678
41 Other loans, net	111,966	111,372	112,320	110,922	111,874	111,768	111,604	113,978	113,872
42 Lease financing receivables	2,027	2,029	2,046	2,047	2,048	2,035	2,038	2,077	2,067
43 All other assets[5]	64,354	65,971	63,505	62,775	62,678	64,108	62,396	61,279	60,530
44 **Total assets**	**235,661**	**238,855**	**235,775**	**232,553**	**238,507**	**236,343**	**239,498**	**236,850**	**237,071**
Deposits									
45 Demand deposits	45,951	51,064	47,842	44,301	50,404	46,674	49,388	49,528	51,529
46 Mutual savings banks	312	341	358	232	281	263	352	265	278
47 Individuals, partnerships, and corporations	31,986	33,197	31,796	30,532	34,014	31,860	34,109	33,372	35,433
48 States and political subdivisions	734	592	626	606	556	612	598	626	608
49 U.S. government	169	549	573	410	375	372	523	272	571
50 Commercial banks in the United States	4,048	4,978	4,162	4,355	5,103	4,480	4,719	4,567	4,518
51 Banks in foreign countries	5,043	4,678	5,628	4,626	5,135	4,800	4,647	4,579	5,201
52 Foreign governments and official institutions	522	571	686	725	1,055	632	574	770	661
53 Certified and officers' checks	3,137	6,157	4,013	2,814	3,886	3,655	3,866	5,078	4,258
54 Time and savings deposits	73,938	73,844	73,805	74,919	75,133	74,994	74,944	75,071	75,251
55 Savings	27,456	27,634	27,780	27,844	27,973	28,115	28,050	28,237	28,234
56 Individuals and nonprofit organizations	24,434	24,498	24,622	24,678	24,828	24,909	24,870	24,982	25,048
57 Partnerships and corporations operated for profit	2,797	2,892	2,906	2,938	2,932	2,963	2,957	3,019	2,945
58 Domestic governmental units	186	205	210	188	175	188	173	171	172
59 All other	39	38	42	40	38	55	50	66	68
60 Time	46,482	46,210	46,025	47,075	47,160	46,878	46,893	46,833	47,017
61 Individuals, partnerships, and corporations	40,880	40,689	40,261	41,257	41,257	41,120	41,018	40,798	41,018
62 States and political subdivisions	2,030	2,047	2,101	2,101	2,037	1,968	2,009	2,115	2,101
63 U.S. government	15	15	19	18	18	18	15	15	14
64 Commercial banks in the United States	2,278	2,209	2,362	2,439	2,626	2,596	2,689	2,620	2,724
65 Foreign governments, official institutions, and banks	1,278	1,251	1,281	1,260	1,221	1,175	1,161	1,285	1,159
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	300	2,040	350	400	300		1,790		305
67 Treasury tax-and-loan notes	3,674	603	359	336	447	608	636	2,723	1,705
68 All other liabilities for borrowed money[6]	55,783	54,475	56,099	55,027	56,899	57,466	54,699	51,806	51,443
69 Other liabilities and subordinated notes and debentures	36,087	36,737	37,218	37,579	35,215	36,301	37,786	37,816	36,597
70 **Total liabilities**	**215,732**	**218,764**	**215,674**	**212,562**	**218,398**	**216,043**	**219,243**	**216,944**	**216,830**
71 Residual (total assets minus total liabilities)[7]	19,929	20,092	20,102	19,991	20,109	20,300	20,255	19,906	20,242

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

NOTE: January and February data, which normally would appear in this issue of the BULLETIN, will be published on a revised basis in the April issue. Weekly data on the new basis are being published currently in the Board's H.4.2 statistical release.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1983								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
Banks with Assets of $750 Million or More									
1 Total loans (gross) and securities adjusted[1]	661,762	662,475	664,066	663,005	665,662	670,330	669,936	673,148	674,649
2 Total loans (gross) adjusted[1]	521,318	521,737	521,951	521,096	523,216	525,584	526,394	529,818	532,249
3 Demand deposits adjusted[2]	107,492[r]	108,514[r]	106,603	103,238	109,914	108,804	109,752	110,258	112,252
4 Time deposits in accounts of $100,000 or more	140,573[r]	140,759[r]	140,107	142,777	142,516	142,021	142,346	143,376	144,842[r]
5 Negotiable CDs	88,424	88,322	87,427	89,542	89,424	88,931	89,378	89,922	91,714[r]
6 Other time deposits	52,150[r]	52,437[r]	52,680	53,235	53,092	53,089	52,969	53,454	53,128
7 Loans sold outright to affiliates[3]	2,594	2,536	2,559	2,490	2,385	2,432	2,401	2,386	2,364
8 Commercial and industrial	2,001	1,945	1,963	1,904	1,839	1,850	1,831	1,837	1,810
9 Other	592	591	596	586	546	583	570	549	555
Banks with Assets of $1 Billion or More									
10 Total loans (gross) and securities adjusted[1]	615,461	615,999	617,625	616,476	619,018	623,570	622,716	625,416	626,241
11 Total loans (gross) adjusted[1]	487,943	488,235	488,435	487,567	489,554	491,896	492,332	495,243	497,212
12 Demand deposits adjusted[2]	99,558	100,497	98,778	95,411	101,555	100,404	101,272	101,564	103,518
13 Time deposits in accounts of $100,000 or more	131,729	131,815	131,178	133,737	133,724	133,332	133,538	134,471	135,798[r]
14 Negotiable CDs	83,424	83,279	82,416	84,523	84,634	84,202	84,473	84,896	86,546[r]
15 Other time deposits	48,305	48,536	48,762	49,214	49,089	49,130	49,065	49,575	49,252
16 Loans sold outright to affiliates[3]	2,544	2,486	2,510	2,434	2,331	2,369	2,338	2,323	2,302
17 Commercial and industrial	1,966	1,909	1,928	1,869	1,806	1,807	1,788	1,795	1,767
18 Other	578	578	582	565	525	562	549	529	534
Banks in New York City									
19 Total loans (gross) and securities adjusted[1,4]	145,350	144,707	146,336	145,592	145,534	146,076	146,170	147,617	147,429
20 Total loans (gross) adjusted[1]	120,992	119,799	120,971	119,910	119,928	120,780	120,951	122,478	122,148
21 Demand deposits adjusted[2]	27,732	26,414	27,233	26,047	28,360	27,577	27,214	27,754	29,249
22 Time deposits in accounts of $100,000 or more	30,978	30,574	30,573	31,608	31,546	31,157	31,297	31,083	31,357
23 Negotiable CDs	18,528	18,143	18,015	19,118	18,990	18,709	18,873	18,522	19,001
24 Other time deposits	12,450	12,431	12,558	12,490	12,556	12,448	12,424	12,561	12,356

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

NOTE: January and February data, which normally would appear in this issue of the BULLETIN, will be published on a revised basis in the April issue. Weekly data on the new basis are being published currently in the Board's H.4.2 statistical release.

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

Millions of dollars, Wednesday figures

Account	1983								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
1 Cash and due from depository institutions	5,998	6,066	6,230	6,552	6,605	6,180	6,370	7,213	6,070r
2 Total loans and securities	42,029	43,487	43,173	43,878	43,668	43,048	44,911r	45,054r	45,600r
3 U.S. Treasury securities	4,711	4,664	4,755	4,675	4,594	4,648	4,628	4,604	4,614
4 Other securities	972	957	958	951	966	996r	1,022r	1,038r	1,066
5 Federal funds sold[1]	2,496	4,291	3,669	3,874	3,457	2,865	3,841	3,971	4,476
6 To commercial banks in United States	2,383	4,159	3,552	3,626	3,282	2,707	3,519	3,722	4,195
7 To others	113	132	117	248	175	158	322	249	281
8 Other loans, gross	33,849	33,573	33,791	34,377	34,651	34,539	35,419r	35,440r	35,445r
9 Commercial and industrial	18,536	18,742	18,960	18,913	19,313	19,191	19,661	19,611	19,463
10 Bankers acceptances and commercial paper	2,855	2,839	2,899	3,064	3,069	3,121	3,294	3,254	3,256
11 All other	15,681	15,903	16,061	15,848	16,244	16,070	16,367	16,357	16,207
12 U.S. addressees	13,792	14,047	14,216	13,926	14,417	14,243	14,533	14,546	14,377
13 Non-U.S. addressees	1,889	1,857	1,846	1,923	1,827	1,828	1,834	1,811	1,830
14 To financial institutions	11,053	10,672	10,607	11,232	10,596	10,707	11,001r	11,403r	11,066r
15 Commercial banks in United States	8,628	8,474	8,473	8,974	8,255	8,394	8,662	9,199	8,820
16 Banks in foreign countries	1,800	1,620	1,542	1,600	1,660	1,642	1,639r	1,562	1,575r
17 Nonbank financial institutions	626	578	591	657	681	671	700	642	671
18 For purchasing and carrying securities	683	590	626	480	948	964	1,132	822	1,106
19 All other	3,577	3,569	3,597	3,753	3,793	3,677	3,626	3,603	3,810
20 Other assets (claims on nonrelated parties)	11,905	11,926	12,130	12,359	12,642	12,738	12,673	12,967	12,421
21 Net due from related institutions	12,552	12,558	12,042	12,449	11,769	12,654	11,578r	9,778r	9,953r
22 Total assets	72,484	74,037	73,576	75,238	74,684	74,621	75,532	75,011r	74,045r
23 Deposits or credit balances[2]	19,380	19,422	19,257	20,387	20,662	20,625	21,533r	22,495r	22,485
24 Credit balances	202	154	157	151	143	145	125	165	174
25 Demand deposits	1,775	1,799	1,768	1,874	1,792	1,673	1,935r	2,139r	1,930
26 Individuals, partnerships, and corporations	873	853	786	855	882	820	853r	849r	914
27 Other	901	946	982	1,019	910	853	1,082r	1,289r	1,016
28 Total time and savings	17,404	17,468	17,331	18,362	18,728	18,808	19,473	20,191	20,381
29 Individuals, partnerships, and corporations	14,776	14,786	14,584	15,655	15,999	15,935	16,461	17,046	17,217
30 Other	2,627	2,682	2,747	2,707	2,729	2,873	3,012	3,145	3,163
31 Borrowings[3]	34,666	34,638	34,265	34,025	33,365	33,755	33,382	31,115	30,862
32 Federal funds purchased[4]	11,102	10,685	11,190	10,063	10,157	10,880	10,453	7,919	7,887
33 From commercial banks in United States	9,152	8,474	9,065	8,035	8,530	8,974	8,421	5,798	5,826
34 From others	1,951	2,211	2,126	2,028	1,628	1,906	2,032	2,121	2,061
35 Other liabilities for borrowed money	23,564	23,953	23,074	23,962	23,208	22,875	22,929	23,196	22,976
36 To commercial banks in United States	19,647	20,275	19,466	19,913	19,390	19,007	19,165	19,475	19,353
37 To others	3,917	3,678	3,608	4,049	3,817	3,868	3,764	3,721	3,622
38 Other liabilities to nonrelated parties	12,799	12,685	13,016	13,404	13,377	13,626	13,555r	14,548r	13,351
39 Net due to related institutions	5,639	7,292	7,039	7,422	7,280	6,615	7,063	6,854r	7,347r
40 Total liabilities	72,484	74,037	73,576	75,238	74,684	74,621	75,532	75,011r	74,045r
MEMO									
41 Total loans (gross) and securities adjusted[5]	31,018	30,854	31,147	31,277	32,130	31,947	32,730r	32,133r	32,586r
42 Total loans (gross) adjusted[5]	25,334	25,232	25,434	25,651	26,570	26,303	27,079r	26,490r	26,906r

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

NOTE: January and February data, which normally would appear in this issue of the BULLETIN, will be published on a revised basis in the April issue. Weekly data on the new basis are being published currently in the Board's H.4.2 statistical release.

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

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.	1983 Mar.	1983 June
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	**288.9**	**268.9**	**271.5**	**276.7**	**295.4**	**283.5**	**289.5**
2 Financial business	27.8	27.1	29.8	28.0	27.8	28.6	31.9	35.5	34.0	35.1
3 Nonfinancial business	152.7	157.7	162.8	154.8	138.7	141.4	142.9	151.7	144.4	147.7
4 Consumer	97.4	99.2	102.4	86.6	84.6	83.7	83.3	88.1	85.5	86.9
5 Foreign	2.7	3.1	3.3	2.9	3.1	2.9	2.9	3.0	3.2	3.0
6 Other	14.1	15.1	17.2	16.7	14.6	15.0	15.7	17.1	16.4	16.8
	Weekly reporting banks									
	1978 Dec.	1979[4] Dec.	1980 Dec.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.	1983 Mar.	1983 June
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	**137.5**	**126.8**	**127.9**	**132.1**	**144.0**	**140.7**	**141.9**
8 Financial business	19.8	20.1	21.8	21.0	20.2	20.2	23.4	26.7	25.2	26.3
9 Nonfinancial business	79.0	74.1	78.3	75.2	67.1	67.7	68.7	74.2	72.7	73.1
10 Consumer	38.2	34.3	35.6	30.4	29.2	29.7	29.6	31.9	31.2	30.4
11 Foreign	2.5	3.0	3.1	2.8	2.9	2.8	2.7	2.9	3.0	2.9
12 Other	7.5	7.8	8.6	8.0	7.3	7.5	7.7	8.4	8.6	9.3

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3. Demand deposit ownership survey estimates for June 1981 are not available due to unresolved reporting errors.

4. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Dec.[2]	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**83,438**	**112,803**	**124,374**	**165,455**	**166,208**	**174,669**	**176,775**	**175,924**	**180,206**	**185,407**	**183,318**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	12,181	17,359	19,599	29,904	34,067	40,749	39,963	37,323	40,890	40,994	39,775
3 Bank-related (not seasonally adjusted)	3,521	2,784	3,561	6,045	2,516	2,353	2,303	2,195	2,341	2,441	2,087
Directly placed paper[5]											
4 Total	51,647	64,757	67,854	81,715	84,183	90,628	91,600	92,819	93,820	96,692	97,921
5 Bank-related (not seasonally adjusted)	12,314	17,598	22,382	26,914	32,034	35,085	34,856	34,622	35,001	35,566	37,560
6 Nonfinancial companies[6]	19,610	30,687	36,921	53,836	47,958	43,292	45,212	44,977	45,496	47,721	45,622
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**33,700**	**45,321**	**54,744**	**69,226**	**79,543**	**73,977**	**73,569**	**72,902**	**77,919**	**78,309**	**73,450**
Holder											
8 Accepting banks	8,579	9,865	10,564	10,857	10,910	8,498	9,205	9,501	10,894	9,355	9,546
9 Own bills	7,653	8,327	8,963	9,743	9,471	7,466	7,986	8,212	9,558	8,125	7,814
10 Bills bought	927	1,538	1,601	1,115	1,439	1,033	1,219	1,289	1,337	1,230	1,732
Federal Reserve Banks											
11 Own account	587	704	776	195	1,480	209	1122	0	0	418	0
12 Foreign correspondents	664	1,382	1,791	1,442	949	717	622	483	573	729	729
13 Others	24,456	33,370	41,614	56,731	66,204	65,961	64,942	62,917	66,452	68,225	63,174
Basis											
14 Imports into United States	8,574	10,270	11,776	14,765	17,683	14,487	14,653	14,829	14,906	15,649	15,028
15 Exports from United States	7,586	9,640	12,712	15,400	16,328	16,476	16,215	16,036	17,209	16,880	16,159
16 All other	17,541	25,411	30,257	39,060	45,531	43,013	42,701	42,036	45,806	45,781	42,263

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
4. Includes all financial company paper sold by dealers in the open market.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov.24	16.00	1982—Aug. 23	13.50	1982—Mar.	16.50	1983—Mar.	10.50
Dec. 1	15.75	Oct. 7	13.00	Apr.	16.50	Apr.	10.50
		14	12.00	May	16.50	May	10.50
		Nov.22	11.50	June	16.50	June	10.50
				July	16.26	July	10.50
1982—Feb. 18	17.00			Aug.	14.39	Aug.	10.89
23	16.50			Sept.	13.50	Sept.	11.00
July 20	16.00	1983—Jan. 11	11.00	Oct.	12.52	Oct.	11.00
29	15.50	Feb. 28	10.50	Nov.	11.85	Nov.	11.00
Aug.	15.00	Aug. 8	11.00	Dec.	11.50	Dec.	11.00
2	14.50	1982—Jan.	15.75	1983—Jan.	11.16	1984—Jan.	11.00
16	14.00	Feb.	16.56	Feb.	10.98	Feb.	11.00
18							

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 7–11, 1983

Item	All sizes	Size of loan (in thousands of dollars): 1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	26,906,178	679,407	460,408	554,091	2,042,372	726,993	22,442,908
2 Number of loans	130,514	91,718	13,836	8,922	11,597	1,077	3,364
3 Weighted-average maturity (months)	1.3	3.6	3.7	4.0	4.9	3.1	.8
4 With fixed rates	.7	3.2	3.6	3.9	3.8	1.5	.4
5 With floating rates	2.5	4.5	3.8	4.1	5.6	4.8	1.7
6 Weighted-average interest rate (percent per annum)	10.95	13.91	13.78	13.23	12.34	11.82	10.59
7 Interquartile range[1]	10.27–11.18	12.68–14.85	12.55–14.56	12.36–13.80	11.46–12.96	11.32–12.55	10.24–10.75
8 With fixed rates	10.80	14.26	13.79	13.70	12.63	11.24	10.54
9 With floating rates	11.20	13.28	13.78	12.93	12.21	12.14	10.68
Percentage of amount of loans							
10 With floating rate	36.7	35.7	60.0	61.3	69.2	64.8	31.8
11 Made under commitment	68.4	31.3	30.5	37.2	43.8	65.2	73.4
12 With no stated maturity	12.5	15.7	27.1	26.7	22.7	38.5	10.0
13 With one-day maturity	17.4	2.1	.0	.2	.5	3.3	20.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	2,834,473	367,008			426,052	168,157	1,873,256
15 Number of loans	19,150	16,303			1,851	246	750
16 Weighted-average maturity (months)	50.8	39.0			40.7	48.7	55.5
17 With fixed rates	50.7	42.0			45.9	55.0	57.1
18 With floating rates	50.8	36.3			36.6	47.6	55.2
19 Weighted-average interest rate (percent per annum)	12.94	14.03			17.89	12.03	11.68
20 Interquartile range[1]	11.38–12.68	12.68–14.65			12.40–28.42	11.46–12.68	10.92–12.40
21 With fixed rates	15.19	14.95			24.52	11.51	10.68
22 With floating rates	12.13	13.21			12.60	12.12	11.93
Percentage of amount of loans							
23 With floating rate	73.6	52.9			55.6	85.8	80.6
24 Made under commitment	59.1	42.7			45.3	66.6	64.8
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	990,925	150,071	110,531	83,576	178,568	468,178	
26 Number of loans	23,236	17,606	3,315	1,303	806	206	
27 Weighted-average maturity (months)	8.5	6.9	7.1	9.6	13.2	7.4	
28 With fixed rates	9.0	8.5	7.7	8.2	13.5	9.3	
29 With floating rates	8.2	5.4	6.3	12.3	13.2	6.6	
30 Weighted-average interest rate (percent per annum)	13.25	14.16	14.58	14.19	13.02	12.57	
31 Interquartile range[1]	12.13–13.88	13.43–14.93	13.42–15.56	13.31–14.89	12.40–13.30	12.12–13.24	
32 With fixed rates	13.56	13.98	14.94	14.73	12.90	12.43	
33 With floating rates	13.09	14.32	14.16	13.32	13.04	12.63	
Percentage of amount of loans							
34 With floating rate	65.1	52.7	46.5	38.0	85.7	70.5	
35 Secured by real estate	92.4	85.3	98.0	95.8	95.9	91.4	
36 Made under commitment	64.4	75.1	59.7	32.6	74.7	63.9	
37 With no stated maturity	4.0	2.7	2.9	6.8	6.4	3.2	
38 With one-day maturity	.0	.0	.0	.0	.0	.0	
Type of construction							
39 1- to 4-family	33.9	47.5	67.3	76.1	28.5	16.1	
40 Multifamily	15.9	3.5	4.5	9.9	22.4	21.1	
41 Nonresidential	50.3	49.0	28.3	14.0	49.1	62.8	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	1,467,055	137,726	177,981	171,295	193,955	250,340	535,758
43 Number of loans	58,634	36,687	11,551	5,309	2,774	1,738	845
44 Weighted-average maturity (months)	6.8	6.4	7.6	6.6	7.5	11.9	4.1
45 Weighted-average interest rate (percent per annum)	13.64	14.30	14.25	13.92	13.94	13.82	12.98
46 Interquartile range[1]	12.68–14.50	13.88–14.74	13.42–14.71	13.19–14.49	13.42–14.51	13.80–14.45	11.59–14.23
By purpose of loan							
47 Feeder livestock	14.00	14.22	13.99	14.20	14.12	13.45	13.92
48 Other livestock	13.87	14.30	15.13	14.14	13.83	(2)	13.37
49 Other current operating expenses	13.37	14.26	14.11	14.06	13.78	13.72	11.54
50 Farm machinery and equipment	13.91	14.50	14.09	13.51	(2)	(2)	(2)
51 Other	12.93	14.32	14.08	13.32	13.78	13.13	12.54

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

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

1.35 INTEREST RATES Money and Capital Markets

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

	Instrument	1981	1982	1983	1983		1984		1984, week ending				
					Nov.	Dec.	Jan.	Feb.	Feb. 3	Feb. 10	Feb. 17	Feb. 24	Mar. 2
	MONEY MARKET RATES												
1	Federal funds[1,2]	16.38	12.26	9.09	9.34	9.47	9.56	9.59	9.41	9.58	9.53	9.60	9.62
	Commercial paper[3,4]												
2	1-month	15.69	11.83	8.87	9.10	9.56	9.23	9.35	9.18	9.30	9.39	9.42	9.42
3	3-month	15.32	11.89	8.88	9.10	9.53	9.20	9.32	9.15	9.25	9.35	9.41	9.43
4	6-month	14.76	11.89	8.89	9.09	9.50	9.18	9.31	9.14	9.23	9.35	9.40	9.44
	Finance paper, directly placed[3,4]												
5	1-month	15.30	11.64	8.80	9.06	9.51	9.20	9.34	9.17	9.30	9.38	9.42	9.36
6	3-month	14.08	11.23	8.70	8.87	9.16	9.08	9.14	9.05	9.08	9.12	9.22	9.18
7	6-month	13.73	11.20	8.69	8.84	9.11	9.02	9.06	8.99	9.03	9.07	9.11	9.12
	Bankers acceptances[4,5]												
8	3-month	15.32	11.89	8.90	9.16	9.52	9.23	9.38	9.15	9.31	9.41	9.50	9.51
9	6-month	14.66	11.83	8.91	9.13	9.45	9.19	9.35	9.13	9.26	9.38	9.49	9.52
	Certificates of deposit, secondary market[6]												
10	1-month	15.91	12.04	8.96	9.22	9.67	9.33	9.43	9.25	9.35	9.46	9.54	9.57
11	3-month	15.91	12.27	9.07	9.36	9.69	9.42	9.54	9.33	9.44	9.57	9.69	9.69
12	6-month	15.77	12.57	9.27	9.51	9.85	9.56	9.73	9.44	9.62	9.76	9.90	9.95
13	Eurodollar deposits, 3-month[7]	16.79	13.12	9.56	9.79	10.08	9.78	9.91	9.68	9.78	9.91	10.06	10.09
	U.S. Treasury bills[4]												
	Secondary market[8]												
14	3-month	14.03	10.61	8.61	8.76	9.00	8.90	9.09	8.91	9.06	9.09	9.18	9.18
15	6-month	13.80	11.07	8.73	8.93	9.17	9.02	9.18	8.97	9.10	9.21	9.32	9.33
16	1-year	13.14	11.07	8.80	9.08	9.24	9.07	9.20	9.00	9.10	9.21	9.35	9.37
	Auction average[9]												
17	3-month	14.029	10.686	8.63	8.71	8.96	8.93	9.03	8.87	9.08	9.04	9.13	9.20
18	6-month	13.776	11.084	8.75	8.89	9.14	9.06	9.13	8.97	9.11	9.16	9.28	9.33
19	1-year	13.159	11.099	8.86	9.03	9.16	9.04	9.24	....	....	....	9.24	....
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[10]												
	Constant maturities[11]												
20	1-year	14.78	12.27	9.57	9.94	10.11	9.90	10.04	9.81	9.94	10.05	10.21	10.24
21	2-year	14.56	12.80	10.21	10.66	10.84	10.64	10.79	10.56	10.67	10.78	10.94	11.00
22	2-½-year[12]	....	....	....	....	....	....	....	....	10.85	....	11.10	....
23	3-year	14.44	12.92	10.45	10.96	11.13	10.93	11.05	10.87	10.96	11.04	11.17	11.24
24	5-year	14.24	13.01	10.80	11.41	11.54	11.37	11.54	11.31	11.43	11.55	11.67	11.75
25	7-year	14.06	13.06	11.02	11.61	11.78	11.58	11.75	11.53	11.65	11.75	11.87	11.97
26	10-year	13.91	13.00	11.10	11.69	11.83	11.68	11.84	11.63	11.74	11.85	11.97	12.05
27	20-year	13.72	12.92	11.34	11.92	12.02	11.82	12.00	11.79	11.90	12.02	12.12	12.21
28	30-year	13.44	12.76	11.18	11.75	11.88	11.75	11.95	11.74	11.83	11.96	12.09	12.15
	Composite[13]												
29	Over 10 years (long-term)	12.87	12.23	10.84	11.32	11.44	11.29	11.44	11.26	11.34	11.44	11.56	11.65
	State and local notes and bonds												
	Moody's series[14]												
30	Aaa	10.43	10.88	8.80	9.01	9.34	9.00	9.04	8.80	9.00	9.15	9.20	9.30
31	Baa	11.76	12.48	10.17	10.01	10.29	10.10	9.94	9.85	9.95	9.95	10.00	10.10
32	*Bond Buyer* series[15]	11.33	11.66	9.51	9.75	9.89	9.63	9.64	9.51	9.56	9.68	9.80	9.86
	Corporate bonds												
	Seasoned issues[16]												
33	All industries	15.06	14.94	12.78	12.93	13.07	12.92	12.88	12.80	12.77	12.84	12.96	13.09
34	Aaa	14.17	13.79	12.04	12.41	12.57	12.20	12.08	11.97	11.96	12.06	12.22	12.30
35	Aa	14.75	14.41	12.42	12.61	12.76	12.71	12.70	12.64	12.58	12.67	12.76	12.96
36	A	15.29	15.43	13.10	13.09	13.21	13.13	13.11	13.04	13.03	13.08	13.18	13.31
37	Baa	16.04	16.11	13.55	13.61	13.75	13.65	13.59	13.54	13.48	13.56	13.70	13.78
38	A-rated, recently-offered utility bond[17]	16.63	15.49	12.73	13.14	13.29	12.99	13.05	12.83	12.91	13.02	13.35	13.41
	MEMO: Dividend/price ratio[18]												
39	Preferred stocks	12.36	12.53	11.2p	11.12	11.49	11.35	11.16	11.16	11.25	11.12	11.07	11.19
40	Common stocks	5.20	5.81	4.40	4.31	4.32	4.27	4.59	4.42	4.62	4.62	4.69	4.62

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are statement week averages—that is, averages for the week ending Wednesday.
3. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
6. Unweighted average of offered rates quoted by at least five dealers early in the day.
7. Calendar week average. For indication purposes only.
8. Unweighted average of closing bid rates quoted by at least five dealers.
9. 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.
10. Yields are based on closing bid prices quoted by at least five dealers.
11. 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.
12. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)
13. Averages of yields (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
14. General obligations only, based on figures for Thursday, from 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. The Federal Reserve previously published interest rate series on both newly-issued and recently-offered Aaa utility bonds, but discontinued these series in January 1984 owing to the lack of Aaa issues.
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.

1.36 STOCK MARKET Selected Statistics

Indicator	1981	1982	1983	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	74.02	68.93	92.63	96.43	96.74	93.96	96.70	96.78	95.36	94.92	96.16	90.60
2 Industrial	85.44	78.18	107.45	112.52	113.21	109.50	112.76	112.87	110.77	110.60	112.16	105.44
3 Transportation	72.61	60.41	89.36	92.22	92.91	88.06	94.56	95.41	97.68	98.79	97.98	86.33
4 Utility	38.90	39.75	47.00	46.76	46.61	46.94	48.16	48.73	48.50	47.00	47.43	45.67
5 Finance	73.52	71.99	95.34	101.22	99.60	95.76	97.00	94.79	94.48	94.25	95.79	89.95
6 Standard & Poor's Corporation (1941–43 = 10)[1]	128.05	119.71	160.41	166.39	166.96	162.42	167.16	167.65	165.23	164.36	166.39	157.70
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	171.79	141.31	216.48	237.51	244.03	230.10	234.36	223.76	218.42	221.31	224.83	207.95
Volume of trading (thousands of shares)												
8 New York Stock Exchange	46,967	64,617	85,418	89,729	79,508	74,191	82,866	85,445	86,405	88,041	105,518	96,641
9 American Stock Exchange	5,346	5,283	8,215	10,874	8,199	6,329	6,629	7,751	6,160	6,939	7,167	6,431
	Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers–dealers[3]	**14,411**	**13,325**	**23,000**	**18,292**	**19,218**	**19,437**	**20,124**	**21,030**	**22,075**	**23,000**	**23,132**	
11 Margin stock[4]	14,150	12,980	22,720	17,930	18,870	19,090	19,760	20,690	21,790	22,720	22,870	
12 Convertible bonds	259	344	279	361	347	346	363	339	285	279	261	
13 Subscription issues	2	1	1	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[5]												
14 Margin-account	3,515	5,735	6,620	6,150	6,275	6,350	6,550	6,630	6,512	6,620	6,660	
15 Cash-account	7,150	8,390	8,430	8,590	8,145	8,035	7,930	7,695	7,599	8,430	8,115	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[6]												
17 Under 40	37.0	21.0	41.0	13.0	21.0	23.0	24.0	35.0	48.0	41.0	43.0	
18 40–49	24.0	24.0	22.0	21.0	28.0	28.0	27.0	24.0	22.0	22.0	21.0	
19 50–59	17.0	24.0	16.0	29.0	21.0	20.0	21.0	17.0	17.0	16.0	15.0	n.a.
20 60–69	10.0	14.0	9.0	16.0	14.0	13.0	12.0	10.0	10.0	9.0	9.0	
21 70–79	6.0	9.0	6.0	12.0	9.0	9.0	9.0	7.0	7.0	6.0	6.0	
22 80 or more	6.0	8.0	6.0	9.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[7]	**25,870**	**35,598**	**58,329**	**47,100**	**50,580**	**50,267**	**51,211**	**54,029**	**57,490**	**58,329**	**62,670**	
Distribution by equity status (percent)												
24 Net credit status	58.0	62.0	63.0	62.0	62.0	62.0	64.0	63.0	63.0	63.0	61.0	n.a.
Debt status, equity of												
25 60 percent or more	31.0	29.0	28.0	33.0	31.0	31.0	29.0	28.0	29.0	28.0	29.0	
26 Less than 60 percent	11.0	9.0	9.0	5.0	6.0	7.0	7.0	9.0	8.0	9.0	10.0	

Margin requirements (percent of market value and effective date)[8]

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exhange.

Besides assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4. A distribution of this total by equity class is shown on lines 17–22.
5. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
6. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
7. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
8. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1983										1984
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Savings and loan associations												
1 **Assets**	**664,167**	**707,646r**	**725,309r**	**730,211r**	**729,920r**	**733,074r**	**741,416r**	**746,998r**	**748,491r**	**756,953r**	**763,365r**	**771,705**	**774,955**
2 Mortgages	518,547	483,614	477,022	477,593	473,481	474,510	479,322	483,178	482,305	485,366	489,720	493,432	497,746
3 Cash and investment securities[1]	63,123	85,438	97,377	99,973	104,245	102,063	102,546	99,812	100,243	101,553	101,386	103,395	102,260
4 Other	82,497	138,594	150,910	152,645	152,194	156,501	159,548	164,008	165,943	170,034	172,259	174,878	174,949
5 **Liabilities and net worth**	**664,167**	**707,646**	**725,309**	**730,211**	**729,920**	**733,074**	**741,416**	**746,998**	**748,491**	**756,953**	**763,365**	**771,705**	**774,955**
6 Savings capital	525,061	567,861	599,092	603,187	601,731	605,282	610,826	615,369	618,002	622,577	625,013	634,076	641,762
7 Borrowed money	88,782	97,850	84,850	83,623	82,731	84,342	84,694	84,388	85,976	87,367	89,235	91,443	86,648
8 FHLBB	62,794	63,861	56,859	55,933	54,392	54,234	53,579	52,303	52,179	52,678	51,735	52,626	50,954
9 Other	25,988	33,989	27,991	27,690	28,339	30,108	31,115	32,085	33,797	34,689	37,500	38,817	35,369
10 Loans in process[2]	6,385	9,934	12,255	13,478	14,548	15,998	17,094	17,967	18,812	19,209	19,728	21,117	21,342
11 Other	15,544	15,602	14,436	15,853	17,936	15,140	17,527	18,615	15,496	17,458	19,179	15,275	16,039
12 Net worth[3]	28,395	26,233	26,931	27,548	27,522	28,310	28,369	28,626	29,017	29,551	29,938	30,911	30,831
13 MEMO: Mortgage loan commitments outstanding[4]	15,225	18,054	24,922	27,968	30,148	30,691	31,733	32,415	32,483	32,798	34,780	32,996	33,784
	Mutual savings banks[5]												
14 **Assets**	**175,728**	**174,197**	**178,814**	**178,826**	**180,071**	**181,975**	**182,822**	**183,612**	**186,041**	**188,021**	**189,146**	**193,517**	
Loans													
15 Mortgage	99,997	94,091	93,823	93,311	93,587	94,000	93,998	93,941	94,831	95,181	95,600	97,368	
16 Other	14,753	16,957	17,837	18,353	17,893	17,438	18,134	17,929	17,830	18,860	19,674	19,120	
Securities													
17 U.S. government[6]	9,810	9,743	12,187	12,364	13,110	13,572	13,931	14,484	14,794	14,774	15,090	15,349	
18 State and local government	2,288	2,470	2,403	2,311	2,260	2,257	2,248	2,247	2,244	2,189	2,194	2,177	
19 Corporate and other[7]	37,791	36,161	37,827	38,342	39,142	40,206	40,667	41,045	41,889	41,907	42,625	43,589	
20 Cash	5,442	6,919	6,548	6,039	5,960	6,224	5,322	5,168	5,560	4,940	4,990	6,252	
21 Other assets	5,649	7,855	8,189	8,107	8,118	8,276	8,522	8,799	8,893	9,051	8,973	9,662	
22 **Liabilities**	**175,728**	**174,197**	**178,814**	**178,826**	**180,071**	**181,975**	**182,822**	**183,612**	**186,041**	**188,021**	**189,146**	**193,517**	n.a.
23 Deposits	155,110	155,196	161,489	161,262	162,287	163,990	164,848	165,087	165,887	166,260	169,334	172,639	
24 Regular[8]	153,003	152,777	159,088	158,760	159,840	161,573	162,271	162,600	162,998	163,782	166,984	170,105	
25 Ordinary savings	49,425	46,862	41,183	40,379	40,467	40,451	39,983	39,360	39,768	38,129	38,448	38,553	
26 Time	103,578	96,369	86,272	84,593	83,506	84,705	85,445	86,446	85,603	90,639	93,051	95,107	
27 Other	2,108	2,419	2,401	2,502	2,447	2,417	2,577	2,487	2,889	2,478	2,350	2,534	
28 Other liabilities	10,632	8,336	7,395	7,631	3,114	7,754	7,596	7,884	9,475	8,988	9,192	10,174	
29 General reserve accounts	9,986	9,235	9,342	9,352	9,377	9,575	9,684	9,932	9,879	12,245	10,314	18,759	
30 MEMO: Mortgage loan commitments outstanding[9]	1,293	1,285	1,639	1,882	1,860	1,884	1,969	2,046	2,023	2,210	2,418	2,387	
	Life insurance companies												
31 **Assets**	**525,803**	**588,163**	**602,770**	**609,298**	**620,572**	**628,224**	**633,569**	**638,826**	**644,295**	**647,149**	**652,904**		
Securities													
32 Government	25,209	36,499	38,449	39,210	42,523	43,348	44,751	45,700	46,109	47,767	47,170		
33 United States[10]	8,167	16,529	19,213	19,746	20,706	21,141	22,228	22,817	23,134	24,380	24,232		
34 State and local	7,151	8,664	8,368	8,524	10,053	10,355	10,504	10,695	10,739	10,791	10,686		
35 Foreign[11]	9,891	11,306	10,868	10,940	11,764	11,852	12,019	12,188	12,236	12,596	12,252		
36 Business	255,769	287,126	296,233	300,558	309,254	313,510	316,934	318,584	321,568	320,964	325,787	n.a.	n.a.
37 Bonds	208,099	231,406	236,430	238,689	245,833	248,248	252,397	253,977	256,131	256,332	260,432		
38 Stocks	47,670	55,720	59,803	61,869	63,421	65,262	64,537	64,607	65,437	64,632	65,355		
39 Mortgages	137,747	141,989	143,031	143,011	143,758	144,725	145,086	146,400	147,356	148,256	148,947		
40 Real estate	40,094	20,264	21,175	21,352	21,344	21,629	21,690	21,749	21,903	22,141	22,278		
41 Policy loans	48,706	52,961	53,560	53,715	53,804	53,914	53,972	54,063	54,165	54,255	54,362		
42 Other assets	35,815	48,571	50,322	51,452	48,889	51,098	51,136	52,330	53,194	53,765	54,360		
	Credit unions[12]												
43 **Total assets/liabilities and capital**	**60,611**	**69,572**	**73,876**	**74,896**	**76,851**	**78,467**	**79,084**	**79,595**	**80,678**	**81,033**	**81,845**	**82,854**	**83,182**
44 Federal	39,181	45,483	48,350	48,986	50,275	51,430	51,844	52,224	53,033	53,222	53,710	54,372	54,657
45 State	21,430	24,089	22,526	25,910	26,576	27,037	27,240	27,371	27,645	27,811	28,135	28,482	28,525
46 Loans outstanding	42,333	43,223	43,067	43,530	44,055	45,001	45,616	46,880	47,744	48,345	49,102	49,923	50,306
47 Federal	27,096	27,941	27,823	28,133	28,512	29,175	29,577	30,384	30,912	31,287	31,789	32,304	32,631
48 State	15,237	15,282	15,244	15,397	15,543	15,826	16,039	16,496	16,832	17,058	17,313	17,619	17,675
49 Savings	54,152	62,977	67,494	68,663	70,221	71,712	72,438	72,550	73,697	74,187	74,685	75,435	76,068
50 Federal (shares)	35,250	41,341	44,336	45,165	46,192	47,145	47,713	47,874	48,709	49,044	49,400	49,839	50,387
51 State (shares and deposits)	18,902	21,636	23,158	23,498	24,029	24,567	24,725	24,676	24,988	25,143	25,285	25,596	25,681

For notes see bottom of opposite page.

1.37 Continued

Account	1981	1982	1983 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.
			FSLIC-insured federal savings banks										
52 **Assets**	....	**6,859**	**18,635**	**22,713**	**33,667**	**39,660**	**41,763**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	n.a.
53 Mortgages	....	3,353	11,556	14,345	21,248	25,236	26,494	28,086	34,814	35,637	37,166	38,698	n.a.
54 Cash and investment securities[1]	....	....	3,683	4,310	5,901	6,675	6,890	7,514	9,245	9,587	9,653	10,436	n.a.
55 Other	....	....	3,396	4,058	6,518	7,749	8,379	10,591	13,437	14,198	14,898	15,835	n.a.
56 **Liabilities and net worth**	....	**6,859**	**18,635**	**22,713**	**33,667**	**39,660**	**41,763**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	n.a.
57 Savings and capital	....	5,877	15,377	18,598	27,419	32,446	34,108	37,284	47,058	48,544	50,384	53,227	n.a.
58 Borrowed money	....	....	2,160	2,719	4,146	4,831	5,008	5,445	6,598	6,775	6,981	7,477	n.a.
59 FHLBB	....	....	1,550	1,979	2,755	3,094	3,131	3,572	4,192	4,323	4,381	4,640	n.a.
60 Other	....	....	610	740	1,391	1,737	1,877	1,873	2,406	2,452	2,600	2,837	n.a.
61 Other	....	....	305	453	759	755	919	1,142	1,089	1,293	1,428	1,157	n.a.
62 Net worth[3]	....	....	793	943	1,343	1,628	1,728	2,320	2,751	2,810	2,924	3,108	n.a.
MEMO													
63 Loans in process[2]	....	98	265	335	650	791	828	934	1,120	1,181	1,222	1,264	n.a.
64 Mortgage loan committments outstanding[4]	....	....	592	722	1,113	1,438	1,743	1,774	2,130	2,064	2,230	2,151	n.a.

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process.
3. Includes net undistributed income accrued by most associations.
4. Excludes figures for loans in process, which are shown as a liability.
5. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
6. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
7. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
8. Excludes checking, club, and school accounts.
9. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
10. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
11. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
12. As of June 1982, data include only federal or federally insured state credit unions serving natural persons.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.
Mutual savings banks: Estimates of National Council of Savings Institutions for all savings banks in the United States.
Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."
Credit unions: Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year 1982 H1	1982 H2	1983 H1	1983 Nov.	1983 Dec.	1984 Jan.
U.S. budget									
1 Receipts[1]	599,272	617,766	600,562	322,478	286,338	306,331	46,200	58,041	62,537
2 Outlays[1]	657,204	728,375	795,917	348,678	390,846	396,477	67,792	74,702	68,052
3 Surplus, or deficit (−)	−57,932	−110,609	−195,355	−26,200	−104,508	−90,146	−21,592	−16,661	−5,515
4 Trust funds	6,817	5,456	23,056	−17,690	−6,576	22,680	−3,408	3,921	1,043
5 Federal funds[2,3]	−64,749	−116,065	−218,410	−43,889	−97,934	−112,822	−18,183	−20,579	−6,558
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−20,769	−14,142	−10,404	−7,942	−4,923	−5,418	−526	−312	−121
7 Other[3,4]	−236	−3,190	−1,953	227	−2,267	−528	−152	400	−129
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−78,936	−127,940	−207,711	−33,914	−111,699	−96,094	−22,270	−16,572	−5,762
Source or financing									
9 Borrowing from the public	79,329	134,993	212,425	41,728	119,609	102,538	8,946	15,501	23,686
10 Cash and monetary assets (decrease, or increase (−))[4]	−1,878	−11,911	−9,889	−408	−9,057	−9,664	21,277	−6,092	−21,127
11 Other[5]	1,485	4,858	5,176	−7,405	1,146	3,222	−7,953	7,164	3,202
MEMO									
12 Treasury operating balance (level, end of period)	18,670	29,164	37,057	10,999	19,773	100,243	5,213	11,817	28,544
13 Federal Reserve Banks	3,520	10,975	16,557	4,099	5,033	19,442	2,896	3,661	7,153
14 Tax and loan accounts	15,150	18,189	20,500	6,900	14,740	72,037	2,316	8,157	21,392

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; Rural Telephone Bank; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4. Includes U.S. Treasury operating cash accounts; SDRs; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1985*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year					
				1982		1983	1983		1984
				H1	H2	H1	Nov.	Dec.	Jan.
RECEIPTS									
1 **All sources**[1]	**599,272**	**617,766**	**600,563**	**322,478**	**286,338**	**306,331**	**46,200**	**58,041**	**62,537**
2 Individual income taxes, net	285,917	297,744	288,938	150,565	145,676	144,550	22,700	25,577	33,881
3 Withheld	256,332	267,513	266,010	133,575	131,567	135,531	22,550	24,482	21,070
4 Presidential Election Campaign Fund	41	39	36	34	5	30	0	0	0
5 Nonwithheld	76,844	84,691	83,586	66,174	20,040	63,014	1,011	1,948	12,728
6 Refunds	47,299	54,498	60,692	49,217	5,938	54,024	861	854	−82
Corporation income taxes									
7 Gross receipts	73,733	65,991	61,780	37,836	25,661	33,522	1,827	11,558	2,985
8 Refunds	12,596	16,784	24,758	8,028	11,467	13,809	1,360	636	1,366
9 Social insurance taxes and contributions, net	182,720	201,498	209,001	108,079	94,278	110,521	16,780	16,120	21,462
10 Payroll employment taxes and contributions[2]	156,932	172,744	179,010	88,795	85,063	90,912	14,151	15,435	19,446
11 Self-employment taxes and contributions[3]	6,041	7,941	6,756	7,357	177	6,427	103	0	478
12 Unemployment insurance	15,763	16,600	18,799	9,809	6,857	11,146	2,166	289	1,112
13 Other net receipts[1,4]	3,984	4,212	4,436	2,119	2,181	2,196	360	396	427
14 Excise taxes	40,839	36,311	35,300	17,525	16,556	16,904	3,259	3,011	3,148
15 Customs deposits	8,083	8,854	8,655	4,310	4,299	4,010	904	855	776
16 Estate and gift taxes	6,787	7,991	6,053	4,208	3,445	2,883	453	484	488
17 Miscellaneous receipts[5]	13,790	16,161	15,594	7,984	7,891	7,751	1,637	1,072	1,163
OUTLAYS									
18 **All types**[1]	**657,204**	**728,424**	**795,917**	**348,683**	**390,847**	**396,477**	**67,792**	**74,702**	**68,052**
19 National defense	159,765	187,418	210,461	93,154	100,419	105,072	17,947	19,576	18,283
20 International affairs	11,130	9,982	8,927	5,183	4,406	4,705	318	2,647	709
21 General science, space, and technology	6,359	7,070	7,777	3,370	3,903	3,486	777	480	503
22 Energy	10,277	4,674	4,035	2,946	2,059	2,073	342	534	255
23 Natural resources and environment	13,525	12,934	12,676	5,636	6,940	5,892	974	1,221	963
24 Agriculture	5,572	14,875	22,173	7,087	13,260	10,154	766	1,452	1,835
25 Commerce and housing credit	3,946	3,865	4,721	1,408	2,244	2,164	−288	565	709
26 Transportation	23,381	20,560	21,231	9,915	10,686	9,918	2,118	2,030	1,953
27 Community and regional development	9,394	7,165	7,302	3,055	4,186	3,124	686	752	434
28 Education, training, employment, social services	31,402	26,300	25,726	12,607	12,187	12,801	2,205	2,214	2,476
29 Health[1]	65,982	74,017	81,157	37,219	39,073	41,206	7,064	7,149	7,175
30 Income security	225,101	248,343	280,244	112,782	133,779	143,001	22,810	24,040	23,281
31 Veterans benefits and services	22,988	23,955	24,845	10,865	13,241	11,334	2,051	3,336	1,202
32 Administration of justice	4,696	4,671	5,014	2,334	2,373	2,522	396	448	487
33 General government	4,614	4,726	4,991	2,400	2,322	2,434	535	364	88
34 General-purpose fiscal assistance	6,856	6,393	6,287	3,325	3,152	3,124	337	64	1,153
35 Net interest[6]	68,726	84,697	89,774	41,883	44,948	42,358	9,464	8,712	7,808
36 Undistributed offsetting receipts[7]	−16,509	−13,270	−21,424	−6,490	−8,333	−8,885	−710	−889	−1,263

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. 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.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1985*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1981	1982				1983			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**	**1,381.9**	**1415.3**
2 Public debt securities	1,028.7	1,061.3	1,079.6	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7
3 Held by public	825.5	858.9	867.9	925.6	987.7	1,043.3	1,090.3	1,138.2	1174.4
4 Held by agencies	203.2	202.4	211.7	216.4	209.4	201.2	229.3	239.0	236.3
5 Agency securities	6.0	5.1	5.0	5.0	4.8	4.8	4.7	4.7	4.6
6 Held by public	4.6	3.9	3.9	3.7	3.7	3.7	3.6	3.6	3.5
7 Held by agencies	1.4	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**
9 Public debt securities	1,028.1	1,060.7	1,079.0	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1
10 Other debt[1]	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3
11 MEMO: Statutory debt limit	1,079.8	1,079.8	1,143.1	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0

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

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

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

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983			1984	
					Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,384.6**	**1,389.2**	**1,410.7**	**1,437.4**	**1,457.5**
By type									
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,383.3	1,387.9	1,400.9	1,435.6	1,455.8
3 Marketable	530.7	623.2	720.3	881.5	1,035.3	1,044.3	1,050.9	1,081.9	1,100.1
4 Bills	172.6	216.1	245.0	311.8	339.0	335.3	343.8	346.9	349.5
5 Notes	283.4	321.6	375.3	465.0	566.2	575.3	573.4	597.6	608.0
6 Bonds	74.7	85.4	99.9	104.6	129.2	133.8	633.7	137.4	142.6
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	347.9	343.5	350.0	353.7	355.7
8 Convertible bonds[2]	2.2	...	...	...	...	...	...	...	...
9 State and local government series	24.6	23.8	23.0	25.7	35.3	35.7	36.1	36.7	37.5
10 Foreign issues[3]	28.8	24.0	19.0	14.7	11.5	10.5	10.4	10.8	9.8
11 Government	23.6	17.6	14.9	13.0	11.5	10.5	10.4	10.8	9.8
12 Public	5.3	6.4	4.1	1.7	.0	.0	0	.0	.0
13 Savings bonds and notes	79.9	72.5	68.1	68.0	70.6	70.9	70.7	71.0	71.2
14 Government account series[4]	177.5	185.1	196.7	205.4	230.3	226.2	231.9	235.0	237.0
15 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.3	1.3	9.8	1.8	1.8
By holder[5]									
16 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	234.6	230.4	236.3		
17 Federal Reserve Banks	117.5	121.3	131.0	139.3	146.1	149.4	151.9		
18 Private investors	540.5	616.4	694.5	848.4			1022.6		
19 Commercial banks	96.4	116.0	109.4	131.4			188.9		
20 Mutual savings banks	4.7	5.4	5.2	n.a.			n.a.		
21 Insurance companies	16.7	20.1	19.1	38.7			48.9		
22 Other companies	22.9	25.7	37.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 State and local governments	69.9	78.8	85.6	113.4			n.a.		
Individuals									
24 Savings bonds	79.9	72.5	68.0	68.3			71.5		
25 Other securities	36.2	56.7	75.6	48.2			61.9		
26 Foreign and international[6]	124.4	127.7	141.4	149.4			168.9		
27 Other miscellaneous investors[7]	90.1	106.9	152.3	233.2			n.a.		

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

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1980	1981	1982	1983 Dec.r	1984 Jan.	1984 Feb.	1983 and 1984, week ending Wednesday Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25	Feb. 1
	Immediate delivery[1]												
1	U.S. government securities	18,331	24,728	32,271	42,361	45,659	52,384	46,296	50,729	47,025	49,132	38,671	44,676
	By maturity												
2	Bills	11,413	14,768	18,398	23,494	23,162	24,926	24,951	26,128	23,137	24,571	20,455	22,023
3	Other within 1 year	421	621	810	932	1,119	902	812	1,137	993	1,467	865	1,080
4	1–5 years	3,330	4,360	6,272	7,941	9,629	11,808	12,536	9,406	9,505	10,280	7,593	11,476
5	5–10 years	1,464	2,451	3,557	5,134	5,647	8,024	4,679	7,034	5,944	6,055	5,118	5,052
6	Over 10 years	1,704	2,528	3,234	4,861	6,102	6,725	3,320	7,024	7,446	6,760	4,641	5,046
	By type of customer												
7	U.S. government securities dealers	1,484	1,640	1,769	2,429	2,751	4,119	2,862	2,957	2,679	3,116	2,386	2,876
8	U.S. government securities brokers	7,610	11,750	15,659	19,146	21,090	24,951	18,900	21,229	21,978	23,170	17,992	20,055
9	All others[2]	9,237	11,337	15,344	20,786	21,817	23,314	24,535	26,544	22,368	22,846	18,293	21,745
10	Federal agency securities	3,258	3,306	4,142	5,925	6,538	7,574	4,797	6,493	6,195	7,773	6,174	6,565
11	Certificates of deposit	2,472	4,477	5,001	4,431	4,886	5,374	4,187	4,844	5,622	5,272	3,765	4,338
12	Bankers acceptances	n.a.	1,807	2,502	2,370	3,119	2,702	2,010	2,636	3,353	3,496	2,595	2,937
13	Commercial paper	n.a.	6,128	7,595	7,964	8,891	8,114	8,520	11,083	9,870	8,266	7,333	8,397
	Futures transactions[3]												
14	Treasury bills	n.a.	3,523	5,031	6,449	5,431	6,936	5,794	4,336	5,994	6,782	4,784	4,031
15	Treasury coupons	n.a.	1,330	1,490	2,552	2,625	3,581	1,399	2,116	2,589	3,412	2,491	1,964
16	Federal agency securities	n.a.	234	259	194	157	302	142	293	207	240	159	140
	Forward transactions[4]												
17	U.S. government securities	n.a.	365	835	1,175	713	1,620	2,021	833	432	988	772	842
18	Federal agency securities	n.a.	1,370	982	1,857	2,140	2,596	1,193	2,095	2,247	2,607	1,584	1,939

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1980	1981	1982	1983 Dec.r	1984 Jan.	1984 Feb.	1983 and 1984, week ending Wednesday Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18
		Positions										
	Net immediate[1]											
1	U.S. government securities	4,306	9,033	9,328	−2,336	3,130	1,161	−6,840	−2,663	−2,065	69	4,060
2	Bills	4,103	6,485	4,837	−1,437	2,730	3,101	−3,461	−2,182	−4,052	−726	2,869
3	Other within 1 year	−1,062	−1,526	−199	47	−158	−227	−112	−174	−376	−276	22
4	1–5 years	434	1,488	2,932	712	1,552	−428	−909	2,322	2,450	1,824	1,611
5	5–10 years	166	292	−341	−745	−705	−1,610	−1,527	−1,481	621	−63	−506
6	Over 10 years	665	2,294	2,001	−912	−288	324	−831	−1,149	−709	−690	64
7	Federal agency securities	797	2,277	3,712	11,480	11,236	12,391	12,006	11,787	11,610	11,192	11,773
8	Certificates of deposit	3,115	3,435	5,531	7,449	6,528	7,322	6,782	6,682	7,091	6,263	6,588
9	Bankers acceptances	n.a.	1,746	2,832	4,178	3,494	3,244	4,032	3,875	3,397	3,534	4,061
10	Commercial paper	n.a.	2,658	3,317	3,822	2,754	2,771	3,940	4,011	3,746	3,066	2,900
	Futures positions											
11	Treasury bills	n.a.	−8,934	−2,508	−2,926	−10,286	−7,788	−21	−5,000	−6,512	−9,676	−10,106
12	Treasury coupons	n.a.	−2,733	−2,361	1,016	758	1,252	1,423	1,822	1,386	1,121	554
13	Federal agency securities	n.a.	522	−224	386	38	−174	384	426	397	228	10
	Forward positions											
14	U.S. government securities	n.a.	−603	−788	−2,971	−1,454	−2,257	−3,623	−764	−1,039	−1,190	−1,595
15	Federal agency securities	n.a.	−451	−1,190	−7,738	−7,506	−8,021	−7,863	−7,795	−7,814	−7,648	−8,033
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	n.a.	14,568	26,754	36,710	37,309	n.a.	36,151	37,931	41,514	35,267	37,467
17	Term agreements	n.a.	32,048	48,247	65,578	60,280	n.a.	66,290	65,542	60,119	60,504	60,245
	Repurchase agreements[4]											
18	Overnight and continuing	n.a.	35,919	49,695	65,095	67,685	n.a.	65,393	62,703	71,743	68,129	67,326
19	Term agreements	n.a.	29,449	43,410	53,560	51,123	n.a.	52,841	53,818	48,197	49,321	52,197

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1980	1981	1982	1983					1984
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**236,931**	**236,610**	**239,121**	**240,177**	**239,716**	**239,872**
2 Federal agencies	28,606	31,806	33,055	33,420	33,744	33,735	33,813	33,940	33,919
3 Defense Department[1]	610	484	354	274	264	258	253	243	234
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,564	14,740	14,740	14,740	14,853	14,852
5 Federal Housing Administration[4]	477	413	288	213	206	203	197	194	173
6 Government National Mortgage Association participation certificates[5]	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,770	1,538	1,471	1,404	1,404	1,404	1,404	1,404	1,404
8 Tennessee Valley Authority	11,190	13,115	14,365	14,675	14,840	14,840	14,945	14,970	14,980
9 United States Railway Association[6]	492	202	194	125	125	125	109	111	111
10 Federally sponsored agencies[7]	160,059	190,140	204,030	203,511	202,866	205,386	206,364	205,776	205,953
11 Federal Home Loan Banks	37,268	54,131	55,967	49,081	49,283	49,956	49,285	48,930	48,344
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	5,875	6,134	6,950	7,024	6,793	6,679
13 Federal National Mortgage Association	55,182	58,749	70,052	72,163	71,258	71,965	73,531	74,594	74,676
14 Farm Credit Banks	62,923	71,359	71,896	73,744	73,046	73,465	73,474	72,409	73,023
15 Student Loan Marketing Association	(8)	421	1,591	2,648	3,145	3,050	3,050	3,050	3,231
MEMO									
16 **Federal Financing Bank debt[9]**	**87,460**	**110,698**	**126,424**	**134,505**	**136,081**	**134,799**	**135,361**	**135,791**	**135,940**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,493	14,676	14,676	14,676	14,789	14,789
18 Postal Service[6]	1,520	1,288	1,221	1,154	1,154	1,154	1,154	1,154	1,154
19 Student Loan Marketing Association	2,720	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	9,465	11,390	12,640	12,950	13,115	13,175	13,220	13,245	13,255
21 United States Railway Association[6]	492	202	194	125	125	125	109	111	111
Other Lending[10]									
22 Farmers Home Administration	39,431	48,821	53,261	56,386	55,691	55,916	55,916	55,266	54,776
23 Rural Electrification Administration	9,196	13,516	17,157	18,638	18,936	19,093	19,216	19,766	19,927
24 Other	11,262	12,740	22,774	25,759	27,384	25,660	26,070	26,460	26,928

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures.
8. Before late 1981, the Association obtained financing through the Federal Financing Bank.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.43

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

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1983 May	June[r]	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
1 **All issues, new and refunding**[1]	**48,367**	**47,732**	**78,950**	**9,583**	**7,555**	**4,370r**	**6,194**	**6,160**	**6,650**	**5,829**	**8,854**
Type of issue											
2 General obligation	14,100	12,394	21,088	3,571	1,550	860r	1,614	1,266	1,935	1,679	1,134
3 U.S. government loans[2]	38	34	225	6	7	7	9	14	15	15	15
4 Revenue	34,267	35,338	57,862	6,012	6,005	3,510r	4,580	4,894	4,715	4,150	7,720
5 U.S. government loans[2]	57	55	461	14	16	26	29	35	39	39	39
Type of issuer											
6 State	5,304	5,288	8,406	830	277	484	673	452	856	405	198
7 Special district and statutory authority	26,972	27,499	45,000	4,478	4,260	3,009	3,357	4,199	4,387	3,318	5,790
8 Municipalities, counties, townships, school districts	16,090	14,945	25,544	4,275	3,018	877r	2,164	1,509	1,407	2,106	2,866
9 **Issues for new capital, total**	**46,736**	**46,530**	**74,613**	**6,989**	**6,049**	**3,884r**	**4,612**	**5,512**	**5,187**	**5,333**	**8,438**
Use of proceeds											
10 Education	4,572	4,547	6,444	828	887	535	714	527	457	515	744
11 Transportation	2,621	3,447	6,256	419	229	274	261	195	250	336	421
12 Utilities and conservation	8,149	10,037	14,254	1,513	939	268	285	1,238	605	1,101	1,230
13 Social welfare	19,958	12,729	26,605	2,069	2,120	1,920	2,139	2,334	2,580	2,080	2,676
14 Industrial aid	3,974	7,651	8,256	708	669	393r	254	494	323	516	2,317
15 Other purposes	7,462	8,119	12,797	1,452	1,205	494r	959	724	972	785	1,050

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1983 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues**[1,2]	**70,441**	**84,198**	**98,845**	**11,489**	**8,165**	**6,474**	**5,941**	**6,568**	**6,592**	**8,103**	**6,812**
2 **Bonds**	**45,092**	**53,636**	**47,266**	**7,017**	**2,244**	**2,550**	**2,547**	**2,865**	**3,055**	**4,075**	**3,173**
Type of offering											
3 Public	38,103	43,838	47,266	7,017	2,244	2,550	2,547	2,865	3,055	4,075	3,173
4 Private placement	6,989	9,798	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,325	13,123	8,133	2,158	706	60	200	282	367	22	423
6 Commercial and miscellaneous	5,229	5,681	5,374	1,055	425	228	458	353	114	23	201
7 Transportation	2,052	1,474	1,086	150	115	148	0	0	0	111	105
8 Public utility	8,963	12,155	7,066	1,115	363	322	355	590	510	910	120
9 Communication	4,280	2,265	3,380	505	250	1,100	0	100	50	0	0
10 Real estate and financial	12,243	18,938	22,227	2,034	385	692	1,534	1,540	2,014	3,009	2,324
11 **Stocks**[3]	**25,349**	**30,562**	**51,579**	**4,472**	**5,921**	**3,924**	**3,394**	**3,703**	**3,842**	**4,028**	**3,639**
Type											
12 Preferred	1,797	5,113	7,213	492	665	290	247	644	300	433	253
13 Common	23,552	25,449	44,366	3,980	5,256	3,634	3,147	3,059	3,542	3,595	3,386
Industry group											
14 Manufacturing	5,074	5,649	14,135	1,545	2,449	1,015	1,309	962	744	458	649
15 Commercial and miscellaneous	7,557	7,770	13,112	922	1,358	1,415	743	997	868	1,598	852
16 Transportation	779	709	2,729	221	109	337	145	165	305	192	413
17 Public utility	5,577	7,517	5,001	264	550	72	263	200	588	622	245
18 Communication	1,778	2,227	1,822	8	138	20	236	0	36	13	12
19 Real estate and financial	4,584	6,690	14,780	1,512	1,317	1,065	698	1,379	1,301	1,145	1,468

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Data for 1983 include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983r	1983 June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	1984 Jan.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	45,675	84,793	8,107	6,944	6,032	5,915	6,532	6,341	6,846	10,319
2 Redemptions of own shares[3]	30,078	57,120	5,416	4,500	4,885	4,412	4,264	3,920	5,946	5,544
3 Net sales	15,597	27,673	2,691	2,444	1,147	1,503	2,268	2,421	900	4,775
4 Assets[4]	76,841	113,599	106,449	104,279	104,494	109,455	107,314	113,052	113,599	114,839
5 Cash position[5]	6,040	8,343	9,110	8,815	8,045	8,868	8,256	9,395	8,343	9,180
6 Other	70,801	105,256	97,339	95,464	93,449	100,587	99,058	103,657	105,256	105,659

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	1980	1981	1982	1981 Q4	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983 Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	175.4	192.3	164.8	192.0	162.0	166.8	168.5	161.9	181.8	218.2	248.4
2 Profits before tax	234.6	227.0	174.2	217.2	173.2	178.8	177.3	167.5	169.7	203.3	229.1
3 Profits tax liability	84.8	82.8	59.1	75.6	60.3	61.4	60.8	54.0	61.5	76.0	84.9
4 Profits after tax	149.8	144.1	115.1	141.7	112.9	117.4	116.5	113.5	108.2	127.2	144.1
5 Dividends	58.6	64.7	68.7	67.3	67.7	67.8	68.8	70.4	71.4	72.0	73.7
6 Undistributed profits	91.2	79.4	46.4	74.4	45.2	49.5	47.7	43.1	36.7	55.2	70.4
7 Inventory valuation	−42.9	−23.6	−8.3	−15.7	−5.5	−8.5	−9.0	−10.3	−1.7	−10.6	−18.3
8 Capital consumption adjustment	−16.3	−11.0	−1.1	−9.5	−5.6	−3.5	.1	4.7	13.9	25.6	37.6

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

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1977	1978	1979	1980	1981	1982		1983		
						Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**912.7**	**1,043.7**	**1,214.8**	**1,327.0**	**1,419.3**	**1,441.8**	**1,425.4**	**1,436.5**	**1,464.2**	**1,522.4**
2 Cash	97.2	105.5	118.0	126.9	131.8	126.9	144.0	139.7	145.7	148.4
3 U.S. government securities	18.2	17.2	16.7	18.7	17.4	18.9	22.4	25.8	27.5	26.3
4 Notes and accounts receivable	330.3	388.0	459.0	506.8	530.3	534.2	511.0	517.9	534.3	562.7
5 Inventories	376.9	431.8	505.1	542.8	585.1	596.5	575.2	573.2	570.5	591.1
6 Other	90.1	101.1	116.0	131.8	154.6	165.3	172.6	179.9	186.2	193.8
7 **Current liabilities**	**557.1**	**669.5**	**807.3**	**889.3**	**976.3**	**1,007.6**	**977.8**	**986.3**	**997.7**	**1,038.6**
8 Notes and accounts payable	317.6	383.0	460.8	513.6	558.8	562.7	552.8	543.2	551.6	578.8
9 Other	239.6	286.5	346.5	375.7	417.5	444.9	425.0	443.1	446.1	459.9
10 **Net working capital**	**355.5**	**374.3**	**407.5**	**437.8**	**442.9**	**434.2**	**447.6**	**450.2**	**466.5**	**483.7**
11 MEMO: Current ratio[1]	1.638	1.559	1.505	1.492	1.454	1.431	1.458	1.456	1.468	1.466

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1982	1983	1984[1]	1982		1983				1984	
				Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]
1 **Total nonfarm business**	**316.43**	**302.50**	**343.57**	**313.76**	**303.18**	**293.03**	**293.46**	**304.70**	**318.83**	**332.66**	**335.40**
Manufacturing											
2 Durable goods industries	56.44	51.78	62.78	56.61	50.51	50.74	48.48	53.06	54.85	59.21	59.01
3 Nondurable goods industries	63.23	59.75	66.93	61.65	59.72	59.12	60.31	58.06	61.50	65.49	67.25
Nonmanufacturing											
4 Mining	15.45	11.83	14.34	14.57	13.41	12.03	10.91	11.93	12.43	13.57	13.87
Transportation											
5 Railroad	4.38	3.92	4.73	4.01	4.35	3.35	3.64	4.07	4.63	4.09	4.85
6 Air	3.93	3.77	2.78	4.07	4.76	4.09	4.10	3.57	3.32	2.42	2.82
7 Other	3.64	3.50	4.49	3.21	3.22	3.60	3.14	3.36	3.91	4.57	4.31
Public utilities											
8 Electric	33.40	34.99	35.54	34.73	35.15	33.97	34.86	35.84	35.31	35.51	35.72
9 Gas and other	8.55	7.00	9.24	8.29	7.85	7.64	6.62	6.38	7.37	8.21	8.95
10 Trade and services	86.95	87.94	100.25	86.88	84.36	82.38	85.85	91.06	92.44	98.56	97.93
11 Communication and other[2]	40.46	38.02	42.47	39.75	39.84	36.11	35.54	37.38	43.05	41.03	40.68

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981	1982	1983 Q1	1983 Q2	1983 Q3	1983 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	85.5	89.5	89.9	91.3	92.3	92.8
2 Business	55.2	63.3	70.3	72.3	80.6	81.0	82.2	84.9	86.8	95.2
3 Total	99.2	116.0	136.0	145.9	166.1	170.4	172.1	176.2	179.0	188.0
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	28.9	30.5	29.7	30.4	30.1	30.6
5 Accounts receivable, net	86.5	100.4	116.0	122.6	137.2	139.8	142.4	145.8	148.9	157.4
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	34.2	39.7	42.8	44.3	45.0	45.3
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	15.4	18.6	16.6	16.3	17.0	19.1
11 Commercial paper	29.6	34.5	43.3	43.4	51.2	45.8	45.2	49.0	49.7	53.6
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	9.6	8.7	9.8	9.6	8.7	11.3
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	54.8	63.5	64.7	64.5	66.2	65.4
14 Other	11.5	12.6	14.2	14.3	17.8	18.7	22.8	24.0	24.4	27.1
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	22.8	24.2	26.0	26.7	27.9	26.2
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**

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

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Dec. 31, 1983[1]	Changes in accounts receivable 1983 Oct.	Nov.	Dec.	Extensions 1983 Oct.	Nov.	Dec.	Repayments 1983 Oct.	Nov.	Dec.
1 **Total**	**95,218**	**986**	**1,793**	**2,721**	**25,841**	**29,988**	**27,338**	**24,855**	**28,195**	**24,617**
2 Retail automotive (commercial vehicles)	21,267	680	1,320	485	1,925	2,592	1,836	1,245	1,272	1,351
3 Wholesale automotive	15,038	310	662	583	7,124	8,516	7,690	6,814	7,854	7,107
4 Retail paper on business, industrial, and farm equipment	28,797	−406	−198	602	1,049	1,504	1,610	1,455	1,702	1,008
5 Loans on commercial accounts receivable and factored commercial accounts receivable	10,332	149	17	121	13,822	15,344	13,441	13,673	15,327	13,320
6 All other business credit	19,784	253	−8	930	1,921	2,032	2,761	1,668	2,040	1,831

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1981	1982	1983	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	90.4	94.6	92.6	97.3	94.4	100.7	95.8	98.0	94.8	93.0
2 Amount of loan (thousands of dollars)	65.3	69.8	69.4	72.3	67.3	76.5	72.5	76.7	73.3	71.8
3 Loan/price ratio (percent)	74.8	76.6	77.0	76.5	73.3	78.5	78.4	80.5	79.1	79.2
4 Maturity (years)	27.7	27.6	26.7	28.1	25.7	27.2	26.9	26.5	27.3	27.7
5 Fees and charges (percent of loan amount)[2]	2.67	2.95	2.40	2.54	1.96	2.45	2.33	2.54	2.56	2.55
6 Contract rate (percent per annum)	14.16	14.47	12.20	12.02	12.01	12.08	11.80	11.82	11.94	11.82
Yield (percent per annum)										
7 FHLBB series[3]	14.74	15.12	12.66	12.50	12.38	12.54	12.25	12.34	12.42	12.30
8 HUD series[4]	16.52	15.79	13.43	14.00	13.90	13.60	13.52	13.48	13.41	13.28
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	16.31	15.31	13.11	14.23	13.78	13.55	13.23	13.23	13.25	13.08
10 GNMA securities[6]	15.29	14.68	12.26	12.54	13.01	12.73	12.42	12.51	12.49	12.35
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	58,675	66,031	74,847	74,630	75,057	75,174	75,665	76,714	78,256	79,049
12 FHA/VA-insured	39,341	39,718	37,393	37,092	36,894	36,670	36,455	36,349	36,211	40,873
13 Conventional	19,334	26,312	37,454	37,583	38,163	38,505	39,210	40,365	42,045	38,177
Mortgage transactions (during period)										
14 Purchases	6,112	15,116	17,554	1,358	1,213	1,203	1,244	1,348	2,204	1,285
15 Sales	2	2	3,528	786	121	464	257	0	250	20
Mortgage commitments[7]										
16 Contracted (during period)	9,331	22,105	18,607	1,198	1,282	2,739	1,882	997	1,471	1,772
17 Outstanding (end of period)	3,717	7,606	5,461	5,099	5,165	6,684	7,182	6,493	5,461	5,470
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,245	5,153		6,182	6,149	6,857	6,963	7,093	7,633r	
19 FHA/VA	2,236	1,921		971	964	961	947	940	941r	
20 Conventional	3,010	3,224		5,211	5,185	5,896	6,016	6,153	6,691r	
Mortgage transactions (during period)										
21 Purchases	3,789	23,671	n.a.	1,523	1,621	2,263	2,886	1,287	1,685r	n.a.
22 Sales	3,531	24,164		1,491	1,588	1,556	2,750	1,143	1,115r	
Mortgage commitments[9]										
23 Contracted (during period)	6,974	28,187		4,671	6,367	3,283	2,598	2,093	1,704r	
24 Outstanding (end of period)	3,518	7,549		10,794	15,519	16,512	16,198	16,994	16,964r	

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

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1981	1982	1983	1982	1983			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**1,583,264**	**1,653,633**	**1,821,901r**	**1,653,633**	**1,680,296r**	**1,721,676r**	**1,773,625r**	**1,821,901r**
2 1- to 4-family	1,065,294	1,104,634	1,213,632r	1,104,634	1,121,035r	1,145,830r	1,181,175r	1,213,632r
3 Multifamily	136,354	140,431	150,783r	140,431	141,390r	144,615r	146,924r	150,783r
4 Commercial	279,889	301,862	347,926r	301,862	310,959r	323,263r	336,514r	347,926r
5 Farm	101,727	106,706	109,560r	106,706	106,912r	107,968r	109,012r	109,560r
6 Major financial institutions	1,040,827	1,022,161	1,106,119	1,022,161	1,027,468r	1,047,312r	1,078,113r	1,106,119
7 Commercial banks[1]	284,536	300,203	329,745	300,203	303,371r	310,217r	320,299r	329,745
8 1- to 4-family	170,013	173,157	182,679	173,157	172,346r	174,032r	178,054r	182,679
9 Multifamily	15,132	16,421	17,971	16,421	16,230r	16,876r	17,424r	17,971
10 Commercial	91,026	102,219	119,862	102,219	106,301r	110,437r	115,692r	119,862
11 Farm	8,365	8,406	9,233	8,406	8,494r	8,872r	9,129r	9,233
12 Mutual savings banks	99,997	97,805	133,325	97,805	105,378	119,236	129,645	133,325
13 1- to 4-family	68,187	66,777	95,249	66,777	73,240	84,349	92,467	95,249
14 Multifamily	15,960	15,305	17,964	15,305	15,587	16,667	17,588	17,964
15 Commercial	15,810	15,694	20,083	15,694	16,522	18,192	19,562	20,083
16 Farm	40	29	29	29	29	28	28	29
17 Savings and loan associations	518,547	482,234	492,857	482,234	475,688	473,134	480,813	492,857
18 1- to 4-family	433,142	392,201	389,357	392,201	383,642	376,851	380,563	389,357
19 Multifamily	37,699	38,868	42,386	38,868	39,149	39,838	41,206	42,386
20 Commercial	47,706	51,165	61,114	51,165	52,897	56,445	59,044	61,114
21 Life insurance companies	137,747	141,919	150,192	141,919	143,031	144,725	147,356	150,192
22 1- to 4-family	17,201	16,743	15,503	16,743	16,388	15,860	15,534	15,503
23 Multifamily	19,283	18,847	19,201	18,847	18,825	18,778	18,857	19,201
24 Commercial	88,163	93,501	102,738	93,501	95,158	97,416	100,209	102,738
25 Farm	13,100	12,828	12,750	12,828	12,660	12,671	12,756	12,750
26 Federal and related agencies	126,094	138,185	146,951r	138,185	140,028	142,094	142,224	146,951r
27 Government National Mortgage Association	4,765	4,227	3,395r	4,227	3,753	3,643	3,475	3,395r
28 1- to 4-family	693	676	630r	676	665	651	639	630r
29 Multifamily	4,072	3,551	2,765r	3,551	3,088	2,992	2,836	2,765r
30 Farmers Home Administration	2,235	1,786	2,141r	1,786	2,077	1,605	600	2,141r
31 1- to 4-family	914	783	1,159r	783	707	381	211	1,159r
32 Multifamily	473	218	173r	218	380	555	32	173r
33 Commercial	506	377	409r	377	337	248	113	409r
34 Farm	342	408	400r	408	653	421	244	400r
35 Federal Housing and Veterans Administration	5,999	5,228	4,792r	5,228	5,138	5,084	5,050	4,792r
36 1- to 4-family	2,289	1,980	1,863r	1,980	1,867	1,911	2,061	1,863r
37 Multifamily	3,710	3,248	2,929r	3,248	3,271	3,173	2,989	2,929r
38 Federal National Mortgage Association	61,412	71,814	78,256r	71,814	73,666	74,669	75,174	78,256r
39 1- to 4-family	55,986	66,500	73,045r	66,500	68,370	69,396	69,938	73,045r
40 Multifamily	5,426	5,314	5,211r	5,314	5,296	5,273	5,236	5,211r
41 Federal Land Banks	46,446	50,350	51,154	50,350	50,544	50,858	51,069	51,154
42 1- to 4-family	2,788	3,068	3,007	3,068	3,059	3,030	3,008	3,007
43 Farm	43,658	47,282	48,147	47,282	47,485	47,828	48,061	48,147
44 Federal Home Loan Mortgage Corporation	5,237	4,780	7,213	4,780	4,850	6,235	6,856	7,213
45 1- to 4-family	5,181	4,733	7,162	4,733	4,795	6,119	6,799	7,162
46 Multifamily	56	47	51	47	55	116	57	51
47 Mortgage pools or trusts[2]	163,000	216,654	285,151r	216,654	234,596	252,665	272,611	285,151r
48 Government National Mortgage Association	105,790	118,940	159,237	118,940	127,939	139,276	151,597	159,237
49 1- to 4-family	103,007	115,831	155,188	115,831	124,482	135,628	147,761	155,188
50 Multifamily	2,783	3,109	4,049	3,109	3,457	3,648	3,836	4,049
51 Federal Home Loan Mortgage Corporation	19,853	42,964	58,586	42,964	48,008	50,934	54,152	58,586
52 1- to 4-family	19,501	42,560	57,945	42,560	47,575	50,446	53,539	57,945
53 Multifamily	352	404	641	404	433	488	613	641
54 Federal National Mortgage Association[3]	717	14,450	25,121r	14,450	18,157	20,933	23,819	25,121r
55 1- to 4-family	717	14,450	25,121r	14,450	18,157	20,933	23,819	25,121r
56 Farmers Home Administration	36,640	40,300	42,207r	40,300	40,492	41,522	43,043	42,207r
57 1- to 4-family	18,378	20,005	20,404r	20,005	20,263	20,728	21,083	20,404r
58 Multifamily	3,426	4,344	5,090r	4,344	4,344	4,343	5,042	5,090r
59 Commercial	6,161	7,011	7,351r	7,011	7,115	7,303	7,542	7,351r
60 Farm	8,675	8,940	9,362r	8,940	8,770	9,148	9,376	9,362r
61 Individual and others[4]	253,343	276,633	283,680	276,633	278,204	279,605	280,677	283,680
62 1- to 4-family[5]	167,297	185,170	185,320	185,170	185,479	185,515	185,699	185,320
63 Multifamily	27,982	30,755	32,352	30,755	31,275	31,868	31,208	32,352
64 Commercial	30,517	31,895	36,369	31,895	32,629	33,222	34,352	36,369
65 Farm	27,547	28,813	29,639	28,813	28,821	29,000	29,418	29,639

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

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

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

Millions of dollars

Holder, and type of credit	1980	1981	1982	1983							1984
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**353,012**	**358,020**	**363,662**	**367,604**	**371,561**	**376,390**	**387,927**	**386,448**
By major holder											
2 Commercial banks	147,013	147,622	152,069	156,603	159,666	163,313	165,971	168,352	170,823	177,252	177,641
3 Finance companies	76,756	89,818	94,322	96,349	97,319	97,708	97,274	97,370	97,522	97,688	96,471
4 Credit unions	44,041	45,954	47,253	48,652	49,139	50,121	51,123	51,767	52,578	53,471	53,882
5 Retailers[2]	28,448	29,551	30,202	27,804	27,900	28,067	28,319	28,713	29,668	33,183	31,859
6 Savings and loans	9,911	11,598	13,891	16,207	16,369	16,615	17,130	17,624	18,080	18,568	18,646
7 Gasoline companies	4,468	4,403	4,063	4,159	4,356	4,457	4,338	4,243	4,157	4,131	4,300
8 Mutual savings banks	2,835	2,751	2,998	3,238	3,271	3,381	3,449	3,492	3,562	3,634	3,649
By major type of credit											
9 Automobile	116,838	125,331	130,227	136,183	138,689	141,677	142,477	143,621	144,663	146,078	146,842
10 Commercial banks	61,536	58,081	58,851	61,870	63,425	66,065	67,413	68,828	70,034	71,778	73,042
11 Indirect paper	35,233	34,375	35,178	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	23,269	23,502	23,972	24,451	24,759	25,147	25,574	48,029
14 Finance companies	34,242	45,275	48,780	51,044	51,762	51,640	50,613	50,034	49,482	48,726	25,771
15 Revolving	58,352	62,819	67,184	64,899	65,856	66,913	67,904	68,921	70,742	77,467	75,652
16 Commercial banks	29,765	32,880	36,688	36,515	37,173	37,973	38,848	39,576	40,573	43,965	43,262
17 Retailers	24,119	25,536	26,433	24,225	24,327	24,483	24,718	25,102	26,012	29,371	28,090
18 Gasoline companies	4,468	4,403	4,063	4,159	4,356	4,457	4,338	4,243	4,157	4,131	4,300
19 Mobile home	17,322	18,373	18,988	19,647	19,750	19,882	20,087	20,256	20,366	20,471	20,468
20 Commercial banks	10,371	10,187	9,684	9,651	9,717	9,741	9,766	9,767	9,761	9,732	9,718
21 Finance companies	3,745	4,494	4,965	4,995	4,982	5,012	5,038	5,062	5,043	5,033	5,018
22 Savings and loans	2,737	3,203	3,836	4,485	4,530	4,598	4,741	4,878	5,004	5,139	5,161
23 Credit unions	469	489	503	516	521	531	542	549	558	567	571
24 Other	120,960	125,174	128,399	132,283	133,725	135,190	137,136	138,763	140,619	143,911	143,486
25 Commercial banks	45,341	46,474	46,846	48,567	49,351	49,534	49,944	50,181	50,455	51,777	51,619
26 Finance companies	38,769	40,049	40,577	40,310	40,575	41,056	41,623	42,274	42,997	43,929	43,424
27 Credit unions	22,512	23,490	24,154	24,867	25,116	25,618	26,130	26,459	26,873	27,330	27,540
28 Retailers	4,329	4,015	3,769	3,579	3,573	3,584	3,601	3,611	3,656	3,812	3,769
29 Savings and loans	7,174	8,395	10,055	11,722	11,839	12,017	12,389	12,746	13,076	13,429	13,485
30 Mutual savings banks	2,835	2,751	2,998	3,238	3,271	3,381	3,449	3,492	3,562	3,634	3,649
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**2,418**	**4,406**	**4,840**	**3,388**	**2,375**	**4,885**	**4,671**	**6,614**	**4,343**
By major holder											
32 Commercial banks	−7,163	607	1,111	2,422	2,766	2,317	1,829	2,629	2,749	4,688	2,656
33 Finance companies	8,438	13,062	1,024	470	909	239	−721	620	205	−24	89
34 Credit unions	−2,475	1,913	197	573	662	510	646	942	912	731	916
35 Retailers[2]	329	1,103	−91	368	272	5	245	150	251	659	338
36 Savings and loans	1,485	1,682	201	456	188	147	507	376	438	513	217
37 Gasoline companies	739	−65	−51	77	5	65	−167	131	58	−31	72
38 Mutual savings banks	95	−85	27	40	38	105	36	37	58	78	55
By major type of credit											
39 Automobile	477	8,495	1,491	1,973	2,421	2,521	285	1,772	1,238	2,019	2,555
40 Commercial banks	−5,830	−3,455	527	1,284	1,482	2,359	1,243	1,499	1,302	2,131	2,042
41 Indirect paper	−3,104	−858	429	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	98	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	−1,184	914	89	275	328	232	309	451	436	349	85
44 Finance companies	7,491	11,033	875	414	611	−70	−1,267	−178	−500	−461	428
45 Revolving	1,415	4,467	501	1,210	821	313	479	1,145	1,300	1,723	487
46 Commercial banks	−97	3,115	650	806	556	217	404	856	999	1,148	100
47 Retailers	773	1,417	−98	327	260	31	242	158	243	606	315
48 Gasoline companies	739	−65	−51	77	5	65	−167	131	58	−31	72
49 Mobile home	483	1,049	−37	151	141	70	150	102	107	136	166
50 Commercial banks	−276	−186	−74	28	68	−14	8	−10	0	18	49
51 Finance companies	355	749	−15	−6	7	15	1	−16	−14	−25	50
52 Savings and loans	430	466	49	123	59	64	134	118	111	135	58
53 Credit unions	−25	20	3	6	7	5	7	10	10	8	9
54 Other	−927	4,206	463	1,072	1,457	484	1,461	1,866	2,026	2,736	1,135
55 Commercial banks	−960	1,133	8	304	660	−245	174	284	448	1,391	465
56 Finance companies	592	1,280	164	62	291	294	545	814	719	462	−46
57 Credit unions	−1,266	975	105	292	327	273	330	481	466	374	479
58 Retailers	−444	−314	7	41	12	−26	3	−8	8	53	23
59 Savings and loans	1,056	1,217	152	333	129	83	373	258	327	378	159
60 Mutual savings banks	95	−85	27	40	38	105	36	37	58	78	55

▲ These data have been revised from December 1980 through February 1983.

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

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

3. Not reported after December 1982.

4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $80.7 billion at the end of 1981, $85.9 billion at the end of 1982, and $96.9 billion at the end of 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.54	16.83	13.92	13.50	....	....	13.46	....	....	13.32
2 24-month personal	18.09	18.65	16.68	16.28	....	....	16.39	....	....	16.16
3 120-month mobile home[2]	17.45	18.05	15.91	15.58	....	....	15.47	....	....	15.45
4 Credit card	17.78	18.51	18.73	18.75	....	....	18.75	....	....	18.73
Auto finance companies										
5 New car	16.17	16.15	12.58	12.77	13.62	13.54	13.50	13.92	14.18	....
6 Used car	20.00	20.75	18.74	18.25	18.21	18.15	18.16	18.06	17.54	....
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.4	46.0	45.9	45.9	46.2	46.2	46.3	46.3	46.3	....
8 Used car	35.8	34.0	37.9	38.0	38.0	38.0	38.0	37.9	39.5	....
Loan-to-value ratio										
9 New car	86.1	85.3	86.0	87	87	86	86	87	88	....
10 Used car	91.8	90.3	92.0	93	93	93	93	92	92	....
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	8,724	8,792	8,982	9,118	9,167	9,099	....
12 Used car	4,343	4,746	5,033	5,103	5,144	5,213	5,316	5,401	5,392	....

1. Data for midmonth of quarter only.
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1978	1979	1980	1981	1982	1983	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1r	1983 H2
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**509.5**	**392.4**	**362.0**	**356.8**	**434.8**	**497.3**	**521.7**
By sector and instrument												
2 U.S. government	53.7	37.4	79.2	87.4	161.3	186.6	87.8	86.9	106.9	215.5	231.1	142.1
3 Treasury securities	55.1	38.8	79.8	87.8	162.1	186.7	88.3	87.3	108.3	215.9	231.2	142.2
4 Agency issues and mortgages	−1.4	−1.4	−.6	−.5	−.9	−.1	−.5	−.4	−1.4	−.4	−.1	−.1
5 Private domestic nonfinancial sectors	316.2	348.6	264.0	289.8	234.1	322.9	304.6	275.1	249.9	219.3	266.2	379.7
6 Debt capital instruments	199.7	211.2	192.0	158.4	152.4	227.9	179.3	137.5	139.7	166.1	221.1	234.7
7 Tax-exempt obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
8 Corporate bonds	21.1	17.3	26.7	22.1	18.8	15.0	26.1	18.0	10.8	26.9	21.1	9.0
9 Mortgages	150.2	163.6	135.1	114.5	83.0	168.6	132.0	96.9	87.3	79.9	140.2	196.9
10 Home mortgages	112.2	120.0	96.7	75.9	56.6	111.4	92.6	59.2	55.8	58.6	92.9	129.8
11 Multifamily residential	9.2	7.8	8.8	4.3	1.3	9.2	4.9	3.7	4.2	−1.7	6.2	12.1
12 Commercial	21.7	23.9	20.2	24.6	20.0	45.2	25.2	23.9	21.4	18.6	40.1	50.3
13 Farm	7.2	11.8	9.3	9.7	5.2	2.9	9.3	10.1	5.9	4.4	1.0	4.7
14 Other debt instruments	116.5	137.5	72.0	131.5	81.6	95.0	125.3	137.6	110.1	53.2	45.1	145.0
15 Consumer credit	48.8	45.4	4.9	24.1	18.3	54.2	28.9	19.3	19.3	17.4	39.8	68.6
16 Bank loans n.e.c.	37.4	51.2	36.7	54.7	54.4	19.1	45.5	63.9	70.1	38.8	6.6	31.6
17 Open market paper	5.2	11.1	5.7	19.2	−3.3	−1.2	12.0	26.3	6.5	−13.0	−16.3	14.0
18 Other	25.1	29.7	24.8	33.4	12.2	23.0	38.9	28.0	14.3	10.2	15.0	30.9
19 By borrowing sector	316.2	348.6	264.0	289.8	234.1	322.9	304.6	275.1	249.9	219.3	266.2	379.7
20 State and local governments	19.1	20.5	20.3	9.7	36.3	35.9	9.1	10.2	29.3	43.3	50.3	21.6
21 Households	169.4	176.4	117.5	120.6	86.3	163.6	139.8	101.3	87.6	86.1	128.5	198.7
22 Farm	14.6	21.4	14.4	16.3	9.0	3.9	20.1	12.5	9.0	9.1	−.4	8.2
23 Nonfarm noncorporate	32.4	34.4	33.7	39.6	29.8	62.0	39.8	39.5	34.6	24.9	51.3	72.7
24 Corporate	80.6	96.0	78.1	103.7	72.7	57.4	95.8	111.5	89.3	56.0	36.5	78.4
25 Foreign net borrowing in United States	33.8	20.2	27.2	27.2	15.7	19.2	31.9	22.5	12.8	18.6	18.5	19.9
26 Bonds	4.2	3.9	.8	5.4	6.6	3.3	3.3	7.6	2.4	10.8	4.4	2.2
27 Bank loans n.e.c.	19.1	2.3	11.5	3.7	−6.2	5.9	3.1	4.2	−5.1	−7.2	14.7	−2.8
28 Open market paper	6.6	11.2	10.1	13.9	10.7	6.0	20.6	7.1	12.5	9.0	−4.6	16.5
29 U.S. government loans	3.9	2.9	4.7	4.2	4.5	4.0	4.9	3.5	3.0	6.0	4.0	4.0
30 **Total domestic plus foreign**	**403.6**	**406.2**	**370.4**	**404.4**	**411.0**	**528.7**	**424.4**	**384.5**	**369.6**	**453.4**	**515.7**	**541.6**
						Financial sectors						
31 **Total net borrowing by financial sectors**	**74.6**	**82.5**	**63.3**	**85.4**	**69.3**	**88.6**	**87.4**	**83.4**	**89.8**	**48.7**	**74.1**	**103.2**
By instrument												
32 U.S. government related	37.1	47.9	44.8	47.4	64.9	68.1	45.2	49.6	61.3	68.4	68.0	68.3
33 Sponsored credit agency securities	23.1	24.3	24.4	30.5	14.9	1.6	28.9	32.1	23.6	6.3	−2.4	5.7
34 Mortgage pool securities	13.6	23.1	19.2	15.0	49.5	66.5	14.9	15.1	37.0	62.1	70.4	62.5
35 Loans from U.S. government	.4	.6	1.2	1.9	.4	......	1.4	2.4	.8	......	......	......
36 Private financial sectors	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	−19.7	6.1	35.0
37 Corporate bonds	7.5	7.8	7.1	−.8	2.3	17.2	−.3	−1.4	−1.2	5.8	15.3	19.2
38 Mortgages	.1	*	−.1	−.5	.1	.1	−.8	−.2	.1	.1	.1	.1
39 Bank loans n.e.c.	2.8	−.4	−.4	2.2	3.2	−2.9	3.2	1.1	5.2	1.2	−5.2	−.7
40 Open market paper	14.6	18.0	4.8	20.9	−2.0	13.2	23.5	18.4	14.0	−18.0	8.8	17.6
41 Loans from Federal Home Loan Banks	12.5	9.2	7.1	16.2	.8	−7.0	16.7	15.8	10.4	−8.8	−12.9	−1.2
By sector												
42 Sponsored credit agencies	23.5	24.8	25.6	32.4	15.3	1.6	30.3	34.5	24.4	6.3	−2.4	5.7
43 Mortgage pools	13.6	23.1	19.2	15.0	49.5	66.5	14.9	15.1	37.0	62.1	70.4	62.5
44 Private financial sectors	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	−19.7	6.1	35.0
45 Commercial banks	1.3	1.6	.5	.4	1.2	.6	.2	.5	.7	1.7	.8	.5
46 Bank affiliates	7.2	6.5	6.9	8.3	1.9	8.6	6.9	9.7	9.7	−5.8	6.1	11.1
47 Savings and loan associations	13.5	12.6	7.4	15.5	−3.0	−5.2	16.8	14.1	9.1	−15.2	−10.8	.3
48 Finance companies	18.1	16.6	6.3	14.1	4.9	17.2	18.5	9.7	9.5	.2	10.7	23.7
49 REITs	−1.4	−1.3	−2.2	.2	.1	.1	.2	.2	.1	.1	.1	.1
						All sectors						
50 **Total net borrowing**	**478.2**	**488.7**	**433.7**	**489.8**	**480.3**	**617.3**	**511.8**	**467.9**	**459.4**	**502.1**	**589.8**	**644.8**
51 U.S. government securities	90.5	84.8	122.9	133.0	225.9	254.7	131.8	134.3	167.6	284.0	299.1	210.4
52 State and local obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
53 Corporate and foreign bonds	32.8	29.0	34.6	26.7	27.7	35.5	29.1	24.2	12.0	43.5	40.7	30.3
54 Mortgages	150.2	163.5	134.9	113.9	83.0	168.6	131.1	96.6	87.3	79.8	140.2	197.0
55 Consumer credit	48.8	45.4	4.9	24.1	18.3	54.2	28.9	19.3	19.3	17.4	39.8	68.6
56 Bank loans n.e.c.	59.3	53.0	47.8	60.6	51.4	22.1	51.8	69.3	70.2	32.8	16.1	28.0
57 Open market paper	26.4	40.3	20.6	54.0	5.4	18.0	56.1	51.9	33.0	−22.1	−12.1	48.0
58 Other loans	41.9	42.4	37.8	55.8	17.9	19.9	61.8	49.7	28.4	7.4	6.1	33.7
						External corporate equity funds raised in United States						
59 **Total new share issues**	**1.9**	**−3.8**	**22.2**	**−3.7**	**35.4**	**69.2**	**10.2**	**−17.7**	**23.7**	**47.0**	**87.1**	**51.3**
60 Mutual funds	−.1	.1	5.2	6.8	18.6	32.6	8.1	5.6	13.2	24.0	38.7	26.4
61 All other	1.9	−3.9	17.1	−10.6	16.8	36.6	2.1	−23.2	10.6	23.0	48.3	24.9
62 Nonfinancial corporations	−.1	−7.8	12.9	−11.5	11.4	28.3	.9	−23.8	7.0	15.8	38.2	18.4
63 Financial corporations	2.5	3.2	2.1	.9	4.1	4.4	.5	1.2	3.8	4.4	4.4	4.5
64 Foreign shares purchased in United States	−.5	.8	2.1	*	1.3	3.9	.7	−.7	−.2	2.9	5.7	2.0

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1978	1979	1980	1981	1982	1983	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1r	1983 H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**509.5**	**392.4**	**362.0**	**356.8**	**434.8**	**497.3**	**521.7**
By public agencies and foreign												
2 Total net advances	102.3	75.2	97.0	97.4	109.3	114.8	113.8	81.0	107.9	110.8	129.5	100.0
3 U.S. government securities	36.1	−6.3	15.7	17.2	17.9	27.7	31.2	3.1	17.7	18.2	51.2	4.2
4 Residential mortgages	25.7	35.8	31.7	23.4	61.1	75.9	21.9	25.0	48.1	74.0	80.7	71.0
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	−7.0	16.7	15.8	10.4	−8.8	−12.9	−1.2
6 Other loans and securities	28.0	36.5	42.4	40.6	29.5	18.3	44.1	37.1	31.7	27.4	10.4	26.1
Total advanced, by sector												
7 U.S. government	17.1	19.0	23.7	24.1	16.7	9.8	27.9	20.3	14.2	19.1	8.2	11.3
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	68.9	47.2	49.2	62.5	68.1	69.1	68.7
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	2.4	16.0	.1	19.5	12.1	9.7
10 Foreign	38.0	−4.6	23.2	16.0	17.6	25.2	36.4	−4.4	31.1	4.1	40.1	10.3
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	68.1	45.2	49.6	61.3	68.4	68.0	68.3
12 Foreign	33.8	20.2	27.2	27.2	15.7	19.2	31.9	22.5	12.8	18.6	18.5	19.9
Private domestic funds advanced												
13 Total net advances	338.4	379.0	318.2	354.4	366.6	482.0	355.7	353.1	323.0	411.0	454.2	509.8
14 U.S. government securities	54.3	91.1	107.2	115.9	207.9	227.0	100.6	131.1	149.9	265.8	247.9	206.2
15 State and local obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
16 Corporate and foreign bonds	23.4	18.5	19.3	19.4	15.4	12.1	20.9	17.9	−1.7	32.4	19.9	4.4
17 Residential mortgages	95.6	91.9	73.7	56.7	−3.3	44.6	75.5	37.9	11.7	−17.2	18.3	70.9
18 Other mortgages and loans	149.3	156.3	94.8	156.9	96.8	146.9	154.3	159.5	131.7	62.0	95.3	198.4
19 LESS: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	−7.0	16.7	15.8	10.4	−8.8	−12.9	−1.2
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	302.3	294.7	262.3	305.2	271.2	368.5	317.3	293.1	272.8	268.9	347.5	389.5
21 Commercial banking	129.0	123.1	101.1	103.6	108.5	135.3	99.6	107.6	109.7	107.1	127.6	143.0
22 Savings institutions	72.8	56.7	54.9	27.2	30.6	128.6	41.5	12.8	29.5	31.0	130.6	126.6
23 Insurance and pension funds	75.0	66.4	74.4	79.3	94.2	102.1	75.3	83.4	95.4	93.0	107.4	96.8
24 Other finance	25.5	48.5	32.0	95.2	37.9	2.6	101.0	89.4	38.1	37.8	−18.0	23.1
25 Sources of funds	302.3	294.7	262.3	305.2	271.2	368.5	317.3	293.1	272.8	268.9	347.5	389.5
26 Private domestic deposits and RPs	141.0	142.0	168.6	211.7	173.4	200.3	213.8	209.6	163.4	182.7	211.6	189.0
27 Credit market borrowing	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	−19.7	6.1	35.0
28 Other sources	123.8	118.1	75.2	55.5	93.5	147.7	61.3	49.8	80.8	105.9	129.8	165.5
29 Foreign funds	6.5	27.6	−21.7	−8.7	−27.7	17.2	−8.7	−8.7	−30.1	−25.4	−18.9	53.4
30 Treasury balances	6.8	.4	−2.6	−1.1	6.1	−6.0	6.5	−8.7	−2.1	14.1	8.4	−20.4
31 Insurance and pension reserves	62.2	49.1	65.4	73.2	85.9	88.0	62.7	83.8	85.4	86.4	93.1	82.9
32 Other, net	48.4	41.0	34.0	−7.9	29.2	48.4	.8	−16.7	27.6	30.7	47.2	49.6
Private domestic nonfinancial investors												
33 Direct lending in credit markets	73.6	118.9	74.4	87.2	99.7	134.0	80.6	93.8	78.7	122.4	112.8	155.3
34 U.S. government securities	36.3	61.4	38.3	47.4	58.1	89.8	37.2	57.6	43.1	72.7	88.0	91.5
35 State and local obligations	3.6	9.9	7.0	9.6	30.9	31.9	9.5	9.7	28.4	33.4	47.7	16.1
36 Corporate and foreign bonds	−1.8	5.7	.6	−8.9	−9.4	−6.1	−5.5	−12.4	−26.3	7.4	−19.1	6.8
37 Open market paper	15.6	12.1	−4.3	3.7	−2.0	7.7	−3.3	10.7	6.7	−10.7	−11.2	26.6
38 Other	19.9	29.8	32.9	35.4	22.1	10.8	42.7	28.2	26.8	19.6	7.4	14.2
39 Deposits and currency	152.2	151.4	180.0	221.7	179.4	217.5	222.6	220.7	166.2	192.1	231.9	203.2
40 Currency	9.3	7.9	10.3	9.5	8.4	13.9	8.0	11.0	4.5	12.3	14.1	13.8
41 Checkable deposits	16.2	18.7	5.0	18.1	13.0	22.5	29.8	6.5	6.7	19.1	53.1	−8.0
42 Small time and savings accounts	65.9	59.2	83.1	47.2	137.0	216.6	30.7	63.6	95.1	178.6	295.8	137.4
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	−44.1	104.1	110.8	39.4	10.0	−84.0	−4.2
44 Large time deposits	44.4	23.0	44.7	36.4	−5.2	−2.3	41.6	31.2	21.2	−31.6	−64.4	59.8
45 Security RPs	7.5	6.6	6.5	2.5	3.8	7.5	7.7	−2.6	1.1	6.6	11.0	4.0
46 Deposits in foreign countries	2.0	1.5	1.1	.5	−2.4	3.3	.8	.2	−1.8	−2.9	6.1	.4
47 **Total of credit market instruments, deposits and currency**	**225.8**	**270.3**	**254.4**	**308.9**	**279.1**	**351.6**	**303.3**	**314.5**	**244.9**	**314.5**	**344.7**	**358.5**
48 Public holdings as percent of total	25.3	18.5	26.2	24.1	26.6	21.7	26.8	21.1	29.2	24.4	25.1	18.5
49 Private financial intermediation (in percent)	89.3	77.7	82.4	86.1	74.0	76.5	89.2	83.0	84.4	65.4	76.5	76.4
50 Total foreign funds	44.6	23.0	1.5	7.3	−10.2	42.5	27.8	−13.1	1.0	−21.3	21.2	63.7
MEMO: Corporate equities not included above												
51 **Total net issues**	**1.9**	**−3.8**	**22.2**	**−3.7**	**35.4**	**69.2**	**10.2**	**−17.7**	**23.7**	**47.0**	**87.1**	**51.3**
52 Mutual fund shares	−.1	.1	5.2	6.8	18.6	32.6	8.1	5.6	13.2	24.0	38.7	26.4
53 Other equities	1.9	−3.9	17.1	−10.6	16.8	36.6	2.1	−23.2	10.6	23.0	48.3	24.9
54 Acquisitions by financial institutions	4.5	9.7	16.8	22.1	27.9	54.4	25.3	18.9	19.3	36.4	68.4	40.3
55 Other net purchases	−2.7	−13.5	5.4	−25.9	7.5	14.8	−15.1	−36.6	4.4	10.6	18.6	11.0

NOTES BY LINE NUMBER.
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1981	1982	1983	1983							1984	
				June	July	Aug.	Sept.	Oct.	Nov.r	Dec.r	Jan.r	Feb.
1 **Industrial production**[1]	**151.0**	**138.6**	**147.6**	**146.4**	**149.7**	**151.8**	**153.8**	**155.0**	**155.3**	**156.1**	**158.0**	**159.9**
Market groupings												
2 Products, total	150.6	141.8	149.1	148.1	150.9	153.2	154.9	155.6	155.8	157.0	159.0	160.7
3 Final, total	149.5	141.5	147.1	146.4	149.0	150.7	152.1	152.7	153.2	154.8	156.8	158.2
4 Consumer goods	147.9	142.6	151.7	152.4	154.8	156.3	157.3	156.9	156.1	157.3	159.6	161.1
5 Equipment	151.5	139.8	140.8	138.2	141.0	143.1	144.9	147.0	149.1	151.3	153.0	154.2
6 Intermediate	154.4	143.3	156.6	154.5	158.1	162.2	165.4	166.5	165.5	165.3	167.1	169.7
7 Materials	151.6	133.7	145.2	143.7	147.8	149.7	152.2	154.0	154.5	154.6	156.4	158.8
Industry groupings												
8 Manufacturing	150.4	137.6	148.3	147.4	150.6	152.8	155.1	156.2	156.4	156.9	159.2	161.5
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.4	71.1	75.2	74.9	76.4	77.3	78.4	78.9	78.8	78.9	80.0	81.0
10 Industrial materials industries	80.7	70.1	75.2	74.4	76.5	77.4	78.6	79.5	79.6	79.6	80.5	81.6
11 Construction contracts (1977 = 100)[3]	111.0	111.0	138.0	151.0	137.0	154.0r	143.0	139.0	145.0	134.0	150.0	n.a.
12 Nonagricultural employment, total[4]	138.5	136.2	136.8	136.5	137.0	136.4	138.1	138.4	138.8	139.2	139.6	140.2
13 Goods-producing, total	109.4	102.6	101.5	100.9	101.8	102.2	102.7	103.7	104.3	104.7	105.6	106.2
14 Manufacturing, total	103.7	96.9	96.0	95.6	96.3	96.6	97.0	98.0	98.6	99.1	99.7	100.2
15 Manufacturing, production-worker	98.0	89.4	88.7	88.2	89.2	89.5	89.9	91.2	91.9	92.5	93.1	93.8
16 Service-producing	154.4	154.6r	156.1	156.1	156.3	155.1	157.5	157.5	157.8	158.1	158.3	158.8
17 Personal income, total	386.5	409.3	453.3	433.7	436.1	437.5	441.5	446.5	450.0	453.7	458.5	
18 Wages and salary disbursements	349.7	367.2	389.8	389.0	391.9	393.6	396.2	400.6	401.7	404.1	409.4	
19 Manufacturing	287.3	286.2	300.4	299.2	302.6	304.6	308.2	310.2	312.8	314.3	318.6	
20 Disposable personal income[5]	373.7	397.3	426.3	422.0	429.0	430.1	434.1	438.9	442.4	445.9	450.6	n.a.
21 Retail sales[6]	330.6	326.0	372.9	378.9	380.3	373.7	379.1	385.3	389.8	390.3	399.0	
Prices[7]												
22 Consumer	272.4	289.1	298.4	298.1	299.3	300.3	301.8	302.6	303.1	303.5	305.2	
23 Producer finished goods	269.8	280.7	285.2	285.0	285.7	286.1	285.1	287.9	286.8	287.1	289.4	

1. The capacity utilization series has been revised back to January 1967.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1983				1983				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Total industry**	**138.5**	**144.5**	**151.8**	**155.5**	**194.6**	**195.5**	**196.4**	**197.3**	**71.2**	**73.9**	**77.3**	**78.8**
2 Mining	116.7	112.3	116.1	121.0	165.2	165.3	165.4	165.5	70.6	67.9	70.2	73.1
3 Utilities	163.6	169.6	178.2	177.6	208.5	209.8	211.1	212.4	78.5	80.8	84.4	83.6
4 **Manufacturing**	**138.4**	**145.2**	**152.8**	**156.5**	**195.7**	**196.6**	**197.5**	**198.4**	**70.7**	**73.8**	**77.4**	**78.9**
5 Primary processing	137.0	145.2	152.8	156.4	194.3	194.8	195.3	195.8	70.5	74.6	78.3	79.9
6 Advanced processing	139.7	145.1	152.8	156.1	196.5	197.6	198.6	199.7	71.1	73.5	76.9	78.2
7 **Materials**	**134.8**	**141.7**	**149.9**	**154.4**	**192.3**	**192.9**	**193.4**	**194.0**	**70.1**	**73.5**	**77.5**	**79.6**
8 Durable goods	125.2	134.7	144.2	150.3	195.2	195.6	196.0	196.5	64.2	68.9	73.6	76.5
9 Metal materials	78.6	84.9	89.3	93.7	140.2	139.9	139.8	139.6	56.1	60.7	63.9	67.2
10 Nondurable goods	163.7	171.7	179.1	183.9	217.8	218.8	219.6	220.6	75.2	78.5	81.5r	83.4
11 Textile, paper, and chemical	169.3	179.6	188.0	193.8	229.4	230.7	231.6	232.7	73.8	77.9	81.2	83.2
12 Paper	149.9	153.4	162.8	167.7	165.3	166.1	166.9	167.7	90.7	92.3	97.5	100.0
13 Chemical	204.7	219.4	227.8	235.9	294.8	296.6	298.3	300.1	69.4	74.0	76.4	78.6
14 Energy materials	122.2	121.5	127.4	127.6	153.9	154.3	154.7	155.3	79.5	78.7	82.3	82.2

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1983 Feb.	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.r	1983 Dec.r	1984 Jan.r	1984 Feb.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**76.5**	**71.0**	**74.8**	**76.3**	**77.3**	**78.2**	**78.7**	**78.7**	**79.0**	**79.8**	**80.7**
16 Mining	91.8	86.0	88.5	84.0	69.9	68.1	69.5	70.2	70.8	71.5	73.2	74.7	75.1	74.7
17 Utilities	94.9	82.0	86.7	83.8	77.7	80.8	83.5	85.0	84.8	83.3	83.0	84.5	83.0	82.2
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**75.5**	**70.6**	**74.9**	**76.4**	**77.3**	**78.4**	**78.9**	**78.8**	**78.9**	**80.0**	**81.0**
19 Primary processing	93.7	68.2	91.4	72.6	70.8	75.7	77.1	78.1	79.7	80.4	80.0	79.2	80.6	81.8
20 Advanced processing	85.5	69.4	85.9	77.0	70.8	74.4	76.0	76.9	77.8	77.9	78.0	78.6	79.8	80.7
21 **Materials**	**92.6**	**69.3**	**88.9**	**74.2**	**70.1**	**74.4**	**76.5**	**77.4**	**78.6**	**79.5**	**79.6**	**79.6**	**80.5**	**81.6**
22 Durable goods	91.4	63.5	88.4	68.4	64.2	70.0	72.1	73.6	75.2	76.1	76.5	76.9	78.3	79.8
23 Metal materials	97.8	68.0	95.4	59.4	56.1	61.2	62.3	64.0	65.5	68.0	66.8	66.6	68.1	70.1
24 Nondurable goods	94.4	67.4	91.7	77.5	75.3	79.6	80.7	81.1	82.9	84.1	83.8	82.2	82.6	83.4
25 Textile, paper, and chemical	95.1	65.4	92.3	75.5	74.1	79.2	80.4	80.5	82.6	84.1	83.7	81.9	82.4	83.1
26 Paper	99.4	72.4	97.9	89.8	90.8	93.1	96.7	96.9	99.0	99.4	101.3	99.4	99.5	n.a.
27 Chemical	95.5	64.2	91.3	70.7	69.9	75.3	75.9	75.5	77.8	79.7	79.0	77.1	77.7	n.a.
28 Energy materials	94.5	84.4	88.7	84.4	79.2	78.8	82.6	82.8	81.6	81.4	81.8	83.3	83.4	83.9

1. Monthly high 1973; monthly low 1975.

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1981	1982r	1983	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.r	1984 Jan.r	1984 Feb.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**172,272**	**174,450**	**176,414**	**176,498**	**176,648**	**176,811**	**176,990**	**177,151**	**177,325**	**177,733**	**177,882**
2 Labor force (including Armed Forces)[1]	110,812	112,383	113,749	114,017	114,325	114,438	114,077	114,235	114,340	114,415	114,896
3 Civilian labor force	108,670	110,204	111,550	111,825	112,117	112,229	111,866	112,035	112,136	112,215	112,693
Employment											
4 Nonagricultural industries[2]	97,030	96,125	97,450	97,726	98,035	98,568	98,730	99,349	99,585	99,918	100,496
5 Agriculture	3,368	3,401	3,383	3,499	3,449	3,308	3,240	3,257	3,356	3,271	3,395
Unemployment											
6 Number	8,273	10,678	10,717	10,600	10,633	10,353	9,896	9,429	9,195	9,026	8,801
7 Rate (percent of civilian labor force)	7.6	9.7	9.6	9.5	9.5	9.2r	8.8	8.4	8.2	8.0	7.8
8 Not in labor force	61,460	62,067	62,665	62,481	62,323	62,373	62,913	62,916	62,985	63,318	62,986
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**91,156**	**89,596**	**89,986**	**90,152**	**89,748**	**90,851**	**91,084**	**91,355**	**91,599**	**91,863**	**92,249**
10 Manufacturing	20,170	18,853	18,678	18,733	18,793	18,871	19,064	19,172	19,280	19,385	19,495
11 Mining	1,132	1,143	1,021	1,017	1,023	1,026	1,044	1,045	1,047	1,050	1,053
12 Contract construction	4,176	3,911	3,949	3,974	4,014	4,038	4,060	4,094	4,088	4,176	4,212
13 Transportation and public utilities	5,157	5,081	4,943	4,984	4,341	5,031	5,019	5,019	5,015	5,042	5,043
14 Trade	20,551	20,401	20,508	20,529	20,580	20,612	20,666	20,718	20,781	20,846	20,601
15 Finance	5,301	5,340	5,456	5,465	5,488	5,499	5,503	5,515	5,525	5,553	5,563
16 Service	20,547	19,064	19,685	19,770	19,835	19,913	19,956	20,016	20,093	20,096	20,242
17 Government	16,024	15,803	15,747	15,680	15,674	15,861	15,775	15,776	15,770	15,715	15,727

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

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

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1983 avg.	1983 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	1984 Jan.[p]	Feb.[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.6**	**138.1**	**140.0**	**142.6**	**144.4**	**146.4**	**149.7**	**151.8**	**153.8**	**155.0**	**155.3**	**156.1**	**158.0**	**159.9**
2 Products	60.71	149.2	140.3	141.6	144.5	146.2	148.1	150.9	153.2	154.9	155.6	155.8	157.0	159.0	160.7
3 Final products	47.82	147.1	138.9	139.9	142.8	144.5	146.4	149.0	150.7	152.1	152.7	153.2	154.8	156.8	158.2
4 Consumer goods	27.68	151.8	143.4	144.3	147.7	150.4	152.4	154.8	156.3	157.4	156.9	156.1	157.3	159.6	161.1
5 Equipment	20.14	140.7	132.7	133.8	136.2	136.5	138.2	141.0	143.1	144.9	147.0	149.1	151.3	153.0	154.2
6 Intermediate products	12.89	156.6	145.3	147.8	150.8	152.2	154.5	158.1	162.2	165.3	166.5	165.5	165.3	167.1	169.7
7 Materials	39.29	145.3	134.9	137.6	139.7	141.7	143.7	147.8	149.7	152.3	154.0	154.5	154.6	156.4	158.8
Consumer goods															
8 Durable consumer goods	7.89	147.5	134.4	136.3	140.5	145.5	149.2	152.9	154.2	157.4	156.7	155.9	158.4	163.7	164.9
9 Automotive products	2.83	158.2	144.3	142.6	144.9	152.2	160.0	167.0	168.1	172.9	171.3	171.5	178.4	184.1	182.5
10 Autos and utility vehicles	2.03	134.0	120.8	116.4	117.8	124.9	135.4	145.4	147.0	153.1	149.2	149.2	157.8	163.4	160.6
11 Autos	1.90	117.4	107.3	99.9	102.7	107.4	118.3	129.8	132.0	135.0	129.6	129.4	137.4	140.7	139.5
12 Auto parts and allied goods	.80	219.4	203.9	209.3	213.6	221.5	222.6	221.9	221.8	223.1	227.4	228.2	230.7	236.7	238.2
13 Home goods	5.06	141.5	128.8	132.8	138.1	141.8	143.2	144.9	146.4	148.7	148.4	147.2	147.2	152.2	155.1
14 Appliances, A/C, and TV	1.40	116.3	105.8	105.0	106.1	112.8	114.4	116.2	121.2	125.2	129.2	127.0	125.4	137.5	143.2
15 Appliances and TV	1.33	120.1	108.8	108.5	109.7	116.1	118.4	119.7	125.0	129.7	133.3	131.3	129.2	141.2	......
16 Carpeting and furniture	1.07	178.0	156.7	168.3	180.5	181.9	185.6	187.3	187.5	186.3	185.5	182.7	184.0	186.8	......
17 Miscellaneous home goods	2.59	140.0	129.7	133.3	137.9	140.9	141.3	143.0	143.2	145.9	143.6	143.4	143.9	145.9	147.5
18 Nondurable consumer goods	19.79	153.5	147.0	147.5	150.5	152.3	153.6	155.6	157.1	157.5	157.1	156.1	156.9	158.0	159.6
19 Clothing	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples	15.50	163.8	157.4	158.1	161.1	162.8	164.3	166.1	168.0	168.0	167.2	165.4	165.5	166.6	168.1
21 Consumer foods and tobacco	8.33	.....	149.5	148.4	150.9	153.2	155.9	156.6	156.3	154.9	156.0	154.5	155.2	.....	.....
22 Nonfood staples	7.17	175.7	166.5	169.4	172.9	174.0	174.1	177.2	181.6	183.2	180.3	178.1	177.4	178.2	179.7
23 Consumer chemical products	2.63	231.4	220.9	225.6	225.5	227.8	229.0	233.8	239.7	241.5	238.7	232.4	231.5	233.9	......
24 Consumer paper products	1.92	133.2	127.9	128.1	129.2	128.6	130.1	132.6	137.4	138.2	137.6	136.6	137.2	138.7	......
25 Consumer energy products	2.62	150.9	140.2	143.3	152.2	153.4	151.2	153.2	155.7	157.7	153.0	154.1	152.5	151.2	......
26 Residential utilities	1.45	.....	162.9	166.1	175.5	174.3	170.5	173.2	179.9	182.8	174.5	175.8	177.9	.....	.....
Equipment															
27 Business	12.63	153.1	142.7	143.7	146.9	147.7	150.2	153.3	156.6	158.8	161.3	164.1	166.6	168.1	169.2
28 Industrial	6.77	120.4	113.7	113.1	113.5	114.5	116.3	119.9	124.3	125.6	126.6	128.6	130.6	131.7	131.8
29 Building and mining	1.44	159.3	153.6	145.3	141.8	146.2	148.7	154.4	159.2	160.8	166.9	175.8	185.3	184.6	178.0
30 Manufacturing	3.85	107.0	97.9	99.7	101.7	102.5	105.0	108.9	113.3	115.0	114.6	114.3	114.7	116.2	118.0
31 Power	1.47	117.1	116.0	116.2	116.6	115.0	114.1	114.6	119.0	118.8	118.5	119.4	118.4	120.5	122.8
32 Commercial transit, farm	5.86	191.0	176.1	179.2	185.4	186.1	189.5	191.9	194.0	196.7	201.3	205.1	208.1	210.1	212.3
33 Commercial	3.26	272.7	251.2	255.7	264.3	265.0	270.9	276.0	277.4	281.2	288.1	292.5	296.7	297.8	300.3
34 Transit	1.93	95.0	88.2	90.1	92.0	92.6	93.2	92.0	95.9	97.6	100.0	103.2	105.3	109.7	111.6
35 Farm	.67	69.6	63.4	63.4	70.2	71.3	70.4	70.8	70.8	71.0	70.9	73.5	73.2	72.7	......
36 Defense and space	7.51	119.9	116.1	117.0	118.2	117.6	118.0	120.4	120.2	121.8	122.9	124.0	125.7	127.5	129.2
Intermediate products															
37 Construction supplies	6.42	142.4	129.7	133.1	136.4	138.4	142.1	145.8	149.0	151.1	152.3	151.6	151.4	154.8	157.8
38 Business supplies	6.47	170.7	160.9	162.3	165.2	166.0	166.8	170.4	175.3	179.3	180.6	179.4	179.1	179.4	......
39 Commercial energy products	1.14	184.8	178.6	180.3	183.3	183.1	181.4	185.2	186.9	190.2	187.0	187.6	186.9	186.5	......
Materials															
40 Durable goods materials	20.35	138.6	125.3	128.7	132.4	134.7	137.0	141.1	144.2	147.2	149.4	150.3	151.1	153.9	157.0
41 Durable consumer parts	4.58	113.5	101.6	104.0	106.5	108.5	109.5	115.6	119.9	123.1	124.9	125.0	127.5	128.8	131.5
42 Equipment parts	5.44	176.4	158.8	162.5	167.2	170.6	175.8	180.8	183.6	186.0	188.3	192.5	193.4	198.1	202.1
43 Durable materials n.e.c.	10.34	129.9	118.2	121.9	125.4	127.5	128.7	131.5	134.2	137.4	139.8	139.3	139.3	141.7	144.5
44 Basic metal materials	5.57	90.3	82.4	86.0	87.8	89.3	89.6	90.8	93.1	94.5	98.0	97.1	96.6	98.5	......
45 Nondurable goods materials	10.47	175.0	164.0	167.5	168.7	172.1	174.3	177.0	178.0	183.4	185.3	184.8	181.7	182.8	185.0
46 Textile, paper, and chemical materials	7.62	183.2	170.0	174.3	175.9	180.2	182.8	186.1	186.4	192.0	195.4	194.7	191.2	192.6	194.5
47 Textile materials	1.85	116.1	106.4	110.6	110.6	114.6	116.0	119.0	121.5	123.1	124.0	121.9	121.2	121.3	......
48 Paper materials	1.62	158.6	150.1	149.5	150.8	154.4	155.0	161.1	161.8	165.4	166.3	169.8	167.0	167.3	......
49 Chemical materials	4.15	222.7	206.2	212.5	214.9	219.6	223.6	225.9	225.1	233.1	238.7	237.0	231.9	234.3	......
50 Containers, nondurable	1.70	168.1	159.6	163.8	163.2	164.3	166.1	166.5	170.6	179.1	175.9	176.6	174.0	173.3	......
51 Nondurable materials n.e.c.	1.14	130.5	130.5	127.7	129.1	129.7	129.9	131.3	133.0	132.6	131.9	130.6	129.7	132.1	......
52 Energy materials	8.48	124.8	121.8	121.9	121.6	121.1	121.8	127.7	128.0	126.4	126.3	127.1	129.5	129.8	130.8
53 Primary energy	4.65	114.6	115.4	114.4	113.9	113.8	112.6	115.4	113.9	112.8	114.1	115.5	117.6	118.3	......
54 Converted fuel materials	3.82	137.1	129.6	131.1	131.0	129.9	132.9	142.7	145.2	142.8	141.2	141.1	143.9	143.8	......
Supplementary groups															
55 Home goods and clothing	9.35	129.9	119.9	122.0	126.3	129.2	130.2	132.3	133.3	135.2	135.5	135.9	137.4	140.6	143.1
56 Energy, total	12.23	135.9	131.0	131.9	133.9	133.8	133.6	138.5	139.4	139.0	137.7	138.5	139.7	139.7	140.7
57 Products	3.76	161.2	151.9	154.5	161.7	162.4	160.4	162.9	165.2	167.5	163.3	164.3	162.9	161.9	......
58 Materials	8.48	124.8	121.8	121.9	121.6	121.1	121.8	127.7	128.0	126.4	126.3	127.1	129.5	129.8	130.8

2.13 Continued

Grouping	SIC code	1967 proportion	1983 avg.	1983 Feb.[c]	1983 Mar.	1983 Apr.	1983 May	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.[r]	1983 Dec.	1984 Jan.[p]	1984 Feb.[e]
				Index (1967 = 100)												
Major Industry																
1 Mining and utilities	......	12.05	142.8	137.5	137.7	138.9	139.7	139.6	143.8	146.0	146.5	145.8	147.2	150.2	149.3	148.3
2 Mining	......	6.36	116.6	115.6	112.6	111.6	112.8	112.6	115.0	116.1	117.1	118.3	121.1	123.7	124.4	123.7
3 Utilities	......	5.69	172.1	162.0	165.8	169.3	169.7	169.8	176.0	179.3	179.3	176.5	176.3	179.9	177.1	175.8
4 Electric	......	3.88	195.8	183.0	188.2	192.7	192.9	192.0	200.9	205.4	204.5	200.7	200.2	205.0	200.7	198.8
5 Manufacturing	......	87.95	148.3	138.2	140.4	143.1	145.1	147.4	150.6	152.8	155.1	156.2	156.4	156.9	159.2	161.5
6 Nondurable	......	35.97	168.1	159.0	160.7	163.3	165.4	167.8	170.6	172.9	174.6	175.6	174.8	174.4	175.9	177.7
7 Durable	......	51.98	134.5	123.9	126.3	129.1	131.0	133.2	136.8	138.8	141.6	142.8	143.6	144.8	147.7	150.3
Mining																
8 Metal	10	.51	80.9	75.1	75.2	79.8	84.4	82.9	82.5	80.9	78.7	81.0	84.6	82.9	85.2	.....
9 Coal	11.12	.69	136.3	136.5	127.3	125.3	125.6	124.6	139.9	141.2	140.5	142.7	144.8	145.2	151.5	163.1
10 Oil and gas extraction	13	4.40	116.6	117.0	114.4	112.2	112.5	112.6	113.9	114.7	116.3	117.3	119.8	123.3	123.0	119.4
11 Stone and earth minerals	14	.75	122.8	115.7	114.0	117.7	122.5	121.7	121.2	125.0	126.5	127.4	132.2	133.9	134.9	.....
Nondurable manufactures																
12 Foods	20	8.75	156.4	153.0	152.0	153.7	155.6	157.7	159.9	159.3	158.2	157.6	157.1	157.7	.....	.....
13 Tobacco products	21	.67	112.1	108.5	113.4	114.8	112.9	120.0	112.9	117.1	112.7	109.1	109.5	109.3	.....	.....
14 Textile mill products	22	2.68	140.8	130.7	131.9	136.6	139.6	141.8	146.7	147.4	148.7	148.7	145.8	145.4	145.7	.....
15 Apparel products	23	3.31	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products	26	3.21	164.3	155.6	156.3	157.0	161.5	163.0	165.1	168.6	170.4	171.5	172.1	170.9	172.3	172.6
17 Printing and publishing	27	4.72	152.7	144.0	145.9	145.7	145.2	147.4	152.0	157.8	161.7	162.7	162.0	163.3	164.9	166.5
18 Chemicals and products	28	7.74	215.1	202.3	205.7	208.5	211.0	214.7	218.3	220.3	224.1	228.4	225.6	222.2	224.0	.....
19 Petroleum products	29	1.79	120.5	111.7	114.8	120.6	123.8	123.0	124.3	123.2	125.1	123.6	125.4	116.4	118.4	125.5
20 Rubber and plastic products	30	2.24	291.8	264.0	272.0	283.0	288.0	293.8	296.1	306.9	310.9	310.8	309.1	312.7	314.4	.....
21 Leather and products	31	.86	61.8	61.7	59.4	58.7	59.6	60.1	62.3	64.4	64.2	64.0	63.2	64.9	60.7	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	95.4	93.3	91.9	93.2	92.6	93.3	95.2	96.8	98.0	98.8	99.3	99.8	100.0	100.7
23 Lumber and products	24	1.64	137.2	130.2	128.7	132.1	135.8	137.4	141.3	141.6	142.3	141.7	141.0	143.3	144.1	.....
24 Furniture and fixtures	25	1.37	170.4	154.0	161.0	167.7	169.6	173.1	175.2	179.0	180.7	181.0	177.5	177.4	178.9	.....
25 Clay, glass, stone products	32	2.74	143.4	131.8	135.6	138.3	139.2	141.7	145.8	147.9	151.7	151.9	152.7	154.2	156.8	.....
26 Primary metals	33	6.57	85.4	77.9	81.2	83.1	84.9	84.8	85.5	87.5	90.6	95.3	92.2	90.2	94.6	98.0
27 Iron and steel	331.2	4.21	71.5	64.3	66.9	68.5	69.5	69.7	71.8	75.1	78.2	84.3	79.2	74.1	82.9	.....
28 Fabricated metal products	34	5.93	120.2	110.3	113.9	115.3	115.5	118.5	122.7	126.0	127.4	26.9	128.5	129.2	131.3	133.3
29 Nonelectrical machinery	35	9.15	150.5	136.2	138.6	143.1	146.1	149.5	154.2	157.3	158.3	159.2	161.8	163.7	165.8	168.5
30 Electrical machinery	36	8.05	185.6	168.9	173.8	177.2	180.1	182.4	188.3	189.2	195.8	198.4	200.1	201.4	206.8	211.0
31 Transportation equipment	37	9.27	117.8	109.6	110.1	111.4	113.8	116.6	119.7	121.1	124.7	125.5	127.3	130.6	133.7	135.6
32 Motor vehicles and parts	371	4.50	137.1	123.0	123.2	125.5	130.4	136.2	142.3	144.3	150.9	150.9	152.9	158.6	163.8	164.9
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	99.6	97.0	97.7	98.1	98.1	98.1	98.5	99.2	100.0	101.6	103.2	104.3	105.3	107.9
34 Instruments	38	2.11	158.7	153.4	154.0	155.1	156.0	156.1	159.3	161.6	163.6	163.0	163.0	164.6	167.0	168.9
35 Miscellaneous manufactures	39	1.51	146.2	133.9	136.9	145.0	149.0	151.0	153.7	153.1	151.7	149.1	148.9	149.3	151.3	153.0
		Gross value (billions of 1972 dollars, annual rates)														
Major Market																
36 Products, total	......	**507.4**	**612.5**	**578.4**	**584.1**	**592.6**	**601.8**	**610.5**	**620.5**	**626.6**	**637.0**	**637.8**	**638.4**	**644.0**	**653.7**	**659.5**
37 Final	......	390.9	472.5	447.3	451.3	457.7	465.6	471.8	478.2	481.8	489.9	490.7	490.8	496.5	503.2	508.4
38 Consumer goods	......	277.5	328.6	312.0	313.8	318.8	325.6	330.4	333.7	336.7	341.6	340.2	338.3	340.8	345.2	348.3
39 Equipment	......	113.4	143.9	135.3	137.5	138.9	140.0	141.4	144.5	145.1	148.4	150.5	152.5	155.7	158.0	160.1
40 Intermediate	......	116.6	140.0	131.1	132.8	134.9	136.2	138.7	142.3	144.8	147.1	147.1	147.6	147.5	150.5	151.1

1. 1972 dollar value.

2.14 HOUSING AND CONSTRUCTION

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

Item	1981	1982	1983r	1983									1984
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.r	Jan.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	986	1,001	1,590	1,536	1,635	1,761	1,782	1,652	1,506	1,630	1,642	1,549	1,772
2 1-family	564	546	891	841	940	1,013	920	874	837	880	911	898	976
3 2-or-more-family	421	454	699	695	695	748	862	778	669	750	731	651	796
4 Started	1,084	1,062	1,701	1,549r	1,779r	1,743r	1,793r	1,873r	1,679r	1,672r	1,730	1,666	1,915
5 1-family	705	663	1,067	1,030r	1,150r	1,124r	1,048r	1,124r	1,038r	1,017r	1,074	1,011	1,241
6 2-or-more-family	379	400	634	519r	629r	619r	745r	749r	641r	655r	656	655	674
7 Under construction, end of period[1]	682	720	1,012	859	900	933	963	977	988	987r	1,006	1,027	
8 1-family	382	400	529	489	518	532	537	542	542	536r	540	546	
9 2-or-more-family	301	320	482	370	382	400	425	435	446	450r	466	480	
10 Completed	1,266	1,006	1,385	1,164	1,353	1,386	1,432	1,729	1,476	1,602r	1,418	1,415	n.a.
11 1-family	818	631	921	803	851	959	1,000	1,050	966	1,043r	986	953	
12 2-or-more-family	447	374	463	361	502	427	432	679	510	559r	432	462	
13 Mobile homes shipped	241	239	295	284r	289r	299r	296r	307r	305r	308r	313	310	
Merchant builder activity in 1-family units													
14 Number sold	436	413	622	634r	654r	655r	606r	558r	597r	624	640	748	688
15 Number for sale, end of period[1]	278	255	307	266	273	283r	289r	296	299r	301	307	303	304
Price (thousands of dollars)[2]													
Median													
16 Units sold	68.8	69.3	75.6	74.7	74.5	75.8	75.2	76.8	81.0	75.9r	76.5	76.5	75.3
Average													
17 Units sold	83.1	83.8	90.2	87.6	88.8	90.9	89.2	91.3	97.8	89.5r	91.7	94.9	90.4
EXISTING UNITS (1-family)													
18 Number sold	2,418	1,991	2,719	2,680r	2,840r	2,820r	2,780r	2,760r	2,770r	2,720r	2,700	2,850	2,990
Price of units sold (thousands of dollars)[2]													
19 Median	66.1	67.7	69.8	68.8	69.2	71.4	71.8	71.5	69.9	69.8	70.4	69.9	71.9
20 Average	78.0	80.4	82.5	81.3	81.7	84.7	84.2	84.7	82.8	83.0	83.4	82.9	85.7
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**239,418**	**232,048**	**265,089**	**247,360**	**254,763**	**264,321**	**274,205**	**281,997**	**285,384**	**271,650**	**275,384**	**277,797**	**281,769**
22 Private	186,069	180,979	214,802	199,462	206,029	214,729	222,759	228,529	232,561	222,968	225,286	228,377	232,455
23 Residential	86,567	74,809	112,867	101,961	107,494	113,524	122,297	127,136	129,142	121,688	119,143	119,317	122,602
24 Nonresidential, total	99,502	106,170	101,935	97,501	98,535	101,205	100,462	101,393	103,419	101,280	106,143	109,060	109,853
Buildings													
25 Industrial	17,031	17,346	13,143	13,223	13,047	13,136	12,227	14,227	13,166	10,532	12,280	12,921	13,257
26 Commercial	34,243	37,281	36,267	33,619	33,291	35,898	35,871	36,277	36,901	36,118	38,081	38,955	41,705
27 Other	9,543	10,507	11,705	10,770	11,237	10,974	11,250	12,038	12,564	12,279	12,001	12,121	13,343
28 Public utilities and other	38,685	41,036	40,820	39,889	40,960	41,197	41,114	38,851	40,788	42,351	43,781	45,063	41,548
29 Public	53,346	51,068	50,287	47,897	48,734	49,592	51,446	53,469	52,823	48,682	50,098	49,420	49,313
30 Military	1,966	2,205	2,470	2,784	2,255	1,894	2,655	2,258	2,705	2,515	2,619	2,687	2,701
31 Highway	13,599	13,521	14,178	12,900	13,044	12,925	14,091	15,906	15,896	14,644	14,360	14,780	13,605
32 Conservation and development	5,300	5,029	4,825	5,023	4,548	4,853	5,608	5,210	5,048	4,258	3,905	4,896	4,258
33 Other	32,481	30,313	28,814	27,190	28,887	29,920	29,092	30,095	29,174	27,265	29,214	27,057	28,749

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C–30–76–5), issued by the Bureau in July 1976.

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Jan. 1984 (1967 = 100)[1]
	1983	1984	1983				1983				1984	
	Jan.	Jan.	Mar.[r]	June[r]	Sept.[r]	Dec.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.	
CONSUMER PRICES[2]												
1 **All items**	**3.8**	**4.1**	**1.2**	**5.4**	**4.5**	**4.0**	**.4**	**.4**	**.4**	**.2**	**.6**	**305.2**
2 Food	2.5	3.9	3.2	1.7	1.1	4.3	.2	.4	.2	.4	1.6	299.4
3 Energy items	−0.5	0.5	−23.3	19.1	3.4	−1.7	.1	−.2	.1	−.3	−.4	416.7
4 All items less food and energy	4.7	4.8	4.2	4.2	5.9	4.9	.5	.4	.5	.3	.5	294.6
5 Commodities	6.0	4.7	5.7	3.2	6.8	4.6	.5	.4	.4	.3	.2	248.3
6 Services	3.5	4.9	4.3	4.8	5.2	5.3	.4	.5	.5	.3	.7	348.1
PRODUCER PRICES												
7 Finished goods	2.2	1.9	−3.2	2.6	2.0	1.0	.1	.3	.2	.1	.6	289.4
8 Consumer foods	0.8	5.3	2.3	−.9	2.5	5.4	.7	1.3	−.6	.7	2.7	272.2
9 Consumer energy	−3.7	−6.9	−32.3	12.9	−1.3	−9.5	.1	−.4	−1.1	−1.0	−1.2	755.4
10 Other consumer goods	3.9	2.6	1.0	2.2	2.7	1.2	−.1	−.2	.3	.2	.2	243.7
11 Capital equipment	3.3	2.2	2.1	1.7	2.1	2.1	−.1	.4	−.1	.2	.1	291.5
12 Intermediate materials[3]	−0.6	2.0	−3.4	2.8	4.0	2.7	.4	.5	.1	.1	.0	320.9
13 Excluding energy	0.4	3.0	1.5	2.8	3.6	3.3	.3	.2	.3	.3	.2	299.3
Crude materials												
14 Foods	−1.2	10.3	13.3	−5.8	15.6	12.4	1.7	.9	.5	1.5	2.2	264.2
15 Energy	1.3	−3.1	−9.2	−5.1	−1.7	−2.1	.3	−1.0	.2	.2	.4	786.6
16 Other	−7.8	14.3	−1.5	49.1	16.6	3.4	1.1	−.8	1.0	.6	−3.6	263.8

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

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1981	1982	1983[r]	1982	1983			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,954.1**	**3,073.0**	**3,310.8**	**3,109.6**	**3,171.5**	**3,272.0**	**3,362.2**	**3,437.3**
By source								
2 Personal consumption expenditures	1,857.2	1,991.9	2,157.0	2,046.9	2,073.0	2,147.0	2,181.1	2,227.0
3 Durable goods	236.1	244.5	279.1	252.1	258.5	277.7	282.8	297.4
4 Nondurable goods	733.9	761.0	803.8	773.0	777.1	799.6	814.8	823.6
5 Services	887.1	986.4	1,074.2	1,021.8	1,037.4	1,069.7	1,083.5	1,106.0
6 Gross private domestic investment	474.9	414.5	470.9	377.4	404.1	450.1	501.1	528.2
7 Fixed investment	456.5	439.1	479.6	433.8	443.5	464.6	492.5	517.7
8 Nonresidential	352.2	348.3	348.9	337.0	332.1	336.3	351.0	376.2
9 Structures	133.4	141.9	131.5	138.6	132.9	127.4	130.9	134.8
10 Producers' durable equipment	218.8	206.4	217.4	198.4	199.3	208.8	220.2	241.4
11 Residential structures	104.3	90.8	130.7	96.8	111.3	128.4	141.5	141.5
12 Nonfarm	99.8	86.0	125.6	91.2	106.7	123.3	136.3	136.3
13 Change in business inventories	18.4	−24.5	−8.7	−56.4	−39.4	−14.5	8.5	10.5
14 Nonfarm	10.9	−23.1	−3.4	−53.7	−39.0	−10.3	18.4	17.4
15 Net exports of goods and services	26.3	17.4	−7.1	5.6	17.0	−8.5	−18.3	−18.7
16 Exports	368.8	347.6	336.8	321.6	326.9	327.1	341.1	352.3
17 Imports	342.5	330.2	344.0	316.1	309.9	335.6	359.4	371.0
18 Government purchases of goods and services	595.7	649.2	690.0	679.7	677.4	683.4	698.3	700.9
19 Federal	229.2	258.7	275.2	279.2	273.5	273.7	278.1	275.6
20 State and local	366.5	390.5	414.8	400.5	404.0	409.7	420.2	425.3
By major type of product								
21 Final sales, total	2,935.6	3,097.5	3,319.5	3,165.9	3,210.9	3,286.6	3,353.7	3,426.9
22 Goods	1,291.8	1,280.8	1,364.1	1,264.8	1,292.2	1,346.8	1,388.9	1,428.3
23 Durable	528.0	500.8	547.3	474.0	482.7	536.8	568.9	600.9
24 Nondurable	763.9	780.1	816.7	790.8	809.5	810.0	820.0	827.4
25 Services	1,374.2	1,511.2	1,637.2	1,560.5	1,588.4	1,623.4	1,651.0	1,685.8
26 Structures	288.0	281.0	309.6	284.3	290.9	301.9	322.3	323.2
27 Change in business inventories	18.4	−24.5	−8.7	−56.4	−39.4	−14.5	8.5	10.5
28 Durable goods	3.6	−15.5	−5.1	−45.0	−38.2	−8.9	13.1	13.6
29 Nondurable goods	14.8	−9.1	−3.6	−11.4	−1.2	−5.7	−4.5	−3.1
30 MEMO: **Total GNP in 1972 dollars**	**1,513.8**	**1,485.4**	**1,535.1**	**1,480.7**	**1,490.1**	**1,525.1**	**1,553.4**	**1,571.9**
NATIONAL INCOME								
31 **Total**	**2,373.0**	**2,450.4**	**2,648.4**	**2,474.0**	**2,528.5**	**2,612.8**	**2,686.9**	**n.a.**
32 Compensation of employees	1,769.2	1,865.7	1,990.2	1,889.0	1,923.7	1,968.7	2,011.8	2,056.3
33 Wages and salaries	1,493.2	1,568.1	1,664.1	1,586.0	1,610.6	1,647.1	1,681.5	1,717.0
34 Government and government enterprises	284.4	306.0	325.7	314.5	319.2	323.3	328.4	332.1
35 Other	1,208.8	1,262.1	1,338.3	1,271.5	1,291.5	1,323.8	1,353.1	1,384.9
36 Supplement to wages and salaries	276.0	297.6	326.1	302.9	313.1	321.6	330.3	339.3
37 Employer contributions for social insurance	132.5	140.9	152.7	142.5	148.8	151.5	153.9	156.6
38 Other labor income	143.5	156.6	173.4	160.4	164.3	170.1	176.4	182.7
39 Proprietors' income[1]	120.2	109.0	128.6	116.2	120.6	127.2	126.7	139.9
40 Business and professional[1]	89.7	87.4	107.7	90.2	98.4	106.2	111.2	114.8
41 Farm[1]	30.5	21.5	20.9	26.0	22.2	21.0	15.5	25.1
42 Rental income of persons[2]	41.4	49.9	54.8	52.3	54.1	54.8	53.9	56.2
43 Corporate profits[1]	192.3	164.8	227.3	161.9	181.8	218.2	248.4	n.a.
44 Profits before tax[3]	227.0	174.2	205.9	167.5	169.7	203.3	229.1	n.a.
45 Inventory valuation adjustment	−23.6	−8.4	−9.4	−10.3	−1.7	−10.6	−18.3	−7.1
46 Capital consumption adjustment	−11.0	−1.1	30.9	4.7	13.9	25.6	37.6	46.5
47 Net interest	249.9	261.1	247.5	254.7	248.3	243.8	246.1	251.9

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1981	1982	1983r	1982	1983			
				Q4	Q1	Q2	Q3	Q4r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,435.0**	**2,578.6**	**2,742.1**	**2,632.0**	**2,657.7**	**2,713.6**	**2,761.9**	**2,835.3**
2 Wage and salary disbursements	1,493.2	1,568.1	1,664.5	1,586.0	1,610.7	1,648.4	1,681.9	1,717.0
3 Commodity-producing industries	509.5	509.2	529.7	499.5	508.6	522.2	537.8	550.0
4 Manufacturing	385.3	383.8	402.8	377.4	385.4	397.4	409.2	419.0
5 Distributive industries	361.6	378.8	397.2	383.5	386.4	394.3	398.9	409.1
6 Service industries	337.7	374.1	411.5	388.5	396.4	407.3	416.4	425.9
7 Government and government enterprises	284.4	306.0	326.2	314.5	319.2	324.6	328.8	332.1
8 Other labor income	143.5	156.6	173.4	160.4	164.3	170.1	176.4	182.7
9 Proprietors' income[1]	120.2	109.0	128.6	116.2	120.6	127.2	126.7	139.9
10 Business and professional[1]	89.7	87.4	107.7	90.2	98.4	106.2	111.2	114.8
11 Farm[1]	30.5	21.5	20.9	26.0	22.2	21.0	15.5	25.1
12 Rental income of persons[2]	41.4	49.9	54.8	52.3	54.1	54.8	53.9	56.2
13 Dividends	62.8	66.4	70.5	67.9	68.8	69.3	70.9	72.9
14 Personal interest income	341.3	366.2	366.3	363.1	357.2	357.1	369.9	381.0
15 Transfer payments	337.2	374.6	403.6	399.0	398.5	405.3	402.6	408.1
16 Old-age survivors, disability, and health insurance benefits	182.0	204.5	222.8	216.5	217.4	221.1	223.8	228.8
17 LESS: Personal contributions for social insurance	104.6	112.0	119.5	112.9	116.5	118.6	120.5	122.5
18 EQUALS: Personal income	2,435.0	2,578.6	2,742.1	2,632.0	2,657.7	2,713.6	2,761.9	2,835.3
19 LESS: Personal tax and nontax payments	387.4	402.1	406.5	404.1	401.8	412.6	400.1	411.4
20 EQUALS: Disposable personal income	2,047.6	2,176.5	2,335.6	2,227.8	2,255.9	2,301.0	2,361.7	2,424.0
21 LESS: Personal outlays	1,912.4	2,051.1	2,220.9	2,107.0	2,134.2	2,209.5	2,245.9	2,294.0
22 EQUALS: Personal saving	135.3	125.4	114.7	120.8	121.7	91.5	115.8	129.9
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,584.1	6,399.3	6,551.9	6,355.2	6,381.5	6,518.0	6,622.5	6,685.0
24 Personal consumption expenditures	4,161.5	4,179.8	4,314.6	4,204.5	4,225.7	4,319.1	4,331.4	4,381.2
25 Disposable personal income	4,587.0	4,567.0	4,671.0	4,576.0	4,599.0	4,629.0	4,690.0	4,769.0
26 Saving rate (percent)	6.6	5.8	4.9	5.4	5.4	4.0	4.9	5.4
GROSS SAVING								
27 **Gross saving**	**483.8**	**405.8**	**438.5**	**351.3**	**398.5**	**420.6**	**455.4**	**n.a.**
28 Gross private saving	509.6	521.6	570.2	526.6	541.5	535.0	587.2	n.a.
29 Personal saving	135.3	125.4	114.7	120.8	121.7	91.5	115.8	129.9
30 Undistributed corporate profits[1]	44.8	37.0	78.3	37.5	48.9	70.1	89.7	n.a.
31 Corporate inventory valuation adjustment	−23.6	−8.4	−9.4	−10.3	−1.7	−10.6	−18.3	−7.1
Capital consumption allowances								
32 Corporate	202.9	222.0	231.6	227.7	228.3	229.8	233.1	235.0
33 Noncorporate	126.6	137.2	145.6	140.5	142.6	143.5	148.6	147.6
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−26.9	−115.8	−131.7	−175.3	−142.9	−114.4	−131.8	n.a.
36 Federal	−62.2	−147.1	−182.8	−208.2	−183.3	−166.1	−187.3	n.a.
37 State and local	35.3	31.3	51.1	32.9	40.4	51.7	55.5	n.a.
38 Capital grants received by the United States, net	1.1	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**478.9**	**406.2**	**438.6**	**355.5**	**397.4**	**417.1**	**457.9**	**481.9**
40 Gross private domestic	474.9	414.5	470.9	377.4	404.1	450.1	501.1	528.2
41 Net foreign	4.0	−8.3	−32.3	−21.9	−6.7	−33.0	−43.2	−46.3
42 **Statistical discrepancy**	**−4.9**	**.5**	**.1**	**4.2**	**−1.2**	**−3.5**	**2.5**	**2.5**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1980	1981	1982	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983 Q3p
1 Balance on current account	421	4,592	−11,211	−6,596	−6,621	−3,587	−9,655	−11,976
2 Not seasonally adjusted	....	....	....	−8,143	−5,546	−3,395	−8,898	−13,996
3 Merchandise trade balance[2]	−25,544	−28,067	−36,389	−13,078	−11,354	−8,810	−14,661	−18,169
4 Merchandise exports	224,237	237,019	211,217	52,241	48,344	49,506	48,913	50,585
5 Merchandise imports	−249,781	−265,086	−247,606	−65,319	−59,698	−58,316	−63,574	−68,754
6 Military transactions, net	−2,286	−1,355	179	54	−26	516	117	−21
7 Investment income, net[3]	29,570	33,484	27,304	6,821	6,008	5,089	5,700	6,928
8 Other service transactions, net	5,738	7,462	5,729	1,349	1,182	1,179	1,012	1,347
9 Remittances, pensions, and other transfers	−2,347	−2,382	−2,621	−656	−661	−608	−636	−656
10 U.S. government grants (excluding military)	−4,709	−4,549	−5,413	−1,086	−1,770	−953	−1,187	−1,405
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,140	−5,078	−5,732	−2,502	−934	−1,053	−1,162	−1,188
12 Change in U.S. official reserve assets (increase, −)	−8,155	−5,175	−4,965	−794	−1,949	−787	16	529
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−16	−1,823	−1,371	−434	−297	−98	−303	−209
15 Reserve position in International Monetary Fund	−1,667	−2,491	−2,552	−459	−732	−2,139	−212	−88
16 Foreign currencies	−6,472	−861	−1,041	99	−920	1,450	531	826
17 Change in U.S. private assets abroad (increase, −)[3]	−72,757	−100,348	−107,348	−22,803	−16,670	−19,859	488	−5,770
18 Bank-reported claims	−46,838	−83,851	−109,346	−20,631	−17,511	−15,935	5,166	−498
19 Nonbank-reported claims	−3,174	−1,181	6,976	998	2,337	−2,374	−440	n.a.
20 U.S. purchase of foreign securities, net	−3,524	−5,636	−7,986	−3,331	−3,527	−1,808	−3,222	−1,122
21 U.S. direct investments abroad, net[3]	−19,221	−9,680	3,008	161	2,031	258	−1,016	−4,150
22 Change in foreign official assets in the United States (increase, +)	15,566	5,430	3,172	2,642	1,661	49	1,973	−3,235
23 U.S. Treasury securities	9,708	4,983	5,759	4,834	4,346	3,008	1,955	−692
24 Other U.S. government obligations	2,187	1,289	−670	−71	−556	−371	−170	−363
25 Other U.S. government liabilities[4]	685	−28	504	−160	130	−270	403	148
26 Other U.S. liabilities reported by U.S. banks	−159	−3,479	−2,054	−1,911	−1,717	−1,939	611	−1,870
27 Other foreign official assets[5]	3,145	2,665	−367	−50	−542	−379	−826	−458
28 Change in foreign private assets in the United States (increase, +)[3]	39,356	75,248	84,693	14,971	9,856	16,404	8,984	21,722
29 U.S. bank-reported liabilities	10,743	42,154	64,263	10,977	2,823	10,588	919	16,344
30 U.S. nonbank-reported liabilities	6,845	942	−3,104	−425	20	−2,136	134	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,645	2,982	7,004	1,364	2,257	2,912	3,072	1,103
32 Foreign purchases of other U.S. securities, net	5,457	7,171	6,141	420	1,975	2,986	2,628	1,867
33 Foreign direct investments in the United States, net[3]	13,666	21,998	10,390	2,635	2,781	2,054	2,231	2,408
34 Allocation of SDRs	1,152	1,093	0	0	0	0	0	0
35 Discrepancy	29,556	24,238	41,390	15,082	14,657	8,833	−644	−82
36 Owing to seasonal adjustments	....	....	....	−1,190	1,042	−212	792	−1,355
37 Statistical discrepancy in recorded data before seasonal adjustment	29,556	24,238	41,390	16,272	13,615	9,045	−1,436	1,273
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−8,155	−5,175	−4,965	−794	−1,950	−787	16	529
39 Foreign official assets in the United States (increase, +)	14,881	5,458	2,668	2,802	1,531	319	1,570	−3,383
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	12,769	13,581	7,420	368	−1,162	−1,397	−3,433	−2,151
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	756	680	644	267	158	42	30	49

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

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1981	1982	1983	1983						1984
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	16,486	16,582	17,257	17,033	17,063	17,298	18,326
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	21,828	22,714	22,451	24,333	23,115	22,976	26,586
3 **Trade balance**	**−27,628**	**−31,759**	**−57,562**	**−5,341**	**−6,132**	**−5,195**	**−7,300**	**−6,052**	**−5,678**	**−8,260**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1980	1981	1982	1983					1984	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total**	**26,756**	**30,075**	**33,958**	**32,624**	**33,066**	**33,273**	**33,655**	**33,747**	**33,887**	
2 Gold stock, including Exchange Stabilization Fund[1]	11,160	11,151	11,148	11,128	11,128	11,126	11,123	11,121	11,120	
3 Special drawing rights[2,3]	2,610	4,095	5,250	5,543	5,628	5,641	5,735	5,025	5,050	
4 Reserve position in International Monetary Fund[2]	2,852	5,055	7,348	9,296	9,399	9,554	9,883	11,312	11,422	
5 Foreign currencies[4,5]	10,134	9,774	10,212	6,657	6,911	6,952	6,914	6,289	5,050	

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies in 1979 and 1980.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1980	1981	1982	1983					1984	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Deposits	411	505	328	248	297	339	360	190	251	246
Assets held in custody										
2 U.S. Treasury securities[1]	102,417	104,680	112,544	113,476	113,498	116,327	116,398	117,670	117,076	119,499
3 Earmarked gold[2]	14,965	14,804	14,716	14,693	14,621	14,550	14,475	14,414	14,347	14,291

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

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

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

Millions of dollars, end of period

Asset account	1980	1981	1982	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.[r]	1983 Nov.	1983 Dec.[p]
					All foreign countries					
1 **Total, all currencies**	**401,135**	**462,847**	**469,432**	**465,866**	**455,850**	**452,596**	**460,261**	**458,894**	**463,467**	**476,158**
2 Claims on United States	28,460	63,743	91,768	97,914[r]	96,963	99,484	101,356	102,497	109,511	114,889
3 Parent bank	20,202	43,267	61,629	65,920	67,731	67,137	65,561	69,655	72,608	81,004
4 Other	8,258	20,476	30,139	31,994[r]	29,232	32,347	35,795	32,842	36,903	33,885
5 Claims on foreigners	354,960	378,954	358,258	349,809[r]	340,994	335,036	340,413	337,848	335,518	342,651
6 Other branches of parent bank	77,019	87,821	91,143	88,368[r]	84,872[r]	84,572[r]	89,304[r]	87,543	89,447	93,158
7 Banks	146,448	150,763	133,640	130,259[r]	123,536[r]	119,288[r]	120,177[r]	117,631	114,495	117,538
8 Public borrowers	28,033	28,197	24,090	25,370	25,876	25,147	24,982	25,061	24,256	24,450
9 Nonbank foreigners	103,460	112,173	109,385	105,812	106,710	106,029	105,950	107,613	107,320	107,505
10 Other assets	17,715	20,150	19,406	18,143	17,893	18,076	18,492	18,549	18,438	18,618
11 **Total payable in U.S. dollars**	**291,798**	**350,735**	**361,712**	**357,499[r]**	**350,507**	**348,330**	**354,595**	**351,483**	**358,204**	**370,752**
12 Claims on United States	27,191	62,142	90,048	95,637[r]	94,549	96,995	98,510	99,938	107,015	112,735
13 Parent bank	19,896	42,721	60,973	64,591	66,303	65,711	63,716	68,126	71,086	79,866
14 Other	7,295	19,421	29,075	31,046[r]	28,246	31,284	34,794	31,812	35,929	32,869
15 Claims on foreigners	255,391	276,937	259,646	251,249[r]	245,188	241,063	245,541	241,221	240,768	247,432
16 Other branches of parent bank	58,541	69,398	73,512	69,512[r]	67,163[r]	66,609[r]	71,273[r]	69,324	71,451	75,348
17 Banks	117,342	122,110	106,338	102,836[r]	97,194[r]	93,806[r]	95,113[r]	92,048	90,143	93,236
18 Public borrowers	23,491	22,877	18,374	18,681	19,108	18,804	18,455	18,644	17,752	17,907
19 Nonbank foreigners	56,017	62,552	61,422	60,220	61,723	61,844	60,700	61,205	61,422	60,941
20 Other assets	9,216	11,656	12,018	10,613	10,770	10,272	10,544	10,324	10,421	10,585
					United Kingdom					
21 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**155,631**	**153,209**	**154,865**	**156,048**	**156,803**	**155,964**	**158,807**
22 Claims on United States	7,509	11,823	27,354	26,279	26,012	29,722	28,947	30,853	32,352	34,405
23 Parent bank	5,275	7,885	23,017	21,384	20,849	22,169	20,816	25,507[r]	23,959	29,111
24 Other	2,234	3,938	4,337	4,895	5,163	7,553	8,131	5,346[r]	8,393	5,294
25 Claims on foreigners	131,142	138,888	127,734	123,835	121,757	119,672	121,518	120,660	118,275	119,398
26 Other branches of parent bank	34,760	41,367	37,000	35,787	35,632	35,555	36,382	36,556	35,642	36,565
27 Banks	58,741	56,315	50,767	48,328	46,643	44,303	45,451	43,888	42,683	43,362
28 Public borrowers	6,688	7,490	6,240	6,570	6,440	6,342	6,274	6,280	6,307	5,988
29 Nonbank foreigners	30,953	33,716	33,727	33,150	33,042	33,472	33,411	33,936	33,643	33,483
30 Other assets	6,066	6,518	5,979	5,517	5,440	5,471	5,583	5,290	5,337	5,004
31 **Total payable in U.S. dollars**	**99,699**	**115,188**	**123,740**	**118,023**	**116,526**	**119,377**	**121,238**	**121,817**	**121,744**	**126,087**
32 Claims on United States	7,116	11,246	26,761	25,536	25,180	28,905	27,837	30,095	31,671	33,728
33 Parent bank	5,229	7,721	22,756	21,017	20,434	21,720	20,036	25,084[r]	23,624	28,756
34 Other	1,887	3,525	4,005	4,519	4,746	7,185	7,801	5,011[r]	8,047	4,972
35 Claims on foreigners	89,723	99,850	92,228	88,587	87,450	86,868	89,530	88,253	86,614	89,035
36 Other branches of parent bank	28,268	35,439	31,648	30,025	30,122	30,053	31,409	31,414	30,371	31,838
37 Banks	42,073	40,703	36,717	34,417	33,159	31,718	33,237	31,796	31,158	32,198
38 Public borrowers	4,911	5,595	4,329	4,547	4,420	4,410	4,329	4,346	4,377	4,284
39 Nonbank foreigners	14,471	18,113	19,534	19,598	19,749	20,687	20,555	20,697	20,708	20,715
40 Other assets	2,860	4,092	4,751	3,900	3,896	3,604	3,871	3,469	3,459	3,324
					Bahamas and Caymans					
41 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**146,886**	**142,432**	**139,699**	**143,148**	**141,311**	**147,257**	**151,463**
42 Claims on United States	17,751	46,546	59,403	66,575	66,032	63,923	66,547	66,253	71,363	74,689
43 Parent bank	12,631	31,643	34,653	40,591	42,946	40,308	40,152	40,105	44,414	47,703
44 Other	5,120	14,903	24,750	25,984[r]	23,086	23,615	26,395	26,148	26,949	26,986
45 Claims on foreigners	101,926	98,057	81,450	76,709[r]	72,683	72,021	72,826	71,268	71,995	72,827
46 Other branches of parent bank	13,342	12,951	18,720	16,674[r]	15,568[r]	15,354[r]	16,789[r]	15,817[r]	17,993	17,343
47 Banks	54,861	55,151	42,699	41,681[r]	37,381[r]	37,350[r]	36,609[r]	35,964[r]	35,353	36,764
48 Public borrowers	12,577	10,010	6,413	5,935	6,538	6,404	6,461	6,643[r]	5,890	6,084
49 Nonbank foreigners	21,146	19,945	13,618	12,419	13,196	12,913	12,967	12,844[r]	12,759	12,636
50 Other assets	4,160	4,505	4,303	3,602	3,717	3,755	3,775	3,790	3,899	3,947
51 **Total payable in U.S. dollars**	**117,654**	**143,743**	**139,605**	**140,796**	**136,301**	**133,233**	**136,851**	**134,684[r]**	**140,841**	**144,969**

3.14 Continued

Liability account	1980	1981	1982	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.[p]
				All foreign countries						
52 **Total, all currencies**	**401,135**	**462,847**	**469,432**	**465,866**	**455,850**	**452,596**	**460,261**	**458,894**	**463,467**	**476,158**
53 To United States	91,079	137,767	178,918	191,579	187,713	183,864	182,664[r]	185,599	184,257	187,247
54 Parent bank	39,286	56,344	75,561	84,576	81,752	77,556	78,027[r]	85,057	79,591	80,276
55 Other banks in United States	14,473	19,197	33,368	33,672	31,489[r]	29,880	30,982	27,075	26,237	29,141
56 Nonbanks	37,275	62,226	69,989	73,331	74,472[r]	76,428	73,655	73,467	78,429	77,830
57 To foreigners	295,411	305,630	270,678	256,102	249,823	250,563	259,449[r]	254,634	260,280	269,768
58 Other branches of parent bank	75,773	86,396	90,148	86,559[r]	83,911	82,871	88,055[r]	85,566	88,346	91,335
59 Banks	132,116	124,906	96,739	87,140[r]	84,649	85,433	86,550[r]	84,533	88,023	92,903
60 Official institutions	32,473	25,997	19,614	18,621	18,287	17,830	20,513	19,403	18,377	18,801
61 Nonbank foreigners	55,049	68,331	64,177	63,782	62,976	64,429	64,331	65,132	65,534	66,729
62 Other liabilities	14,690	19,450	19,836	18,185	18,314	18,169	18,148	18,661	18,930	19,143
63 **Total payable in U.S. dollars**	**303,281**	**364,447**	**379,003**	**376,149**	**368,650**	**365,583**	**373,060**	**369,935**	**374,425**	**387,571**
64 To United States	88,157	134,700	175,431	188,081	184,215	180,173	178,889[r]	181,692	180,260	183,520
65 Parent bank	37,528	54,492	73,235	82,379	79,496	75,244	75,742[r]	82,660	77,126	78,046
66 Other banks in United States	14,203	18,883	33,003	33,242	31,115[r]	29,334	30,415	26,548	25,763	28,623
67 Nonbanks	36,426	61,325	69,193	72,460	73,604[r]	75,595	72,732	72,484	77,371	76,851
68 To foreigners	206,883	217,602	192,348	178,877	174,836	175,616	184,354[r]	178,895	184,223	194,326
69 Other branches of parent bank	58,172	69,299	72,878	68,369[r]	67,228	65,679	70,649[r]	68,064	71,011	74,062
70 Banks	87,497	79,594	57,355	49,903[r]	48,062	49,522	50,862[r]	48,264	52,072	57,116
71 Official institutions	24,697	20,288	15,055	13,912	13,517	13,029	15,400	14,630	13,453	13,852
72 Nonbank foreigners	36,517	48,421	47,060	46,693	46,029	47,386	47,443	47,937	47,687	49,296
73 Other liabilities	8,241	12,145	11,224	9,191	9,599	9,794	9,817	9,348	9,942	9,725
				United Kingdom						
74 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**155,631**	**153,209**	**154,865**	**156,048**	**156,803**	**155,964**	**158,807**
75 To United States	21,785	38,022	53,954	56,952	56,959	58,347	56,924	60,903	57,095	55,799
76 Parent bank	4,225	5,444	13,091	14,461	15,011	16,145	16,852	21,385	17,312	14,021
77 Other banks in United States	5,716	7,502	12,205	13,503	12,993	12,462	12,174	10,751	10,176	11,328
78 Nonbanks	11,844	25,076	28,658	28,988	28,955	29,740	27,898	28,767	29,607	30,450
79 To foreigners	117,438	112,255	99,567	91,545	89,198	89,458	92,122	88,727	91,714	95,944
80 Other branches of parent bank	15,384	16,545	18,361	18,376	17,544	17,595	19,365	18,288	18,841	19,045
81 Banks	56,262	51,336	44,020	38,238	37,192	37,571	37,122	35,847	38,888	41,714
82 Official institutions	21,412	16,517	11,504	10,848	10,146	9,588	11,448	10,611	10,071	10,151
83 Nonbank foreigners	24,380	27,857	25,682	24,083	24,316	24,704	24,187	23,981	23,914	25,034
84 Other liabilities	5,494	6,952	7,546	7,134	7,052	7,060	7,002	7,173	7,155	7,064
85 **Total payable in U.S. dollars**	**103,440**	**120,277**	**130,261**	**124,760**	**123,265**	**125,656**	**127,868**	**128,600**	**127,234**	**131,242**
86 To United States	21,080	37,332	53,029	56,092	56,081	57,359	55,931	59,824	55,907	54,691
87 Parent bank	4,078	5,350	12,814	14,308	14,812	15,829	16,673	21,145	17,094	13,839
88 Other banks in United States	5,626	7,249	12,026	13,313	12,833	12,223	11,886	10,523	9,880	11,044
89 Nonbanks	11,376	24,733	28,189	28,471	28,436	29,307	27,372	28,156	28,933	29,808
90 To foreigners	79,636	79,034	73,477	65,428	63,818	64,801	68,252	65,347	68,011	73,376
91 Other branches of parent bank	10,474	12,048	14,300	14,117	13,386	13,421	15,166	14,542	15,044	15,410
92 Banks	35,388	32,298	28,810	23,895	23,453	24,447	24,478	23,136	26,343	29,410
93 Official institutions	17,024	13,612	9,668	8,786	8,065	7,630	9,381	8,742	8,029	8,279
94 Nonbank foreigners	16,750	21,076	20,699	18,630	18,914	19,303	19,227	18,927	18,595	20,277
95 Other liabilities	2,724	3,911	3,755	3,240	3,366	3,496	3,685	3,429	3,316	3,175
				Bahamas and Caymans						
96 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**146,886**	**142,432**	**139,699**	**143,148**	**141,311**	**147,257**	**151,463**
97 To United States	59,666	85,759	104,425	111,725	108,623	104,470	104,666	104,198	106,688	110,731
98 Parent bank	28,181	39,451	47,081	53,720	50,777	46,491	45,493	48,264	46,693	50,207
99 Other banks in United States	7,379	10,474	18,466	16,921	15,494[r]	14,560	16,191	14,303	14,090	15,677
100 Nonbanks	24,106	35,834	38,878	41,084	42,352[r]	43,419	42,982	41,631	45,905	44,847
101 To foreigners	61,218	60,012	38,274	33,088	31,560	32,875	36,163	34,734	38,109	38,397
102 Other branches of parent bank	17,040	20,641	15,796	11,835[r]	12,262	12,778	14,698[r]	14,196	17,075	15,123
103 Banks	29,895	23,202	10,166	9,011[r]	8,012	8,737	9,506[r]	9,059	9,618	11,882
104 Official institutions	4,361	3,498	1,967	1,796	2,101	2,170	2,237	1,976	1,624	1,916
105 Nonbank foreigners	9,922	12,671	10,345	10,446	9,185	9,190	9,722	9,503	9,792	9,476
106 Other liabilities	2,953	3,337	2,457	2,073	2,249	2,354	2,319	2,379	2,460	2,335
107 **Total payable in U.S. dollars**	**119,657**	**145,284**	**141,908**	**143,596**	**139,246**	**136,227**	**139,854**	**137,513**	**143,603**	**147,657**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1981	1982	1983						1984
			July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	Jan.[p]
1 **Total**[1]	**169,735**	**172,718**	**175,576**	**172,799**	**171,550**	**173,272**	**173,915**	**178,185**	**176,293**
By type									
2 Liabilities reported by banks in the United States[2]	26,737	24,989	21,372	22,239	21,914	22,057	22,816	25,545	22,684
3 U.S. Treasury bills and certificates[3]	52,389	46,658	53,484	50,965	50,374	51,618	52,558	54,341	55,327
U.S. Treasury bonds and notes									
4 Marketable	53,186	67,733	70,180	69,295	69,300	69,769	68,995	68,742	69,260
5 Nonmarketable[4]	11,791	8,750	7,950	7,950	7,950	7,950	7,250	7,250	7,250
6 U.S. securities other than U.S. Treasury securities[5]	25,632	24,588	22,590	22,350	22,012	21,878	22,296	22,307	21,772
By area									
7 Western Europe[1]	65,699	61,298	66,365	64,427	63,845	64,835	65,588	67,608	66,084
8 Canada	2,403	2,070	2,879	2,755	2,712	2,816	2,670	2,443	2,516
9 Latin America and Caribbean	6,953	6,057	5,421	5,676	5,501	5,629	6,468	6,390	6,353
10 Asia	91,607	96,034	94,384	93,183	92,876	92,415	91,566	92,697	92,444
11 Africa	1,829	1,350	1,138	1,173	1,196	1,023	798	958	1,051
12 Other countries[6]	1,244	5,909	5,389	5,585	5,420	6,554	6,825	8,089	7,845

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

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

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

Millions of dollars, end of period

Item	1980	1981	1982	1983			
				Mar.	June	Sept.	Dec.[p]
1 Banks' own liabilities	3,748	3,523	4,844	5,075	5,867	5,943	4,772
2 Banks' own claims	4,206	4,980	7,707	8,097	7,851	7,919	7,270
3 Deposits	2,507	3,398	4,251	3,725	3,911	3,063	2,852
4 Other claims	1,699	1,582	3,456	4,372	3,940	4,856	4,418
5 Claims of banks' domestic customers[1]	962	971	676	637	684	717	1,059

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

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

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1980	1981▲	1982	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.p
1 **All foreigners**	**205,297**	**243,889**	**307,056**	**327,300**	**334,931**	**337,910**	**337,766**	**351,499r**	**372,051**	**359,673**
2 Banks' own liabilities	124,791	163,817	227,089	239,444	248,250	251,421	248,888	262,343r	281,628	265,815
3 Demand deposits	23,462	19,631	15,889	15,595	15,672	16,375	17,094	17,198r	17,594	16,083
4 Time deposits[1]	15,076	29,039	68,035	74,721	77,888	81,091	80,468	84,308r	90,019	87,785
5 Other[2]	17,583	17,647	23,946	21,932	23,905	24,956	22,565	23,149r	26,124	23,168
6 Own foreign offices[3]	68,670	97,500	119,219	127,195	130,785	129,000	128,760	137,688r	147,892	138,778
7 Banks' custody liabilities[4]	80,506	80,072	79,967	87,856	86,682	86,488	88,878	89,156	90,422	93,858
8 U.S. Treasury bills and certificates[5]	57,595	55,315	55,628	65,237	63,939	64,062	65,735	66,746	68,669	71,083
9 Other negotiable and readily transferable instruments[6]	20,079	18,788	20,636	17,986	17,977	17,292	17,182	17,721	17,502	17,911
10 Other	2,832	5,970	3,702	4,634	4,765	5,135	5,961	4,690	4,252	4,865
11 **Nonmonetary international and regional organizations**[7]	**2,344**	**2,721**	**4,922**	**5,678**	**5,555**	**5,308**	**4,619**	**6,321**	**5,779**	**4,759**
12 Banks' own liabilities	444	638	1,909	4,030	3,433	3,024	3,294	4,897	4,453	2,867
13 Demand deposits	146	262	106	307	325	252	452	437	297	271
14 Time deposits[1]	85	58	1,664	3,010	2,507	2,168	2,487	4,079	3,707	2,235
15 Other[2]	212	318	139	713	601	605	355	381	449	361
16 Banks' custody liabilities[4]	1,900	2,083	3,013	1,648	2,121	2,284	1,325	1,424	1,325	1,892
17 U.S. Treasury bills and certificates	254	541	1,621	678	1,294	1,442	441	484	463	1,045
18 Other negotiable and readily transferable instruments[6]	1,646	1,542	1,392	970	828	842	884	939	862	847
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**86,624**	**79,126**	**71,647**	**74,856**	**73,205**	**72,289**	**73,675**	**75,374**	**79,886**	**78,011**
21 Banks' own liabilities	17,826	17,109	16,640	15,204	16,014	16,147	16,532	16,673	19,438	16,554
22 Demand deposits	3,771	2,564	1,899	1,774	1,685	1,930	1,818	2,023	1,837	1,823
23 Time deposits[1]	3,612	4,230	5,528	6,196	5,990	6,185	6,657	6,709	7,417	7,282
24 Other[2]	10,443	10,315	9,212	7,234	8,340	8,033	8,057	7,940	10,184	7,449
25 Banks' custody liabilities[4]	68,798	62,018	55,008	59,652	57,191	56,142	57,144	58,701	60,448	61,457
26 U.S. Treasury bills and certificates[5]	56,243	52,389	46,658	53,484	50,965	50,374	51,618	52,558	54,341	55,327
27 Other negotiable and readily transferable instruments[6]	12,501	9,581	8,321	6,139	6,186	5,735	5,489	6,115	6,082	6,107
28 Other	54	47	28	29	39	32	36	28	25	23
29 **Banks**[9]	**96,415**	**136,008**	**185,881**	**195,302**	**203,153**	**205,879**	**203,637**	**214,169r**	**229,550**	**219,092**
30 Banks' own liabilities	90,456	124,312	169,449	175,174	182,700	184,811	181,696	192,731r	208,011	196,514
31 Unaffiliated foreign banks	21,786	26,812	50,230	47,978	51,914	55,811	52,936	55,043	60,119	57,736
32 Demand deposits	14,188	11,614	8,675	8,074	8,302	8,618	9,102	8,770	8,756	8,129
33 Time deposits[1]	1,703	8,720	28,386	26,558	29,300	31,468	30,329	32,265	36,735	34,980
34 Other[2]	5,895	6,477	13,169	13,346	14,312	15,725	13,505	14,008	14,628	14,628
35 Own foreign offices[3]	68,670	97,500	119,219	127,195	130,785	129,000	128,760	137,688r	147,892	138,778
36 Banks' custody liabilities[4]	5,959	11,696	16,432	20,128	20,454	21,069	21,941	21,438	21,540	22,577
37 U.S. Treasury bills and certificates	623	1,685	5,809	8,608	9,028	9,440	10,036	9,967	10,178	10,776
38 Other negotiable and readily transferable instruments[6]	2,748	4,400	7,857	7,821	7,581	7,553	7,542	7,251	7,485	7,414
39 Other	2,588	5,611	2,766	3,699	3,845	4,075	4,363	4,221	3,877	4,387
40 **Other foreigners**	**19,914**	**26,035**	**44,606**	**51,464**	**53,018**	**54,433**	**55,834**	**55,635r**	**56,836**	**57,811**
41 Banks' own liabilities	16,065	21,759	39,092	45,037	46,103	47,439	47,366	48,042r	49,726	49,879
42 Demand deposits	5,356	5,191	5,209	5,439	5,360	5,575	5,723	5,968	6,703	5,860
43 Time deposits	9,676	16,030	32,457	38,958	40,091	41,270	40,995	41,255r	42,161	43,289
44 Other[2]	1,033	537	1,426	640	652	594	648	819r	863	730
45 Banks' custody liabilities[4]	3,849	4,276	5,514	6,428	6,916	6,995	8,468	7,593	7,109	7,932
46 U.S. Treasury bills and certificates	474	699	1,540	2,466	2,652	2,805	3,640	3,737	3,686	3,935
47 Other negotiable and readily transferable instruments[6]	3,185	3,265	3,065	3,055	3,383	3,162	3,267	3,415	3,073	3,542
48 Other	190	312	908	906	881	1,028	1,562	441	350	455
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,745	10,747	14,307	10,941	10,720	10,336	9,995	10,385	10,381	10,273

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

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

3.17 Continued

Area and country	1980	1981▲	1982	1983						1984
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
1 **Total**	**205,297**	**243,889**	**307,056**	**327,300**	**334,931**	**337,910**	**337,766**	**351,499r**	**372,051**	**359,673**
2 **Foreign countries**	**202,953**	**241,168**	**302,134**	**321,622**	**329,377**	**332,601**	**333,147**	**345,178r**	**366,272**	**354,913**
3 Europe	90,897	91,275	117,756	118,881	123,607	125,850	126,694	130,091r	137,755	134,897
4 Austria	523	596	519	610	556	659	570	641	585	745
5 Belgium-Luxembourg	4,019	4,117	2,517	2,960	3,116	2,795	2,853	2,465	2,709	2,979
6 Denmark	497	333	509	612	573	593	544	538	466	372
7 Finland	455	296	748	292	459	373	372	375	531	298
8 France	12,125	8,486	8,171	8,850	8,488	8,827	8,638	8,083	9,436	8,209
9 Germany	9,973	7,645	5,351	3,710	3,537	3,438	4,307	4,337	3,588	3,817
10 Greece	670	463	537	588	636	604	595	544	520	511
11 Italy	7,572	7,267	5,626	7,790	7,277	6,931	7,703	7,819	8,459	7,622
12 Netherlands	2,441	2,823	3,362	3,415	3,633	3,892	3,735	3,701	4,290	4,008
13 Norway	1,344	1,457	1,567	900	1,044	1,457	1,072	1,531	1,673	1,480
14 Portugal	374	354	388	338	315	302	297	306	373	377
15 Spain	1,500	916	1,405	1,694	1,585	1,678	1,592	1,534	1,602	1,644
16 Sweden	1,737	1,545	1,390	1,407	1,204	1,337	1,489	1,652	1,799	1,845
17 Switzerland	16,689	18,716	29,066	29,972	29,877	29,938	30,725	30,482	32,177	32,014
18 Turkey	242	518	296	224	315	333	277	319	467	334
19 United Kingdom	22,680	28,286	48,172	48,080	53,768	55,602	54,746	58,007r	60,413	61,714
20 Yugoslavia	681	375	499	427	462	506	464	552	562	506
21 Other Western Europe[1]	6,939	6,541	7,006	6,514	6,347	6,038	6,102	6,660	7,433	5,876
22 U.S.S.R.	68	49	50	45	31	23	37	27	65	62
23 Other Eastern Europe[2]	370	493	576	453	384	525	576	518	607	486
24 Canada	10,031	10,250	12,232	16,838	17,918	16,470	16,325	16,349	16,025	16,233
25 Latin America and Caribbean	53,170	85,223	114,163	124,449	126,631	127,077	127,237	135,056r	143,263	136,440
26 Argentina	2,132	2,445	3,578	5,017	4,249	4,148	4,018	4,377	4,011	4,301
27 Bahamas	16,381	34,856	44,744	54,506	51,992	49,859	51,180	53,551	56,546	53,479
28 Bermuda	670	765	1,572	2,363	2,849	2,833	2,632	2,582	2,333	2,745
29 Brazil	1,216	1,568	2,014	2,704	3,046	3,406	3,818	4,150r	3,364	2,989
30 British West Indies	12,766	17,794	26,381	24,337	26,967	28,442	27,410	31,695r	36,738	32,368
31 Chile	460	664	1,626	1,385	1,472	1,613	1,697	1,783	1,842	1,811
32 Colombia	3,077	2,993	2,594	1,618	1,674	1,611	1,617	1,645	1,689	1,583
33 Cuba	6	9	9	11	12	10	10	10	8	11
34 Ecuador	371	434	455	532	601	670	825	1,003	1,047	826
35 Guatemala	367	479	670	697	718	758	750	766	788	780
36 Jamaica	97	87	126	108	106	109	105	234	140	113
37 Mexico	4,547	7,235	8,377	9,142	9,445	9,697	9,449	9,463r	10,196	10,839
38 Netherlands Antilles	413	3,182	3,597	3,434	3,486	3,581	3,858	3,941	3,868	3,730
39 Panama	4,718	4,857	4,805	5,608	5,934	6,079	5,902	5,944r	6,102	5,575
40 Peru	403	694	1,147	1,055	1,129	1,203	1,049	1,090r	1,166	1,127
41 Uruguay	254	367	759	960	1,033	1,116	1,202	1,173r	1,226	1,277
42 Venezuela	3,170	4,245	8,417	7,715	8,587	8,382	8,202	8,024r	8,598	9,311
43 Other Latin America and Caribbean	2,123	2,548	3,291	3,257	3,331	3,561	3,513	3,626	3,600	3,575
44 Asia	42,420	49,822	48,716	53,068	52,649	54,583	53,370	54,121r	58,376	56,456
China										
45 Mainland	49	158	203	192	176	190	216	183r	249	249
46 Taiwan	1,662	2,082	2,761	3,913	4,086	3,852	3,992	4,063	3,997	4,309
47 Hong Kong	2,548	3,950	4,465	5,581	5,614	6,582	6,507	6,971r	6,610	6,345
48 India	416	385	433	606	528	712	830	725	464	670
49 Indonesia	730	640	857	1,245	839	622	871	661	997	1,092
50 Israel	883	592	606	676	823	848	812	808	1,722	856
51 Japan	16,281	20,750	16,078	17,655	16,922	17,418	17,103	17,138r	18,103	17,243
52 Korea	1,528	2,013	1,692	1,552	1,553	1,478	1,353	1,591	1,648	1,614
53 Philippines	919	874	770	770	933	1,181	747	1,012	1,234	1,232
54 Thailand	464	534	629	537	531	581	522	569	716	776
55 Middle-East oil-exporting countries[3]	14,453	12,992	13,433	11,875	11,764	12,661	12,410	12,492	12,959	12,464
56 Other Asia	2,487	4,853	6,789	8,467	8,877	8,458	8,007	7,907	9,679	9,606
57 Africa	5,187	3,180	3,124	2,916	2,853	3,132	2,845	2,694	2,799	2,915
58 Egypt	485	360	432	554	465	488	576	589	645	569
59 Morocco	33	32	81	57	48	84	73	96	84	109
60 South Africa	288	420	292	403	452	520	394	389	449	486
61 Zaire	57	26	23	55	29	34	43	32	87	61
62 Oil-exporting countries[4]	3,540	1,395	1,280	928	934	963	736	679	620	869
63 Other Africa	783	946	1,016	919	926	1,042	1,023	909	914	821
64 Other countries	1,247	1,419	6,143	5,469	5,719	5,490	6,675	6,868	8,054	7,972
65 Australia	950	1,223	5,904	5,250	5,512	5,284	6,461	6,666	7,857	7,735
66 All other	297	196	239	219	208	206	214	202	197	237
67 Nonmonetary international and regional organizations	2,344	2,721	4,922	5,678	5,555	5,308	4,619	6,321	5,779	4,759
68 International	1,157	1,661	4,049	4,987	4,861	4,674	3,944	5,556	5,095	4,174
69 Latin American regional	890	710	517	454	441	445	437	415	419	433
70 Other regional[5]	296	350	357	237	252	189	238	350	265	152

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

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

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

Millions of dollars, end of period

Area and country	1980	1981▲	1982	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.
1 **Total**	**172,592**	**251,589**	**355,705**	**373,887**	**367,281**	**372,387**	**375,536**	**372,790**	**376,937**	**384,394**
2 **Foreign countries**	**172,514**	**251,533**	**355,636**	**373,444**	**366,945**	**372,068**	**374,939**	**372,730**	**376,867**	**384,230**
3 Europe	32,108	49,262	85,584	86,827	84,882	87,996	90,522	88,718	89,570	89,525
4 Austria	236	121	229	342	383	338	351	334	395	397
5 Belgium-Luxembourg	1,621	2,849	5,138	5,803	5,471	5,898	5,650	5,503	5,548	5,460
6 Denmark	127	187	554	1,098	1,096	1,124	1,131	1,103	1,272	1,213
7 Finland	460	546	990	870	724	637	697	789	822	989
8 France	2,958	4,127	7,251	7,942	7,953	8,589	7,869	7,390	7,885	8,564
9 Germany	948	940	1,876	1,404	1,112	1,168	1,428	1,095	1,256	1,234
10 Greece	256	333	452	574	458	375	408	369	412	476
11 Italy	3,364	5,240	7,560	7,335	7,406	7,412	7,038	7,686	8,432	9,175
12 Netherlands	575	682	1,425	1,165	967	1,048	1,189	1,071	1,390	1,231
13 Norway	227	384	572	652	598	634	550	575	590	684
14 Portugal	331	529	950	849	844	848	861	893	891	932
15 Spain	993	2,095	3,744	3,207	3,345	3,373	3,389	3,128	3,634	3,527
16 Sweden	783	1,205	3,038	2,859	2,910	2,836	3,081	3,059	3,252	3,232
17 Switzerland	1,446	2,213	1,639	1,603	1,727	1,630	1,765	1,579	2,112	1,834
18 Turkey	145	424	560	570	629	594	616	660	693	798
19 United Kingdom	14,917	23,849	45,781	46,689	45,664	47,863	50,780	49,841	47,198	45,774
20 Yugoslavia	853	1,225	1,430	1,464	1,381	1,351	1,369	1,468	1,582	1,692
21 Other Western Europe[1]	179	211	368	334	358	406	529	394	428	462
22 U.S.S.R	281	377	263	373	288	232	215	206	176	245
23 Other Eastern Europe[2]	1,410	1,725	1,762	1,692	1,566	1,640	1,606	1,575	1,601	1,604
24 Canada	4,810	9,193	13,678	16,694	16,517	17,501	16,525	15,885	16,390	16,223
25 Latin America and Caribbean	92,992	138,347	187,969	199,102	195,289	195,281	194,391	195,109	200,423	204,687
26 Argentina	5,689	7,527	10,974	11,243	11,112	11,334	11,444	11,618	11,899	11,823
27 Bahamas	29,419	43,542	56,649	61,820	58,836	54,687	55,009	56,220	58,919	59,885
28 Bermuda	218	346	603	447	342	390	578	489	559	568
29 Brazil	10,496	16,926	23,271	23,359	23,742	24,231	24,282	24,202	24,573	24,442
30 British West Indies	15,663	21,981	29,101	32,738	30,432	32,266	30,877	30,796	32,139	35,180
31 Chile	1,951	3,690	5,513	5,161	5,188	5,404	5,792	5,740	5,860	6,060
32 Colombia	1,752	2,018	3,211	3,601	3,656	3,592	3,665	3,648	3,734	3,826
33 Cuba	3	3	3	0	0	0	0	3	0	0
34 Ecuador	1,190	1,531	2,062	2,038	2,018	2,014	2,020	2,154	2,262	2,336
35 Guatemala[3]	137	124	124	90	96	100	112	115	122	133
36 Jamaica[3]	36	62	181	207	209	204	214	203	210	209
37 Mexico	12,595	22,439	29,552	32,426	32,962	33,689	33,740	33,521	33,728	34,514
38 Netherlands Antilles	821	1,076	839	522	943	838	897	988	1,164	1,064
39 Panama	4,974	6,794	10,210	8,840	9,177	10,093	9,189	8,835	8,336	7,570
40 Peru	890	1,218	2,357	2,627	2,506	2,421	2,470	2,434	2,469	2,537
41 Uruguay	137	157	686	820	833	820	857	883	903	964
42 Venezuela	5,438	7,069	10,643	11,036	11,121	11,045	11,037	10,881	11,088	11,193
43 Other Latin America and Caribbean	1,583	1,844	1,991	2,129	2,115	2,152	2,209	2,379	2,457	2,383
44 Asia	39,078	49,851	60,952	62,812	62,069	62,585	64,751	63,772	61,154	64,485
China										
45 Mainland	195	107	214	166	124	179	227	295	249	292
46 Taiwan	2,469	2,461	2,288	1,760	1,715	1,644	1,829	1,618	1,572	1,720
47 Hong Kong	2,247	4,132	6,787	7,917	8,096	8,022	8,704	8,287	8,782	7,925
48 India	142	123	222	230	245	275	259	324	305	302
49 Indonesia	245	352	348	544	595	635	688	697	711	501
50 Israel	1,172	1,567	2,029	2,181	1,657	1,648	1,726	1,780	1,817	1,780
51 Japan	21,361	26,797	28,379	27,611	27,876	27,438	28,563	28,239	25,773	29,062
52 Korea	5,697	7,340	9,387	9,129	9,639	9,696	9,634	9,314	9,624	9,516
53 Philippines	989	1,819	2,625	2,820	2,630	2,540	2,777	2,369	2,427	2,056
54 Thailand	876	565	643	788	689	735	806	831	867	974
55 Middle East oil-exporting countries[4]	1,432	1,581	3,087	4,461	4,003	4,654	4,142	4,630	4,236	4,979
56 Other Asia	2,252	3,009	4,943	5,207	4,800	5,119	5,395	5,388	4,791	5,379
57 Africa	2,377	3,503	5,346	5,665	5,940	6,527	6,482	6,889	6,808	6,676
58 Egypt	151	238	322	450	486	529	596	623	670	683
59 Morocco	223	284	353	463	484	444	444	462	461	446
60 South Africa	370	1,011	2,012	2,231	2,407	2,630	2,719	2,582	2,892	2,650
61 Zaire	94	112	57	46	45	40	38	38	37	33
62 Oil-exporting countries[5]	805	657	801	830	850	1,052	964	1,481	1,039	1,101
63 Other	734	1,201	1,802	1,645	1,668	1,832	1,722	1,703	1,709	1,764
64 Other countries	1,150	1,376	2,107	2,343	2,248	2,178	2,267	2,357	2,522	2,633
65 Australia	859	1,203	1,713	1,724	1,635	1,637	1,675	1,692	1,899	2,078
66 All other	290	172	394	620	613	542	593	664	624	555
67 Nonmonetary international and regional organizations[6]	78	56	68	443	336	319	598	60	70	164

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

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

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

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

Millions of dollars, end of period

Type of claim	1980	1981▲	1982	1983						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **Total**	**198,698**	**287,557**	**396,015**	**409,592**	....	....	**411,639**	....	....	**424,266**
2 Banks' own claims on foreigners	172,592	251,589	355,705	373,887	367,281	372,387	375,536	372,790	376,937	391,190
3 Foreign public borrowers	20,882	31,260	45,422	49,964	50,337	52,009	53,699	54,770	56,007	57,697
4 Own foreign offices[1]	65,084	96,653	127,293	140,233	135,840	137,166	137,382	141,971	139,759	146,755
5 Unaffiliated foreign banks	50,168	74,704	121,377	121,091	117,955	120,732	121,900	114,390	118,180	123,062
6 Deposits	8,254	23,381	44,223	47,167	46,368	47,345	48,179	44,613	44,533	46,366
7 Other	41,914	51,322	77,153	73,924	71,588	73,386	73,721	69,777	73,647	76,696
8 All other foreigners	36,459	48,972	61,614	62,599	63,148	62,480	62,556	61,658	62,991	63,676
9 Claims of banks' domestic customers[2]	26,106	35,968	40,310	35,705	....	....	36,102	....	....	33,076
10 Deposits	885	1,378	2,491	2,631	....	....	2,654	....	....	3,172
11 Negotiable and readily transferable instruments[3]	15,574	26,352	30,763	26,937	....	....	27,550	....	....	24,037
12 Outstanding collections and other claims	9,648	8,238	7,056	6,137	....	....	5,898	....	....	5,867
13 MEMO: Customer liability on acceptances	22,714	29,952	38,153	34,901	....	....	34,585	....	....	37,328
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	24,468	40,306	41,702	41,162	41,443	41,899	41,652	44,189	46,520	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

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

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

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

Millions of dollars, end of period

Maturity; by borrower and area	1980	1981▲	1982	1983			
			Dec.	Mar.	June	Sept.	Dec.p
1 **Total**	**106,748**	**154,590**	**228,150**	**230,112**	**232,126**	**233,676**	**240,860**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,394	173,917	174,152	174,570	174,629	174,086
3 Foreign public borrowers	9,974	15,142	21,256	21,768	23,030	25,519	24,000
4 All other foreigners	72,581	101,252	152,661	151,384	151,541	149,111	150,086
5 Maturity of over 1 year[1]	24,193	38,197	54,233	55,960	57,556	59,046	66,774
6 Foreign public borrowers	10,152	15,589	23,137	24,859	26,206	27,077	32,667
7 All other foreigners	14,041	22,608	31,095	31,100	31,349	31,970	34,107
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,130	50,500	54,109	52,039	52,665	54,677
9 Canada	2,723	4,662	7,642	6,861	7,055	6,443	5,986
10 Latin America and Caribbean	32,034	48,717	73,291	75,122	74,768	76,031	73,802
11 Asia	26,686	31,485	37,578	32,753	35,327	33,442	34,004
12 Africa	1,757	2,457	3,680	3,872	3,854	4,657	4,201
13 All other[2]	640	943	1,226	1,435	1,527	1,391	1,416
Maturity of over 1 year[1]							
14 Europe	5,118	8,100	11,636	11,986	12,238	11,613	13,009
15 Canada	1,448	1,808	1,931	1,924	1,861	1,756	1,857
16 Latin America and Caribbean	15,075	25,209	35,247	35,842	36,671	38,254	43,583
17 Asia	1,865	1,907	3,185	3,573	4,053	4,581	4,850
18 Africa	507	900	1,494	1,485	1,667	1,734	2,286
19 All other[2]	179	272	740	1,150	1,066	1,108	1,188

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

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

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1979	1980	1981	1982				1983			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June[r]	Sept.[r]	Dec.[p]
1 **Total**	**303.9**	**352.0**	**415.2**	**419.6**	**435.3[r]**	**438.2[r]**	**438.6[r]**	**440.6[r]**	**436.5**	**425.5**	**435.7**
2 G-10 countries and Switzerland	138.4	162.1	175.5	174.5	176.3[r]	175.4[r]	179.7[r]	182.1[r]	176.7	167.8	167.1
3 Belgium-Luxembourg	11.1	13.0	13.3	13.2	14.1	13.6	13.1	13.7	13.3	12.6	12.4
4 France	11.7	14.1	15.3	16.0	16.5	15.8	17.1	17.1	17.1	16.2	16.3
5 Germany	12.2	12.1	12.9	12.5	12.7	12.2	12.7	13.4	12.6	11.6	11.4
6 Italy	6.4	8.2	9.6	9.0	9.0	9.7	10.3	10.2	10.5	9.9	11.7
7 Netherlands	4.8	4.4	4.0	4.0	4.1	3.8	3.6	4.3	4.0	3.6	3.5
8 Sweden	2.4	2.9	3.7	4.1	4.0	4.7	5.0	4.3	4.7	4.9	5.1
9 Switzerland	4.7	5.0	5.5	5.3	5.1	5.1	5.0	4.6	4.8	4.2	4.3
10 United Kingdom	56.4	67.4	70.1	70.3	69.4[r]	70.3[r]	72.1[r]	72.9[r]	70.2	67.0	64.1
11 Canada	6.3	8.4	10.9	11.6	11.4	11.0	10.4	12.4	10.8	9.0	8.3
12 Japan	22.4	26.5	30.2	28.5	29.9	29.3	30.2[r]	29.2[r]	28.7	28.9	30.0
13 Other developed countries	19.9	21.6	28.4	30.7	32.1	32.7	33.7	33.9	34.4	34.1	36.0
14 Austria	2.0	1.9	1.9	2.1	2.1	2.0	1.9	2.1	2.1	1.9	1.9
15 Denmark	2.2	2.3	2.3	2.5	2.6	2.5	2.4	3.3	3.4	3.3	3.5
16 Finland	1.2	1.4	1.7	1.6	1.6	1.8	2.2	2.1	2.1	1.8	2.4
17 Greece	2.4	2.8	2.8	2.9	2.7	2.6	3.0	2.9	2.9	2.9	2.8
18 Norway	2.3	2.6	3.1	3.2	3.2	3.4	3.3	3.3	3.4	3.2	3.2
19 Portugal	.7	.6	1.1	1.2	1.5	1.6	1.5	1.4	1.4	1.3	1.3
20 Spain	3.5	4.4	6.6	7.2	7.3	7.7	7.5	7.0	7.2	7.1	7.2
21 Turkey	1.4	1.5	1.4	1.6	1.5	1.5	1.4	1.5	1.4	1.5	1.7
22 Other Western Europe	1.4	1.7	2.1	2.1	2.2	2.1	2.3	2.2	2.0	2.1	1.9
23 South Africa	1.3	1.1	2.8	3.3	3.5	3.6	3.7	3.6	3.9	4.7	4.7
24 Australia	1.3	1.3	2.5	3.0	4.0	4.0	4.4	4.6	4.5	4.4	5.5
25 OPEC countries[2]	22.9	22.7	24.8	25.4	26.4	27.3	27.4	28.5	28.2	27.2	29.1
26 Ecuador	1.7	2.1	2.2	2.3	2.4	2.3	2.2	2.2	2.2	2.1	2.2
27 Venezuela	8.7	9.1	9.9	10.0	10.1	10.4	10.5	10.4	10.4	9.8	9.9
28 Indonesia	1.9	1.8	2.6	2.7	2.8	2.9	3.2	3.5	3.2	3.4	3.8
29 Middle East countries	8.0	6.9	7.5	8.2	8.7	9.0	8.7	9.3	9.5	9.0	10.0
30 African countries	2.6	2.8	2.5	2.2	2.5	2.7	2.8	3.0	3.0	2.8	3.1
31 Non-OPEC developing countries	63.0	77.4	96.3	97.5	103.6	104.0	107.0	107.6[r]	108.2	108.8	111.1
Latin America											
32 Argentina	5.0	7.9	9.4	10.0	9.6	9.2	8.9	9.0	9.4	9.5	9.6
33 Brazil	15.2	16.2	19.1	19.7	21.4	22.4	22.9	23.1	22.5	22.9	23.0
34 Chile	2.5	3.7	5.8	6.0	6.4	6.2	6.3	6.0	5.8	6.2	6.5
35 Colombia	2.2	2.6	2.6	2.3	2.6	2.8	3.1	2.9	3.2	3.2	3.2
36 Mexico	12.0	15.9	21.6	22.9	25.2	25.0	24.5	25.1[r]	25.2	25.8	26.1
37 Peru	1.5	1.8	2.0	1.9	2.5	2.6	2.6	2.4	2.6	2.4	2.4
38 Other Latin America	3.7	3.9	4.1	4.1	4.0	4.3	4.0	4.2	4.3	4.2	4.3
Asia											
China											
39 Mainland	.1	.2	.2	.2	.3	.2	.2	.2	.2	.2	.3
40 Taiwan	3.4	4.2	5.1	5.1	5.0	4.9	5.2	5.1	5.1	5.2	5.3
41 India	.2	.3	.3	.5	.5	.5	.6	.4	.5	.5	.6
42 Israel	1.3	1.5	2.1	1.7	2.2	1.9	2.3	2.0	2.3	1.7	1.8
43 Korea (South)	5.4	7.1	9.4	8.6	8.9	9.3	10.8	10.8	10.8	10.8	11.3
44 Malaysia	1.0	1.1	1.7	1.7	1.9	1.8	2.1	2.5	2.6	2.8	2.9
45 Philippines	4.2	5.1	6.0	5.9	6.3	6.0	6.3	6.6	6.4	6.2	6.2
46 Thailand	1.5	1.6	1.5	1.4	1.3	1.3	1.6	1.6	1.8	1.7	1.9
47 Other Asia	.5	.6	1.0	1.2	1.1	1.3	1.1	1.4	1.2	1.0	1.0
Africa											
48 Egypt	.6	.8	1.1	1.3	1.3	1.3	1.2	1.1	1.3	1.4	1.4
49 Morocco	.6	.7	.7	.7	.7	.8	.7	.8	.8	.8	.8
50 Zaire	.2	.2	.2	.2	.2	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	1.7	2.1	2.3	2.3	2.3	2.2	2.4	2.3	2.2	2.4	2.3
52 Eastern Europe	7.3	7.4	7.8	7.2	6.7	6.3	6.2	5.8	5.7	5.3	5.4
53 U.S.S.R.	.7	.4	.6	.4	.4	.3	.3	.3	.4	.2	.2
54 Yugoslavia	1.8	2.3	2.5	2.5	2.4	2.2	2.2	2.2	2.3	2.3	2.4
55 Other	4.8	4.6	4.7	4.3	3.9	3.8	3.7	3.3	3.0	2.8	2.8
56 Offshore banking centers	40.4	47.0	63.7	65.7	72.0	72.1[r]	66.8[r]	66.1[r]	67.3	65.5	70.2
57 Bahamas	13.7	13.7	19.0	20.2	24.1	21.4	19.0[r]	17.3[r]	19.5	19.0	21.9
58 Bermuda	.8	.6	.7	.7	.7	.8	.9	1.0	.8	.8	.9
59 Cayman Islands and other British West Indies	9.4	10.6	12.4	12.1	12.3	13.6	12.9	11.9	12.1	10.2	12.0
60 Netherlands Antilles	1.2	2.1	3.2	3.2	3.0	3.3	3.3	3.1	2.6	4.1	4.1
61 Panama[4]	4.3	5.4	7.7	7.2	7.4	8.1	7.6	7.1	6.6	5.7	6.0
62 Lebanon	.2	.2	.2	.2	.2	.1	.1	.1	.1	.1	.1
63 Hong Kong	6.0	8.1	11.8	12.9	14.3	15.0[r]	13.9[r]	15.2[r]	14.5	15.1	14.9
64 Singapore	4.5	5.9	8.7	9.3	9.9	9.8	9.1	10.3	11.0	10.4	10.2
65 Others[5]	.4	.3	.1	.1	.1	.0	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[6]	11.7	14.0	18.8	18.5	18.4	20.3	17.9	16.7[r]	16.1	16.8	16.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	1982 Sept.	1982 Dec.	1983 Mar.	1983 June	1983 Sept.
1 **Total**	**17,433**	**29,434**	**28,618**	**25,149**	**25,142**	**22,925**	**22,381**	**24,177**
2 Payable in dollars	14,323	25,689	24,909	22,051	22,042	20,032	19,489	21,355
3 Payable in foreign currencies	3,110	3,745	3,709	3,099	3,099	2,893	2,892	2,822
By type								
4 Financial liabilities	7,523	11,330	12,157	10,855	10,499	10,478	10,760	10,361
5 Payable in dollars	5,223	8,528	9,499	8,565	8,424	8,533	8,730	8,435
6 Payable in foreign currencies	2,300	2,802	2,658	2,291	2,075	1,945	2,031	1,926
7 Commercial liabilities	9,910	18,104	16,461	14,294	14,642	12,447	11,621	13,815
8 Trade payables	4,591	12,201	10,818	8,084	7,687	5,620	5,981	7,056
9 Advance receipts and other liabilities	5,320	5,903	5,643	6,209	6,955	6,827	5,640	6,760
10 Payable in dollars	9,100	17,161	15,409	13,486	13,618	11,499	10,759	12,919
11 Payable in foreign currencies	811	943	1,052	808	1,024	948	862	896
By area or country								
Financial liabilities								
12 Europe	4,665	6,481	6,825	6,389	6,172	6,090	6,126	5,676
13 Belgium-Luxembourg	338	479	471	494	502	407	436	379
14 France	175	327	709	672	635	685	697	688
15 Germany	497	582	491	446	470	487	460	447
16 Netherlands	829	681	743	759	702	687	728	730
17 Switzerland	170	354	715	670	673	623	595	470
18 United Kingdom	2,477	3,923	3,565	3,212	3,061	3,071	3,060	2,829
19 Canada	532	964	963	753	735	723	854	783
20 Latin America and Caribbean	1,514	3,136	3,356	2,969	2,707	2,690	2,435	2,546
21 Bahamas	404	964	1,279	938	890	817	695	738
22 Bermuda	81	1	7	9	14	18	10	13
23 Brazil	18	23	22	28	28	39	34	32
24 British West Indies	516	1,452	1,241	981	1,002	1,001	932	899
25 Mexico	121	99	102	85	121	149	151	184
26 Venezuela	72	81	98	104	114	121	124	117
27 Asia	804	723	976	714	857	943	1,319	1,322
28 Japan	726	644	792	479	633	699	943	957
29 Middle East oil-exporting countries[2]	31	38	75	67	69	68	205	201
30 Africa	4	11	14	17	17	20	17	19
31 Oil-exporting countries[3]	1	1	0	0	0	0	0	0
32 All other[4]	4	15	24	13	12	13	9	15
Commercial liabilities								
33 Europe	3,709	4,402	3,770	3,957	3,639	3,430	3,349	3,384
34 Belgium-Luxembourg	137	90	71	50	52	45	41	47
35 France	467	582	573	762	595	576	615	506
36 Germany	545	679	545	436	459	440	431	461
37 Netherlands	227	219	220	277	346	351	342	243
38 Switzerland	316	499	424	358	363	354	357	448
39 United Kingdom	1,080	1,209	880	1,001	851	679	623	786
40 Canada	924	888	897	1,197	1,496	1,454	1,465	1,407
41 Latin America and Caribbean	1,325	1,300	1,044	1,235	991	1,050	999	1,067
42 Bahamas	69	8	2	6	16	4	1	1
43 Bermuda	32	75	67	48	89	117	76	76
44 Brazil	203	111	67	128	60	51	49	48
45 British West Indies	21	35	2	3	32	4	22	14
46 Mexico	257	367	340	499	379	355	391	429
47 Venezuela	301	319	276	269	148	183	219	217
48 Asia	2,991	10,242	9,384	6,641	7,160	5,437	4,799	6,852
49 Japan	583	802	1,094	1,192	1,226	1,235	1,236	1,294
50 Middle East oil-exporting countries[2,5]	1,014	8,098	7,008	4,178	4,531	2,803	2,294	4,072
51 Africa	728	817	703	669	704	497	492	506
52 Oil-exporting countries[3]	384	517	344	248	277	158	167	204
53 All other[4]	233	456	664	595	651	578	518	600

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	1982 Sept.	1982 Dec.	1983 Mar.	1983 June	1983 Sept.
1 **Total**	**31,299**	**34,482**	**36,185**	**30,232**	**27,988**	**30,726**	**31,757**	**32,090**
2 Payable in dollars	28,096	31,528	32,582	27,571	25,360	27,984	29,114	29,242
3 Payable in foreign currencies	3,203	2,955	3,603	2,661	2,628	2,741	2,643	2,848
By type								
4 Financial claims	18,398	19,763	21,142	18,356	17,033	19,743	21,148	21,272
5 Deposits	12,858	14,166	15,081	13,241	12,497	15,092	16,324	16,411
6 Payable in dollars	11,936	13,381	14,456	12,828	12,071	14,614	15,897	15,995
7 Payable in foreign currencies	923	785	625	413	426	478	426	416
8 Other financial claims	5,540	5,597	6,061	5,115	4,536	4,651	4,824	4,862
9 Payable in dollars	3,714	3,914	3,599	3,419	2,895	3,006	3,226	3,036
10 Payable in foreign currencies	1,826	1,683	2,462	1,696	1,641	1,645	1,598	1,826
11 Commercial claims	12,901	14,720	15,043	11,877	10,954	10,983	10,609	10,818
12 Trade receivables	12,185	13,960	14,007	10,770	9,945	9,780	9,241	9,519
13 Advance payments and other claims	716	759	1,036	1,106	1,010	1,203	1,367	1,299
14 Payable in dollars	12,447	14,233	14,527	11,324	10,394	10,364	9,991	10,712
15 Payable in foreign currencies	454	487	516	552	561	619	618	606
By area or country								
Financial claims								
16 Europe	6,179	6,069	4,596	4,967	4,772	6,066	7,207	6,960
17 Belgium-Luxembourg	32	145	43	16	10	58	12	25
18 France	177	298	285	326	134	90	137	125
19 Germany	409	230	224	215	178	127	216	151
20 Netherlands	53	51	50	119	97	140	136	88
21 Switzerland	73	54	117	60	107	99	34	31
22 United Kingdom	5,099	4,987	3,546	3,859	3,981	5,301	6,437	6,335
23 Canada	5,003	5,036	6,755	4,386	4,287	4,612	4,870	4,897
24 Latin America and Caribbean	6,312	7,811	8,812	7,948	7,087	8,173	7,997	8,354
25 Bahamas	2,773	3,477	3,650	3,435	3,160	3,756	3,244	3,250
26 Bermuda	30	135	18	16	8	10	72	62
27 Brazil	163	96	30	76	62	50	48	51
28 British West Indies	2,011	2,755	3,971	3,411	2,929	3,080	3,317	3,774
29 Mexico	157	208	313	268	274	352	348	315
30 Venezuela	143	137	148	133	139	156	152	138
31 Asia	601	607	758	846	698	712	771	763
32 Japan	199	189	366	268	153	233	288	256
33 Middle East oil-exporting countries[2]	16	20	37	30	15	18	14	8
34 Africa	258	208	173	165	158	153	154	151
35 Oil-exporting countries[3]	49	26	46	50	48	45	48	43
36 All other[4]	44	32	48	44	31	25	149	148
Commercial claims								
37 Europe	4,922	5,544	5,405	4,231	3,758	3,592	3,410	3,349
38 Belgium-Luxembourg	202	233	234	178	150	140	144	131
39 France	727	1,129	776	646	473	489	499	486
40 Germany	593	599	561	427	356	419	364	378
41 Netherlands	298	318	299	268	347	309	242	282
42 Switzerland	272	354	431	291	339	227	303	270
43 United Kingdom	901	929	985	1,035	793	754	739	734
44 Canada	859	914	967	666	635	674	716	788
45 Latin America and Caribbean	2,879	3,766	3,479	2,772	2,514	2,690	2,722	2,864
46 Bahamas	21	21	12	19	21	30	30	15
47 Bermuda	197	108	223	154	259	172	108	242
48 Brazil	645	861	668	481	258	401	512	611
49 British West Indies	16	34	12	7	12	21	21	12
50 Mexico	708	1,102	1,022	869	767	886	956	897
51 Venezuela	343	410	424	373	351	288	273	282
52 Asia	3,451	3,522	3,959	3,098	3,045	3,126	2,871	2,929
53 Japan	1,177	1,052	1,245	973	1,047	1,115	949	1,037
54 Middle East oil-exporting countries[2]	765	825	905	777	748	701	700	719
55 Africa	551	653	772	661	588	559	528	562
56 Oil-exporting countries[3]	130	153	152	148	140	131	130	131
57 All other[4]	240	321	461	448	415	342	361	326

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983	1984	1983						1984
			Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	41,881	69,890	5,427	5,758	5,181	5,516	5,530	4,849r	6,020	5,427
2 Foreign sales	37,981	64,472	5,796	5,203	5,168	5,116	5,392	4,785r	5,745	5,796
3 Net purchases, or sales (−)	**3,901**	**5,418**	**−368**	**555**	**13**	**400**	**138**	**64r**	**275**	**−368**
4 Foreign countries	**3,816**	**5,320**	**−357**	**546**	**14**	**392**	**134**	**64**	**282**	**−357**
5 Europe	2,530	3,980	−167	437	71	261	−99	−59r	−278	−167
6 France	−143	−100	−71	33	−77	−10	−36	−66	−64	−71
7 Germany	333	1054	94	135	54	48	55	53	−51	94
8 Netherlands	−63	−110	0	7	−13	−49	−15	24	13	0
9 Switzerland	−579	1,313	−92	187	56	123	−18	−97	−208	−92
10 United Kingdom	3,117	1,808	−93	49	79	171	−136	21	51	−93
11 Canada	222	1,149	80	1	75	154	124	−1r	183	80
12 Latin America and Caribbean	317	531	120	35	−98	106	−41	17	239	120
13 Middle East[1]	366	−808	−360	−59	−88	−178	49	45r	13	−360
14 Other Asia	247	403	−51	146	75	51	103	63	123	−51
15 Africa	2	42	5	0	7	4	−1	1	2	5
16 Other countries	131	24	16	−12	−28	−6	−1	−3	1	16
17 Nonmonetary international and regional organizations	**85**	**98**	**−11**	**9**	**−1**	**8**	**4**	**0**	**−7**	**−11**
BONDS[2]										
18 Foreign purchases	21,639	23,966	1,770	1,438	2,141	1,888	2,537	2,039	1,661	1,770
19 Foreign sales	20,188	23,075	1,805	1,463	1,995	1,960	2,492	1,304	1,493	1,805
20 Net purchases, or sales (−)	**1,451**	**890**	**−35**	**−25**	**146**	**−72**	**45**	**735**	**168**	**−35**
21 Foreign countries	**1,479**	**875**	**−24**	**−49**	**44**	**−77**	**142**	**715**	**161**	**−24**
22 Europe	2,082	892	−3	−74	115	14	303	458	−87	−3
23 France	305	−89	−1	−5	−6	0	2	−31	−4	−1
24 Germany	2,110	286	−38	−8	25	41	66	53	−10	−38
25 Netherlands	33	51	3	5	−3	1	11	5	3	3
26 Switzerland	157	632	12	−8	−1	−19	7	15	78	12
27 United Kingdom	−589	429	54	−33	112	32	136	390	−126	54
28 Canada	24	123	−20	53	−3	−10	22	46	−22	−20
29 Latin America and Caribbean	159	100	9	13	−21	4	24	−6	20	9
30 Middle East[1]	−752	−1,133	−22	−119	−121	−105	−249	116	43	−22
31 Other Asia	−22	841	12	78	74	19	45	101	207	12
32 Africa	−19	0	−1	0	0	2	0	0	0	−1
33 Other countries	7	52	0	0	0	−2	−4	0	0	0
34 Nonmonetary international and regional organizations	**−28**	**15**	**−11**	**24**	**102**	**6**	**−97**	**20**	**7**	**−11**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,341	−3,848	−94	−487	−214	−106	−14	−17r	−190	−94
36 Foreign purchases	7,163	13,124	1,200	972	1,032	1,297	1,140	906r	1,127	1,200
37 Foreign sales	8,504	16,973	1,294	1,458	1,246	1,403	1,154	923	1,317	1,294
38 Bonds, net purchases, or sales (−)	−6,631	−3,677	569	−219	−463	−54	−172	173r	−689	569
39 Foreign purchases	27,167	35,626	3,489	2,534	2,708	3,714	3,902	3,113r	3,072	3,489
40 Foreign sales	33,798	39,302	2,921	2,754	3,171	3,768	4,075	2,940	3,761	2,921
41 Net purchases, or sales (−), of stocks and bonds	**−7,972**	**−7,525**	**475**	**−706**	**−677**	**−160**	**−186**	**155r**	**−879**	**475**
42 Foreign countries	**−6,806**	**−7,028**	**446**	**−715**	**−684**	**−146**	**−235**	**51r**	**−718**	**446**
43 Europe	−2,584	−5,630	188	−682	−301	124	−338	−417	−448	188
44 Canada	−2,363	−1,582	111	55	−97	−355	6	37r	−64	111
45 Latin America and Caribbean	336	1,120	113	47	62	23	5	135	17	113
46 Asia	−1,822	−912	37	−145	23	105	90	160	−80	37
47 Africa	−9	141	−5	11	14	16	11	1	0	−5
48 Other countries	−364	−164	2	0	−385	−59	−10	135	−143	2
49 Nonmonetary international and regional organizations	**−1,165**	**−498**	**28**	**9**	**7**	**−14**	**49**	**105**	**−161**	**28**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1982	1983	1984 Jan.	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan. p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**85,220**	**88,990**	....	**88,833**	**87,483**	**88,661**	**90,988**	**89,559r**	**88,990**	**89,694**
2 Foreign countries[2]	80,637	83,895	....	83,615	82,790	82,763	84,358	83,743r	83,895	84,603
3 Europe[2]	29,284	35,482	....	33,082	32,996	33,370	34,415	35,051r	35,482	35,969
4 Belgium-Luxembourg	447	16	....	99	95	58	18	2	16	33
5 Germany[2]	14,841	17,290	....	16,315	16,119	16,156	16,570	17,092	17,290	17,581
6 Netherlands	2,754	3,129	....	3,262	3,234	3,034	2,987	3,048	3,129	3,113
7 Sweden	677	842	....	684	644	666	714	758	842	848
8 Switzerland[2]	1,540	1,118	....	855	965	1,087	1,177	1,064	1,118	1,167
9 United Kingdom	6,549	8,524	....	8,235	8,270	8,289	8,629	8,626	8,524	8,723
10 Other Western Europe	2,476	4,563	....	3,631	3,669	4,081	4,321	4,461r	4,563	4,505
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	602	1,301	....	1,058	1,088	1,063	1,265	1,225	1,301	1,293
13 Latin America and Caribbean	1,076	864	....	886	800	774	695	914	864	1,426
14 Venezuela	188	64	....	62	62	65	66	64	64	64
15 Other Latin America and Caribbean	656	716	....	636	622	631	540	674	716	697
16 Netherlands Antilles	232	83	....	188	116	78	89	176	83	665
17 Asia	49,543	46,129	....	48,437	47,733	47,430	47,849	46,430r	46,129	45,802
18 Japan	11,578	13,910	....	12,763	13,007	13,210	13,446	13,600	13,910	14,012
19 Africa	77	79	....	79	79	79	79	79	79	79
20 All other	55	40	....	74	94	48	56	43	40	33
21 Nonmonetary international and regional organizations	4,583	5,095	....	5,218	4,693	5,898	6,630	5,816	5,095	5,091
22 International	4,186	4,404	....	4,500	4,086	5,421	6,094	5,030	4,404	4,467
23 Latin American regional	6	6	....	6	6	6	6	0	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**14,972**	**3,769**	**704**	**−2,281**	**−1,350**	**1,178**	**2,327**	**−1,422r**	**−575**	**704**
25 Foreign countries[2]	16,072	3,258	707	−1,315	−826	−26	1,595	−615r	153	707
26 Official institutions	14,550	997	518	−914	−885	5	468	−774r	−252	518
27 Other foreign[2]	1,518	2,266	190	−400	59	−31	1,126	159r	406	190
28 Nonmonetary international and regional organizations	−1,097	506	−3	−966	−523	1,205	731	−808	−729	−3
MEMO: Oil-exporting countries										
29 Middle East[3]	7,575	−5,397	−515	−172	−1,764	−305	−373	−968	−60	−515
30 Africa[4]	−552	−1	0	0	0	0	0	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Feb. 29, 1984 Percent	Rate on Feb. 29, 1984 Month effective	Country	Rate on Feb. 29, 1984 Percent	Rate on Feb. 29, 1984 Month effective	Country	Rate on Feb. 29, 1984 Percent	Rate on Feb. 29, 1984 Month effective
Austria	3.75	Mar. 1983	France[1]	12.0	Dec. 1983	Norway	8.0	June 1979
Belgium	11.0	Feb. 1984	Germany, Fed. Rep. of	4.0	Mar. 1983	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	16.0	Feb. 1984	United Kingdom[2]	....	....
Canada	10.0	Feb. 1984	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1981	1982	1983	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.
1 Eurodollars	16.79	12.24	9.57	10.27	9.82	9.54	9.79	10.08	9.78	9.91
2 United Kingdom	13.86	12.21	10.06	9.83	9.63	9.34	9.26	9.34	9.40	9.35
3 Canada	18.84	14.38	9.48	9.49	9.35	9.31	9.40	9.83	9.84	9.85
4 Germany	12.05	8.81	5.73	5.66	5.83	6.13	6.26	6.43	6.07	5.91
5 Switzerland	9.15	5.04	4.11	4.61	4.40	4.07	4.11	4.29	3.65	3.47
6 Netherlands	11.52	8.26	5.58	6.03	6.15	6.07	6.17	6.20	6.01	5.95
7 France	15.28	14.61	12.44	12.33	12.42	12.42	12.31	12.16	12.22	12.36
8 Italy	19.98	19.99	18.95	17.50	17.42	17.51	17.71	17.75	17.75	17.40
9 Belgium	15.28	14.10	10.51	9.25	9.25	9.44	9.89	10.50	10.68	11.43
10 Japan	7.58	6.84	6.49	6.52	6.68	6.52	6.35	6.45	6.35	6.34

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1981	1982	1983	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.
1 Argentina/peso	n.a.	20985.00	8.59	11.22	11.65	11.65	16.73	24.38	27.15
2 Australia/dollar[1]	114.95	101.65	90.14	88.77	91.37	91.59	90.04	90.60	93.48
3 Austria/schilling	15.948	17.060	17.968	18.754	18.305	18.900	19.383	19.815	19.028
4 Belgium/franc	37.194	45.780	51.121	53.841	53.034	54.538	55.939	57.354	55.279
5 Brazil/cruzeiro	92.374	179.22	573.27	701.38	784.35	870.21	943.43	1022.81	1131.37
6 Canada/dollar	1.1990	1.2344	1.2325	1.2326	1.2320	1.2367	1.2469	1.2484	1.2480
7 Chile/peso	n.a.	51.118	79.350	81.767	83.710	85.600	86.557	88.355	88.595
8 China, P.R./yuan	1.7031	1.8978	1.9809	1.9867	1.9664	1.9940	1.9920	2.0490	2.0628
9 Colombia/peso	n.a.	64.071	78.563	82.494	84.196	85.938	87.173	89.703	91.244
10 Denmark/krone	7.1350	8.3443	9.1483	9.5926	9.4172	9.6791	9.9530	10.1793	9.8549
11 Finland/markka	4.3128	4.8086	5.5636	5.7057	5.6390	5.7468	5.8515	5.9385	5.7892
12 France/franc	5.4396	6.5793	7.6203	8.0598	7.9526	8.1646	8.3839	8.5948	8.3051
13 Germany/deutsche mark	2.2631	2.428	2.5539	2.6679	2.6032	2.6846	2.7500	2.8110	2.6984
14 Greece/drachma	n.a.	66.872	87.895	92.837	92.968	96.229	98.815	102.601	101.80
15 Hong Kong/dollar	5.5678	6.0697	7.2569	8.0079	8.0947	7.8120	7.8044	7.7968	7.7883
16 India/rupee	8.6807	9.4846	10.1040	10.200	10.229	10.378	10.4895	10.7152	10.744
17 Indonesia/rupiah	n.a.	660.43	911.31	986.24	984.12	988.84	994.62	996.43	995.03
18 Ireland/pound[1]	161.32	142.05	124.81	117.41	119.15	115.85	112.91	110.20	114.21
19 Israel/shekel	n.a.	24.407	55.865	60.059	77.808	89.344	100.599	116.728	130.21
20 Italy/lira	1138.60	1354.00	1519.30	1602.62	1582.81	1625.79	1666.88	1706.63	1666.39
21 Japan/yen	220.63	249.06	237.55	242.35	232.89	235.03	234.46	233.80	233.60
22 Malaysia/ringgit	2.3048	2.3395	2.3204	2.3506	2.3451	2.3450	2.3407	2.3411	2.3363
23 Mexico/peso	24.547	72.990	155.01	152.20	157.18	162.36	164.84	166.33	168.49
24 Netherlands/guilder	2.4998	2.6719	2.8543	2.9844	2.9206	3.0078	3.0856	3.1602	3.0455
25 New Zealand/dollar[1]	86.848	75.101	66.790	65.316	66.162	65.854	65.120	64.860	65.810
26 Norway/krone	5.7430	6.4567	7.3012	7.4271	7.3244	7.4696	7.7237	7.8763	7.6937
27 Peru/sol	n.a.	694.59	1610.20	1995.33	2074.82	2131.13	2213.73	2320.20	2409.77
28 Philippines/peso	7.8113	8.5324	11.0940	11.050	13.750	14.050	14.050	14.050	14.050
29 Portugal/escudo	61.739	80.101	111.610	124.41	124.41	127.82	131.91	136.29	135.01
30 Singapore/dollar	2.1053	2.1406	2.1136	2.1417	2.1350	2.1334	2.1317	2.1309	2.1279
31 South Africa/rand[1]	114.77	92.297	89.85	89.86	88.82	84.23	82.15	79.54	81.31
32 South Korea/won	n.a.	731.93	776.04	790.83	791.37	796.32	799.23	800.33	799.06
33 Spain/peseta	92.396	110.09	143.500	152.022	151.30	154.66	158.01	159.832	154.20
34 Sri Lanka/rupee	18.967	20.756	23.510	24.397	24.410	24.572	24.767	25.181	25.270
35 Sweden/krona	5.0659	6.2838	7.6717	7.8773	7.7844	7.9201	8.0608	8.1782	7.9976
36 Switzerland/franc	1.9674	2.0327	2.1006	2.1623	2.1122	2.1701	2.1983	2.2380	2.2050
37 Taiwan/Dollar	n.a.	n.a.	n.a.	n.a.	39.420	38.780	39.613	40.202	40.236
38 Thailand/baht	21.731	23.014	22.991	22.990	22.990	22.990	22.992	23.006	23.000
39 United Kingdom/pound[1]	202.43	174.80	151.59	149.86	149.69	147.66	143.38	140.76	144.17
40 Venezuela/bolivar	4.2781	4.2981	10.6840	13.833	13.088	12.782	12.834	13.021	13.023
MEMO									
United States/dollar[2]	102.94	116.57	125.34	129.74	127.50	130.26	132.84	135.07	131.71

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Special tables begin on next page.

4.20 DOMESTIC AND FOREIGN OFFICES, Commercial Banks with Assets of $100 Million or over[1p]
Consolidated Report of Condition; September 30, 1983
Millions of dollars

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
1 **Total assets**	**1,813,016**	**1,293,822**	**374,058**	**980,256**	**518,361**
2 Cash and due from depository institutions	285,613	225,797	117,311	108,486	59,683
3 Currency and coin (U.S. and foreign)	13,050	7,739	246	7,492	5,295
4 Balances with Federal Reserve Banks	18,924	12,977	182	12,795	5,931
5 Balances with other central banks	3,983	3,983	3,627	356	(4)
6 Demand balances with commercial banks in United States	19,421	7,041	203	6,839	12,378
7 All other balances with depository institutions in United States and with banks in foreign countries	157,492	135,916	111,766	24,150	21,517
8 Time and savings balances with commercial banks in United States	24,596	16,117	9,917	6,199	8,479
9 Balances with other depository institutions in United States	1,278	936	769	167	341
10 Balances with banks in foreign countries	131,618	118,863	101,080	17,783	12,696
11 Foreign branches of other U.S. banks	(4)	18,807	14,261	4,546	(4)
12 Other banks in foreign countries	(4)	100,057	86,819	13,237	(4)
13 Cash items in process of collection	72,743	58,140	1,286	56,854	14,562
14 **Total securities, loans, and lease financing receivables**	**1,388,869**	**952,517**	**207,390**	**745,127**	**435,694**
15 Total securities, book value	290,853	152,679	12,519	140,160	137,899
16 U.S. Treasury	102,757	46,948	120	46,828	55,691
17 Obligations of other U.S. government agencies and corporations	41,122	16,376	21	16,355	24,703
18 Obligations of states and political subdivisions in United States	110,775	58,937	579	58,358	51,742
19 All other securities	36,198	30,418	11,798	18,619	5,764
20 Other bonds, notes, and debentures	15,646	11,105	8,575	2,529	4,525
21 Federal Reserve and corporate stock	2,269	1,541	184	1,357	728
22 Trading account securities	18,283	17,772	3,039	14,733	511
23 Federal funds sold and securities purchased under agreements to resell	68,923	40,783	643	40,139	28,015
24 Total loans, gross	1,039,038	760,957	193,475	567,482	277,799
25 LESS: Unearned income on loans	13,525	6,798	1,670	5,128	6,706
26 Allowance for possible loan loss	12,270	8,886	334	8,552	3,381
27 EQUALS: Loans, net	1,013,244	745,273	191,471	553,802	267,712
Total loans, gross, by category					
28 Real estate loans	246,047	147,212	8,413	138,799	98,728
29 Construction and land development	(4)	(4)	(4)	37,565	13,918
30 Secured by farmland	(4)	(4)	(4)	1,000	1,730
31 Secured by residential properties	(4)	(4)	(4)	71,559	53,536
32 1- to 4-family	(4)	(4)	(4)	67,147	50,667
33 FHA-insured or VA-guaranteed	(4)	(4)	(4)	4,210	2,520
34 Conventional	(4)	(4)	(4)	62,938	48,148
35 Multifamily	(4)	(4)	(4)	4,412	2,869
36 FHA-insured	(4)	(4)	(4)	235	105
37 Conventional	(4)	(4)	(4)	4,177	2,764
38 Secured by nonfarm nonresidential properties	(4)	(4)	(4)	28,675	29,544
39 Loans to financial institutions	101,609	93,845	32,391	61,454	7,763
40 REITs and mortgage companies in United States	5,023	4,442	62	4,381	578
41 Commercial banks in United States	15,566	10,692	829	9,863	4,874
42 U.S. branches and agencies of foreign banks	(4)	4,911	608	4,304	(4)
43 Other commercial banks	(4)	5,781	222	5,559	(4)
44 Banks in foreign countries	48,966	48,346	23,000	25,346	620
45 Foreign branches of other U.S. banks	(4)	958	284	675	(4)
46 Other	(4)	47,388	22,716	24,672	(4)
47 Finance companies in United States	10,302	9,822	408	9,414	480
48 Other financial institutions	21,752	20,542	8,092	12,450	1,210
49 Loans for purchasing or carrying securities	15,751	13,556	1,847	11,709	2,195
50 Brokers and dealers in securities	9,829	9,396	1,200	8,196	433
51 Other	5,921	4,159	647	3,513	1,762
52 Loans to finance agricultural production and other loans to farmers	14,057	7,768	820	6,948	6,289
53 Commercial and industrial loans	448,440	361,876	120,766	241,110	86,523
54 U.S. addressees (domicile)	(4)	230,356	18,726	211,631	(4)
55 Non-U.S. addressees (domicile)	(4)	131,519	102,041	29,479	(4)
56 Loans to individuals for household, family, and other personal expenditures	156,594	84,632	6,602	78,030	71,836
57 Installment loans	(4)	(4)	(4)	64,104	58,923
58 Passenger automobiles	(4)	(4)	(4)	18,429	25,156
59 Credit cards and related plans	(4)	(4)	(4)	25,266	12,369
60 Retail (charge account) credit card	(4)	(4)	(4)	20,993	10,638
61 Check and revolving credit	(4)	(4)	(4)	4,273	1,730
62 Mobile homes	(4)	(4)	(4)	3,112	3,506
63 Other installment loans	(4)	(4)	(4)	17,297	17,893
64 Other retail consumer goods	(4)	(4)	(4)	4,135	3,416
65 Residential property repair and modernization	(4)	(4)	(4)	3,160	4,057
66 Other installment loans for household, family, and other personal expenditures	(4)	(4)	(4)	10,002	10,420
67 Single-payment loans	(4)	(4)	(4)	13,926	12,913
68 All other loans	56,541	52,069	22,636	29,433	4,466
69 Loans to foreign government and official institutions	(4)	37,271	20,582	16,689	(4)
70 Other	(4)	14,798	2,054	12,744	(4)
71 Lease financing receivables	15,849	13,782	2,757	11,025	2,067
72 Bank premises, furniture and fixtures, and other assets representing bank premises	27,096	16,835	1,748	15,087	10,230
73 Real estate owned other than bank premises	3,900	2,364	81	2,282	1,536
74 Intangible assets	1,292	797	0	0	495
75 All other assets	106,248	95,512	47,529	109,273	10,723
76 Investment in unconsolidated subsidiaries and associated companies	1,907	1,721	1,248	473	186
77 Customers' liability on acceptances outstanding	61,655	61,235	12,860	48,376	419
78 U.S. addressees (domicile)	(4)	17,241	(4)	(4)	(4)
79 Non-U.S. addressees (domicile)	(4)	43,994	(4)	(4)	(4)
80 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	(4)	(4)	24,075	36,418	(4)
81 Other	42,686	32,556	9,346	24,007	10,118

4.20 Continued

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
82 **Total liabilities and equity capital[5]**	**1,813,016**	**1,293,822**	([4])	([4])	**518,361**
83 **Total liabilities excluding subordinated debt**	**1,706,705**	**1,225,336**	**373,597**	**912,231**	**480,587**
84 Total deposits	1,369,366	937,273	299,834	637,439	431,405
85 Individuals, partnerships, and corporations	1,096,455	706,503	162,125	544,378	389,295
86 U.S. government	2,568	1,664	282	1,382	902
87 States and political subdivisions in United States	52,979	24,649	825	23,824	28,309
88 All other	204,110	195,017	136,016	59,001	9,092
89 Foreign governments and official institutions	29,078	28,770	19,285	9,486	308
90 Commercial banks in United States	72,411	64,011	31,168	32,843	8,398
91 U.S. branches and agencies of foreign banks	([4])	6,119	3,428	2,691	([4])
92 Other commercial banks in United States	([4])	57,892	27,741	30,152	([4])
93 Banks in foreign countries	102,621	102,236	85,563	16,672	386
94 Foreign branches of other U.S. banks	([4])	16,676	14,241	2,435	([4])
95 Other banks in foreign countries	([4])	85,560	71,322	14,237	([4])
96 Certified and officers' checks, travelers checks, and letters of credit sold for cash	13,254	9,440	586	8,854	3,808
97 Federal funds purchased and securities sold under agreements to repurchase in domestic offices and Edge and agreement subsidiaries	170,259	137,561	368	137,193	32,608
98 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	59,206	51,440	16,777	34,663	7,765
99 Interest-bearing demand notes (note balances) issued to U.S. Treasury	19,288	14,982	([4])	14,982	4,306
100 Other liabilities for borrowed money	39,917	36,458	16,777	19,681	3,459
101 Mortgage indebtedness and liability for capitalized leases	2,281	1,451	10	1,441	830
102 All other liabilities	105,594	97,610	56,608	101,494	7,979
103 Acceptances executed and outstanding	61,795	61,374	10,536	50,839	421
104 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	([4])	([4])	36,418	24,075	([4])
105 Other	43,799	36,236	9,655	26,581	7,558
106 Subordinated notes and debentures	6,878	5,315	461	4,854	1,563
107 Total equity capital[5]	99,433	63,171	([4])	([4])	36,212
108 Preferred stock	581	453	([4])	([4])	128
109 Common stock	18,082	11,688	([4])	([4])	6,394
110 Surplus	32,621	19,305	([4])	([4])	13,288
111 Undivided profits and reserve for contingencies and other capital reserves	48,150	31,725	([4])	([4])	16,401
112 Undivided profits	47,359	31,402	([4])	([4])	15,933
113 Reserve for contingencies and other capital reserves	791	323	([4])	([4])	468
MEMO					
Deposits in domestic offices					
114 Total demand	284,713	187,704	0	187,704	96,822
115 Total savings	323,014	175,216	0	175,216	147,454
116 Total time	461,806	274,519	0	274,519	187,130
117 Time deposits of $100,000 or more	239,755	173,682	0	173,682	66,060
118 Certificates of deposit (CDs) in denominations of $100,000 or more	194,522	133,082	0	133,082	61,427
119 Other	45,233	40,599	0	40,599	4,633
120 Super NOW accounts	14,938	6,763	0	6,763	8,175
121 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer)	45,080	22,768	0	22,768	22,222
122 All other savings deposits that are subject to a federal regulatory interest rate ceiling	94,969	47,271	0	47,271	47,617
123 Money market time deposits (a) in minimum denomination of $2,500 but less than $100,000 with original maturities of 26 weeks, and (b) in minimum denomination of $2,500 but less than $100,000 with original maturities of 91 days	117,473	51,960	0	51,960	65,464
124 All savers certificates	2,082	1,056	0	1,056	1,025
125 Total Individual Retirement Accounts (IRA) and Keogh Plan accounts	20,312	10,295	0	10,295	10,010
126 Demand deposits adjusted[6]	183,317	108,213	0	108,213	74,960
127 Standby letters of credit, total, and guarantees issued by the reporting bank's foreign offices	110,102	103,458	21,050	82,408	6,638
128 U.S. addressees (domicile)	([4])	76,986	([4])	([4])	([4])
129 Non-U.S. addressees (domicile)	([4])	26,472	([4])	([4])	([4])
130 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	9,908	9,591	845	8,746	317
131 Holdings of commercial paper included in total gross loans	([4])	([4])	([4])	340	1,072
Average for 30 calendar days (or calendar month) ending with report date					
132 Total assets	1,787,755	1,274,224	300,733	973,490	512,722
133 Cash and due from depository institutions	272,606	217,672	113,715	103,957	54,808
134 Federal funds sold and securities purchased under agreements to resell	68,774	39,439	892	38,547	29,229
135 Total loans	1,026,351	756,798	197,877	558,921	269,284
136 Total deposits	1,346,518	918,181	291,408	626,773	427,657
137 Time CDs in denominations of $100,000 or more in domestic offices	196,230	([4])	([4])	135,325	60,893
138 Federal funds purchased and securities sold under agreements to repurchase	173,082	140,587	7,493	133,094	32,423
139 Other liabilities for borrowed money	39,807	36,678	16,348	20,330	3,130
140 Number of banks	1,843	196	196	196	1,646

For notes see end of table.

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or over [1,7p]
Consolidated Report of Condition; September 30, 1983

Millions of dollars

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
1 **Total assets**	**1,499,451**	**1,259,888**	**961,176**	**298,712**	**239,563**
2 Cash and due from depository institutions	168,302	143,328	106,852	36,476	24,974
3 Currency and coin (U.S. and foreign)	12,803	10,854	8,678	2,177	1,949
4 Balances with Federal Reserve Banks	18,742	16,813	12,500	4,313	1,929
5 Balances with other central banks	356	355	322	33	1
6 Demand balances with commercial banks in United States	19,218	12,524	10,233	2,291	6,694
7 All other balances with depository institutions in United States and with banks in foreign countries	45,726	35,450	28,023	7,427	10,275
8 Time and savings balances with commercial banks in United States	14,679	10,369	8,499	1,870	4,309
9 Balances with other depository institutions in United States	509	243	219	24	266
10 Balances with banks in foreign countries	30,538	24,838	19,305	5,533	5,700
11 Cash items in process of collection	71,457	67,330	47,096	20,234	4,126
12 **Total securities, loans, and lease financing receivables**	**1,181,479**	**981,253**	**753,587**	**227,666**	**200,226**
13 Total securities, book value	278,334	216,855	164,605	52,250	61,479
14 U.S. Treasury	102,637	78,560	60,296	18,263	24,077
15 Obligations of other U.S. government agencies and corporations	41,101	29,346	24,517	4,828	11,755
16 Obligations of states and political subdivisions in United States	110,196	87,713	65,955	21,758	22,484
17 All other securities	24,400	21,237	13,836	7,401	3,163
18 Other bonds, notes, and debentures	7,071	4,507	3,419	1,089	2,564
19 Federal Reserve and corporate stock	2,085	1,650	1,269	381	435
20 Trading account securities	15,244	15,080	9,148	5,932	164
21 Federal funds sold and securities purchased under agreements to resell	68,280	58,092	45,199	12,893	10,187
22 Total loans, gross	845,563	714,054	549,776	164,278	131,509
23 LESS: Unearned income on loans	11,855	9,220	6,990	2,231	2,634
24 Allowance for possible loan loss	11,936	10,426	7,956	2,470	1,510
25 EQUALS: Loans, net	821,773	694,409	534,831	159,578	127,364
Total loans, gross, by category					
26 Real estate loans	237,634	189,921	158,182	31,740	47,713
27 Construction and land development	51,486	43,411	34,594	8,817	8,076
28 Secured by farmland	2,730	1,969	1,771	199	760
29 Secured by residential properties	125,151	100,158	84,757	15,401	24,993
30 1- to 4-family	117,870	94,424	80,114	14,310	23,446
31 FHA-insured or VA-guaranteed	6,729	5,920	4,926	994	809
32 Conventional	111,141	88,504	75,188	13,316	22,637
33 Multifamily	7,281	5,734	4,643	1,091	1,547
34 FHA-insured	340	247	153	93	93
35 Conventional	6,941	5,488	4,490	998	1,454
36 Secured by nonfarm nonresidential properties	58,266	44,383	37,060	7,323	13,883
37 Loans to financial institutions	69,218	64,014	40,520	23,493	5,205
38 REITs and mortgage companies in United States	4,961	4,697	3,550	1,147	264
39 Commercial banks in United States	14,737	11,072	8,003	3,070	3,664
40 Banks in foreign countries	25,966	25,345	14,234	11,111	621
41 Finance companies in United States	9,894	9,653	6,281	3,372	241
42 Other financial institutions	13,660	13,247	8,453	4,795	413
43 Loans for purchasing or carrying securities	13,904	13,233	7,518	5,715	671
44 Brokers and dealers in securities	8,629	8,431	3,707	4,724	199
45 Other	5,274	4,802	3,811	991	472
46 Loans to finance agricultural production and other loans to farmers	13,237	11,548	10,527	1,021	1,689
47 Commercial and industrial loans	327,673	282,517	212,160	70,357	45,156
48 Loans to individuals for household, family, and other personal expenditures	149,992	121,371	100,411	20,960	28,621
49 Installment loans	123,142	99,645	83,264	16,381	23,497
50 Passenger automobiles	43,683	33,101	27,500	5,602	10,582
51 Credit cards and related plans	37,636	34,568	28,915	5,653	3,067
52 Retail (charge account) credit card	31,631	29,310	24,721	4,589	2,321
53 Check and revolving credit	6,004	5,258	4,194	1,064	746
54 Mobile homes	6,618	5,305	4,911	394	1,312
55 Other installment loans	35,206	26,670	21,938	4,733	8,536
56 Other retail consumer goods	7,557	6,060	5,056	1,004	1,498
57 Residential property repair and modernization	7,222	5,118	4,216	902	2,103
58 Other installment loans for household, family, and other personal expenditures	20,427	15,493	12,666	2,827	4,935
59 Single-payment loans	26,850	21,726	17,147	4,579	5,124
60 All other loans	33,905	31,450	20,459	10,991	2,455
61 Lease financing receivables	13,092	11,897	8,953	2,944	1,195
62 Bank premises, furniture and fixtures, and other assets representing bank premises	25,348	20,583	16,461	4,123	4,765
63 Real estate owned other than bank premises	3,818	3,038	2,467	571	781
64 Intangible assets	495	275	257	18	220
65 All other assets	120,009	111,411	81,552	29,859	8,598
66 Investment in unconsolidated subsidiaries and associated companies	659	505	366	139	154
67 Customers' liability on acceptances outstanding	48,795	48,036	34,665	13,370	760
68 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	36,418	33,511	25,762	7,748	2,907
69 Other	34,137	29,360	20,759	8,601	4,777

4.21 Continued

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
70 **Total liabilities and equity capital**[8]	**1,499,451**	**1,259,888**	**961,176**	**298,712**	**239,563**
71 **Total liabilities excluding subordinated debt**	**1,393,601**	**1,171,313**	**894,417**	**276,896**	**222,287**
72 Total deposits	1,069,532	866,634	678,146	188,488	202,898
73 Individuals, partnerships, and corporations	934,330	750,902	596,803	154,099	183,428
74 U.S. government	2,286	1,928	1,578	350	358
75 States and political subdivisions in United States	52,155	38,908	31,985	6,922	13,247
76 All other	68,094	64,179	41,205	22,974	3,915
77 Foreign governments and official institutions	9,793	9,427	4,590	4,837	367
78 Commercial banks in United States	41,242	38,479	28,025	10,454	2,763
79 Banks in foreign countries	17,058	16,273	8,590	7,683	786
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,668	10,718	6,574	4,144	1,950
81 Demand deposits	284,713	241,815	179,754	62,060	42,898
82 Mutual savings banks	1,047	895	557	338	153
83 Other individuals, partnerships, and corporations	223,647	186,261	141,581	44,680	37,386
84 U.S. government	1,670	1,394	1,091	303	277
85 States and political subdivisions in United States	9,693	8,007	6,147	1,860	1,686
86 All other	35,988	34,541	23,805	10,736	1,446
87 Foreign governments and official institutions	1,028	986	623	363	42
88 Commercial banks in United States	28,269	27,035	20,496	6,540	1,234
89 Banks in foreign countries	6,691	6,520	2,687	3,834	170
90 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,668	10,718	6,574	4,144	1,950
91 Time deposits	461,806	370,085	291,467	78,618	91,721
92 Mutual savings banks	147	118	67	51	29
93 Other individuals, partnerships, and corporations	390,966	312,297	250,388	61,908	78,670
94 U.S. government	539	469	425	43	70
95 States and political subdivisions in United States	38,113	27,626	23,244	4,382	10,487
96 All other	32,041	29,576	17,342	12,234	2,464
97 Foreign governments and official institutions	8,723	8,400	3,927	4,472	323
98 Commercial banks in United States	12,952	11,426	7,514	3,912	1,526
99 Banks in foreign countries	10,366	9,751	5,901	3,849	615
100 Savings deposits	323,014	254,734	206,925	47,809	68,280
101 Mutual savings banks	1	1	1	*	*
102 Other individuals, partnerships, and corporations	318,521	251,331	204,209	47,122	67,190
103 Individuals and nonprofit organizations	284,313	225,575	182,944	42,631	58,738
104 Corporations and other profit organizations	34,209	25,756	21,265	4,491	8,452
105 U.S. government	77	65	62	3	11
106 States and political subdivisions in United States	4,349	3,275	2,595	680	1,074
107 All other	66	61	58	3	4
108 Foreign governments and official institutions	42	41	40	1	1
109 Commercial banks in United States	22	18	16	2	3
110 Banks in foreign countries	2	2	2	*	*
111 Federal funds purchased and securities sold under agreements to repurchase	169,891	158,951	115,771	43,181	10,939
112 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	42,429	39,444	25,340	14,105	2,984
113 Interest-bearing demand notes (note balances) issued to U.S. Treasury	19,288	17,610	12,875	4,735	1,679
114 Other liabilities for borrowed money	23,140	21,835	12,465	9,370	1,306
115 Mortgage indebtedness and liability for capitalized leases	2,271	1,843	1,545	298	428
116 All other liabilities	109,479	104,441	73,616	30,825	5,038
117 Acceptances executed and outstanding	51,259	50,500	37,086	13,413	760
118 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	24,075	23,252	14,982	8,269	823
119 Other	34,144	30,690	21,548	9,142	3,455
120 Subordinated notes and debentures	6,417	5,415	3,394	2,021	1,002
121 **Total equity capital**[8]	**99,433**	**83,160**	**63,366**	**19,794**	**16,274**
MEMO					
122 Time deposits of $100,000 or more	239,755	200,092	150,096	49,997	39,662
123 Certificates of deposit (CDs) in denominations of $100,000 or more	194,522	158,337	123,293	35,044	36,185
124 Other	45,233	41,755	26,803	14,953	3,478
125 Super NOW accounts	14,938	11,496	9,843	1,653	3,442
126 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer).	45,080	35,128	29,238	5,890	9,951
127 All other savings deposits that are subject to a federal regulatory interest rate ceiling	94,969	74,306	59,663	14,643	20,662
128 Money market time deposits (a) in minimum denominations of $2,500 but less than $100,000 with original maturities of 26 weeks, and (b) in minimum denominations of $2,500 but less than $100,000 with original maturities of 91 days	117,473	89,816	75,454	14,363	27,656
129 All savers certificates	2,082	1,611	1,302	308	471
130 Total Individual Retirement Accounts (IRA) and Keogh Plan accounts	20,312	15,880	13,082	2,799	4,432
131 Demand deposits adjusted[6]	183,317	146,056	111,072	31,976	37,261
132 Standby letters of credit	89,052	85,495	53,518	21,976	3,558
133 Conveyed to others through participation (included in standby letters of credit)	9,063	8,954	5,486	3,468	109
134 Holdings of commercial paper included in total gross loans	1,412	960	677	283	452
Average for 30 calendar days (or calendar month) ending with report date					
135 Total assets	1,487,022	1,250,728	950,926	299,802	236,294
136 Cash and due from depository institutions	158,892	135,964	102,472	33,492	22,928
137 Federal funds sold and securities purchased under agreements to resell	67,882	57,069	44,415	12,654	10,813
138 Total loans	828,474	700,125	536,614	163,511	128,348
139 Total deposits	1,055,110	854,083	670,972	183,111	201,027
140 Time CDs in denominations of $100,000 or more in domestic offices	196,230	159,982	124,847	35,135	36,248
141 Federal funds purchased and securities sold under agreements to repurchase	165,590	154,919	109,548	45,371	10,671
142 Other liabilities for borrowed money	23,460	22,206	12,701	9,506	1,254
143 Number of banks	1,843	1,123	948	175	720

For notes see end of table.

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1p]
Consolidated Report of Condition; September 30, 1983

Millions of dollars

Item	Insured	Member banks: Total	Member banks: National	Member banks: State	Non-member insured
1 **Total assets**	**1,935,174**	**1,445,708**	**1,116,314**	**329,394**	**489,466**
2 Cash and due from depository institutions	204,178	160,060	120,937	39,123	44,117
3 Currency and coin (U.S. and foreign)	17,420	12,919	10,404	2,514	4,501
4 Balances with Federal Reserve Banks	20,866	18,357	13,773	4,584	2,510
5 Balances with other central banks	356	355	322	33	1
6 Demand balances with commercial banks in United States	34,270	18,023	15,016	3,007	16,247
7 All other balances with depository institutions in United States and with banks in foreign countries	56,791	41,222	32,797	8,425	15,568
8 Cash items in process of collection	74,474	69,184	48,625	20,559	5,290
9 **Total securities, loans, and lease financing receivables**	**1,561,929**	**1,142,268**	**887,870**	**254,398**	**419,661**
10 Total securities, book value	415,379	274,174	212,375	61,799	141,205
11 U.S. Treasury	158,207	101,669	79,228	22,441	56,538
12 Obligations of other U.S. government agencies and corporations	77,752	44,343	37,043	7,301	33,409
13 Obligations of states and political subdivisions in United States	152,693	105,795	81,308	24,486	46,899
14 All other securities	26,727	22,367	14,796	7,572	4,360
15 Federal funds sold and securities purchased under agreements to resell	92,336	69,405	54,728	14,677	22,931
16 Total loans, gross	1,072,488	809,745	629,510	180,235	262,743
17 LESS: Unearned income on loans	17,545	11,687	9,030	2,657	5,858
18 Allowance for possible loan loss	14,283	11,475	8,852	2,623	2,809
19 EQUALS: Loans, net	1,040,659	786,584	611,628	174,955	254,076
Total loans, gross, by category					
20 Real estate loans	318,300	223,404	185,889	37,515	94,895
21 Construction and land development	58,217	46,149	37,049	9,100	12,069
22 Secured by farmland	9,065	4,092	3,455	636	4,973
23 Secured by residential properties	172,863	120,693	101,538	19,155	52,170
24 1- to 4-family	164,016	114,357	96,381	17,976	49,659
25 Multifamily	8,847	6,335	5,157	1,179	2,511
26 Secured by nonfarm nonresidential properties	78,154	52,471	43,847	8,624	25,683
27 Loans to financial institutions	72,683	65,792	41,986	23,806	6,890
28 Loans for purchasing or carrying securities	14,541	13,507	7,757	5,750	1,034
29 Loans to finance agricultural production and other loans to farmers	39,103	21,240	18,458	2,782	17,863
30 Commercial and industrial loans	385,281	307,363	233,177	74,186	77,918
31 Loans to individuals for household, family, and other personal expenditures	205,104	145,485	120,518	24,967	59,619
32 Installment loans	163,535	117,598	98,192	19,406	45,937
33 Passenger automobiles	64,252	41,960	34,899	7,061	22,292
34 Credit cards and related plans	39,838	36,134	30,163	5,971	3,704
35 Mobile homes	9,632	6,642	6,008	633	2,991
36 All other installment loans for household, family, and other personal expenditures	49,813	32,863	27,123	5,741	16,950
37 Single-payment loans	41,569	27,887	22,326	5,562	13,682
38 All other loans	37,476	32,954	21,725	11,229	4,523
39 Lease financing receivables	13,555	12,106	9,139	2,966	1,449
40 Bank premises, furniture and fixtures, and other assets representing bank premises	33,930	24,247	19,555	4,692	9,683
41 Real estate owned other than bank premises	5,203	3,549	2,878	671	1,654
42 Intangible assets	595	331	311	20	264
43 All other assets	129,339	115,252	84,763	30,489	14,087

4.22 Continued

Item	Insured	Member banks			Nonmember insured
		Total	National	State	
44 **Total liabilities and equity capital[8]**	**1,935,174**	**1,445,708**	**1,116,314**	**329,394**	**489,466**
45 **Total liabilities excluding subordinated debt**	**1,790,890**	**1,340,760**	**1,035,998**	**304,762**	**450,130**
46 Total deposits	1,452,547	1,028,927	813,955	214,972	423,621
47 Individuals, partnerships, and corporations	1,283,872	899,518	721,203	178,314	384,354
48 U.S. government	3,049	2,259	1,858	401	790
49 States and political subdivisions in United States	80,622	50,208	41,501	8,707	30,414
50 All other	69,335	64,899	41,694	23,205	4,436
51 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,669	12,043	7,698	4,345	3,626
52 Demand deposits	355,101	272,293	205,589	66,704	82,808
53 Individuals, partnerships, and corporations	286,916	213,963	164,964	48,999	72,953
54 U.S. government	2,265	1,653	1,317	336	612
55 States and political subdivisions in United States	13,619	9,638	7,531	2,106	3,982
56 All other	36,631	34,996	24,080	10,917	1,635
57 Certified and officers' checks, travelers checks, and letters of credit sold for cash	15,669	12,043	7,698	4,345	3,626
58 Time deposits	648,303	446,997	355,547	91,450	201,306
59 Other individuals, partnerships, and corporations	557,417	381,450	307,896	73,554	175,967
60 U.S. government	674	523	463	60	151
61 States and political subdivisions in United States	57,631	35,206	29,652	5,554	22,426
62 All other	32,580	29,819	17,537	12,282	2,761
63 Savings deposits	449,144	309,636	252,819	56,818	139,507
64 Corporations and other profit organizations	41,026	28,565	23,575	4,990	12,462
65 Other individuals, partnerships, and corporations	398,512	275,540	224,770	50,771	122,972
66 U.S. government	109	83	78	4	26
67 States and political subdivisions in United States	9,371	5,365	4,318	1,047	4,007
68 All other	125	84	78	6	40
69 Federal funds purchased and securities sold under agreements to repurchase	175,231	161,935	118,144	43,791	13,296
70 Interest-bearing demand notes (note balances) issued to U.S. Treasury and other liabilities for borrowed money	45,041	40,979	26,536	14,444	4,061
71 Mortgage indebtedness and liability for capitalized leases	2,670	1,991	1,665	326	679
72 All other liabilities	115,401	106,928	75,699	31,229	8,473
73 Subordinated notes and debentures	6,888	5,618	3,574	2,044	1,269
74 **Total equity capital[8]**	**137,397**	**99,330**	**76,742**	**22,588**	**38,067**
MEMO					
75 Time deposits of $100,000 or more	283,033	218,417	165,681	52,736	64,616
76 Certificates of deposit (CDs) in denominations of $100,000 or more	235,039	175,504	137,864	37,640	59,535
77 Other	47,994	42,913	27,817	15,095	5,081
78 Super NOW accounts	26,526	16,252	13,783	2,469	10,275
79 Other NOW accounts and ATS accounts (savings deposits authorized for automatic transfer)	66,701	44,469	37,134	7,335	22,232
80 All other savings deposits that are subject to a federal regulatory interest rate ceiling	135,495	92,052	74,222	17,830	43,443
81 Money market time deposits (a) in minimum denominations of $2,500 but less than $100,000 with original maturities of 26 weeks, and (b) in minimum denominations of $2,500 but less than $100,000 with original maturities of 91 days	196,255	121,992	102,288	19,704	74,263
82 All savers certificates	3,012	2,001	1,627	373	1,012
83 Total Individual Retirement Accounts (IRA) and Keogh plan accounts	28,232	19,155	15,819	3,335	9,078
84 Demand deposits adjusted[6]	249,455	173,968	134,879	39,088	75,488
85 Total standby letters of credit	91,134	86,414	54,283	32,131	4,720
Average for 30 calendar days (or calendar month) ending with report date					
86 Total deposits	1,436,685	1,015,358	805,823	209,534	421,328
87 Number of banks	14,464	5,777	4,733	1,044	8,687

1. Effective Dec. 31, 1978, the report of condition was substantially revised for commercial banks. Commercial banks with assets less than $100 million and with domestic offices only were given the option to complete either the abbreviated or the standard set of reports. Banks with foreign offices began reporting in greater detail on a consolidated domestic and foreign basis. These tables reflect the varying levels of reporting detail.

Beginning Dec. 3, 1981, depository institutions may establish international banking facilities (IBFs). Activity of IBFs established by U.S. commercial banks is reflected in the appropriate asset and liability line items in the domestic office portion of the tables. Activity of IBFs established by Edge Act and Agreement subsidiaries of U.S. commercial banks is reflected in the appropriate asset and liability line items in the foreign office portion of the tables. When there is a column for fully consolidated foreign and domestic data, activity of IBFs is reflected in the appropriate asset and liability line items in that portion of the tables.

2. All transactions between domestic and foreign offices of a bank are reported in "Net due from" and "Net due to" (lines 80 and 104). All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are erased by consolidation, total assets and liabilities are the sum of all except intraoffice balances.

3. Foreign offices include branches in foreign countries and in U.S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located.

4. This item is unavailable for all or some of the banks because of the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices, and the absence of detail on a fully consolidated basis for banks with foreign offices.

5. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

6. Demand deposits adjusted equal demand deposits other than domestic commercial interbank and U.S. government less cash items in process of collection.

7. Domestic offices exclude branches in foreign countries and in U.S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and Agreement corporations wherever located.

8. This item contains the capital accounts of U.S. banks that have no Edge or foreign operations and reflects the difference between domestic office assets and liabilities of U.S. banks with Edge or foreign operations excluding the capital accounts of their Edge or foreign subsidiaries.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1983[1]

Millions of dollars

Item	All states[2] Total	All states[2] Branches[3]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
1 **Total assets[5]**	**224,332**	**170,044**	**54,288**	**149,547**	**9,146**	**42,174**	**10,017**	**7,868**	**5,580**
2 Cash and due from depository institutions	41,853	38,170	3,683	35,656	450	3,375	1,710	328	334
3 Currency and coin (U.S. and foreign)	22	19	3	15	1	2	2	1	1
4 Balances with Federal Reserve Banks	897	822	75	651	20	59	31	123	14
5 Balances with other central banks	20	16	4	16	0	3	0	0	0
6 Demand balances with commercial banks in United States	1,450	1,188	262	1,109	48	199	34	21	38
7 All other balances with depository institutions in United States and with banks in foreign countries	39,286	35,953	3,333	33,702	379	3,108	1,641	179	278
8 Time and savings balances with commercial banks in United States	19,321	17,318	2,003	15,943	285	1,865	969	108	151
9 Balances with other depository institutions in United States	133	126	6	126	1	5	0	0	0
10 Balances with banks in foreign countries	19,832	18,509	1,324	17,633	92	1,238	672	71	127
11 Foreign branches of U.S. banks	1,449	1,414	35	1,350	5	24	53	0	17
12 Other banks in foreign countries	18,383	17,095	1,289	16,282	88	1,214	618	71	110
13 Cash items in process of collection	178	172	6	164	2	3	4	3	2
14 **Total securities, loans, and lease financing receivables**	**138,820**	**104,302**	**34,518**	**90,475**	**5,986**	**26,111**	**7,688**	**4,170**	**4,390**
15 Total securities, book value	8,054	7,314	740	7,002	374	434	193	36	15
16 U.S. Treasury	4,945	4,605	340	4,496	303	64	52	28	2
17 Obligations of other U.S. government agencies and corporations	483	464	20	460	2	16	0	2	4
18 Obligations of states and political subdivisions in United States	80	71	10	46	0	1	23	1	9
19 Other bonds, notes, debentures, and corporate stock	2,545	2,174	370	1,999	69	354	119	4	0
20 Federal funds sold and securities purchased under agreements to resell	6,230	5,157	1,073	4,831	593	440	186	123	58
By holder									
21 Commercial banks in United States	5,425	4,565	860	4,277	388	440	148	123	50
22 Others	805	592	213	553	205	0	38	0	8
By type									
23 One-day maturity or continuing contract	6,214	5,141	1,073	4,822	593	432	186	123	58
24 Securities purchased under agreements to resell	165	150	15	46	0	0	12	93	14
25 Other	6,049	4,991	1,059	4,777	593	432	174	30	44
26 Other securities purchased under agreements to resell	16	16	0	8	0	8	0	0	0
27 Total loans, gross	130,913	97,094	33,819	83,568	5,616	25,715	7,501	4,137	4,375
28 LESS: Unearned income on loans	147	106	41	96	4	38	7	3	0
29 EQUALS: Loans, net	130,766	96,988	33,777	83,472	5,612	25,677	7,495	4,134	4,374
Total loans, gross, by category									
30 Real estate loans	4,807	2,046	2,761	1,306	18	2,024	133	453	873
31 Loans to financial institutions	51,286	39,136	12,150	35,262	1,407	10,406	3,013	332	865
32 Commercial banks in United States	28,620	21,751	6,869	19,750	397	6,683	1,449	217	123
33 U.S. branches and agencies of other foreign banks	25,639	18,972	6,667	17,458	365	6,522	1,020	174	100
34 Other commercial banks	2,981	2,780	201	2,292	32	162	429	43	23
35 Banks in foreign countries	21,044	16,168	4,876	14,602	791	3,554	1,264	114	720
36 Foreign branches of U.S. banks	860	759	100	666	11	97	45	36	5
37 Other	20,185	15,409	4,775	13,936	780	3,457	1,219	78	715
38 Other financial institutions	1,622	1,217	405	910	220	169	300	1	23
39 Loans for purchasing or carrying securities	897	867	29	784	29	83	0	1	0
40 Commercial and industrial loans	56,850	42,040	14,811	34,059	2,334	11,292	3,804	3,148	2,213
41 U.S. addressees (domicile)	32,581	22,960	9,621	16,751	762	7,850	3,237	2,306	1,675
42 Non-U.S. addressees (domicile)	24,270	19,079	5,190	17,309	1,572	3,442	567	842	538
43 Loans to individuals for household, family, and other personal expenditures	218	170	48	116	12	50	9	23	8
44 All other loans	16,854	12,835	4,019	12,041	1,815	1,860	542	180	415
45 Loans to foreign governments and official institutions	15,005	11,130	3,875	10,469	1,741	1,808	495	104	389
46 Other	1,849	1,705	143	1,572	75	52	47	76	26
47 Lease financing receivables	1	0	1	0	0	0	0	0	1
48 All other assets	37,430	22,415	15,014	18,586	2,118	12,249	433	3,247	798
49 Customers' liability on acceptances outstanding	12,156	9,149	3,007	8,731	308	2,632	182	219	83
50 U.S. addressees (domicile)	7,721	5,507	2,214	5,321	35	2,174	162	15	14
51 Non-U.S. addressees (domicile)	4,436	3,642	793	3,410	274	459	21	204	68
52 Net due from related banking institutions[6]	19,770	8,932	10,838	5,956	1,564	8,767	0	2,920	564
53 Other	5,503	4,334	1,169	3,899	246	850	250	107	151

4.30 Continued

Item	All states[2] Total	All states[2] Branches[3]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
54 **Total liabilities[5]**	**224,332**	**170,044**	**54,288**	**149,547**	**9,146**	**42,174**	**10,017**	**7,868**	**5,580**
55 Total deposits and credit balances	108,043	92,654	15,389	83,180	3,955	11,133	3,136	4,892	1,748
56 Individuals, partnerships, and corporations	35,916	32,208	3,708	26,210	1,430	1,323	831	4,632	1,491
57 U.S. addressees (domicile)	21,938	21,864	73	16,340	30	277	732	4,546	12
58 Non-U.S. addressees (domicile)	13,978	10,344	3,635	9,870	1,400	1,046	99	86	1,478
59 U.S. government, states, and political subdivisions in United States	76	76	0	10	0	3	0	63	0
60 All other	72,051	60,370	11,681	56,960	2,525	9,806	2,305	198	257
61 Foreign governments and official institutions	4,747	4,223	524	3,788	360	518	32	21	27
62 Commercial banks in United States	28,780	22,773	6,007	21,234	1,087	5,181	1,043	84	150
63 U.S. branches and agencies of other foreign banks	19,409	15,276	4,133	14,299	383	4,105	534	33	55
64 Other commercial banks in United States	9,371	7,497	1,874	6,936	704	1,076	509	51	95
65 Banks in foreign countries	37,826	32,789	5,037	31,379	1,010	4,075	1,214	87	62
66 Foreign branches of U.S. banks	6,667	5,444	1,223	5,222	291	927	197	25	5
67 Other banks in foreign countries	31,159	27,345	3,814	26,156	719	3,148	1,017	62	57
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	698	585	113	560	67	32	15	6	19
69 Demand deposits	3,128	2,898	230	2,642	68	88	113	112	106
70 Individuals, partnerships, and corporations	1,611	1,516	95	1,313	0	51	94	83	70
71 U.S. addressees (domicile)	1,021	1,021	0	835	0	19	91	77	0
72 Non-U.S. addressees (domicile)	589	495	95	479	0	32	3	5	70
73 U.S. government, states, and political subdivisions in United States	5	5	0	4	0	0	0	0	0
74 All other	1,513	1,378	135	1,324	68	37	19	28	36
75 Foreign governments and official institutions	186	183	3	160	0	2	2	21	1
76 Commercial banks in United States	44	44	1	42	0	1	0	1	1
77 U.S. branches and agencies of other foreign banks	6	6	0	6	0	0	0	0	0
78 Other commercial banks in United States	38	38	1	36	0	1	0	1	1
79 Banks in foreign countries	584	565	19	563	0	3	2	0	16
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	698	585	113	560	67	32	15	6	19
81 Time deposits	103,846	89,035	14,811	80,008	3,646	10,937	2,946	4,707	1,603
82 Individuals, partnerships, and corporations	33,481	30,103	3,378	24,497	1,298	1,167	660	4,476	1,382
83 U.S. addressees (domicile)	20,406	20,405	0	15,236	0	197	571	4,401	0
84 Non-U.S. addressees (domicile)	13,075	9,698	3,378	9,261	1,298	970	89	75	1,382
85 U.S. government, states, and political subdivisions in United States	71	71	0	6	0	3	0	62	0
86 All other	70,294	58,861	11,433	55,506	2,347	9,767	2,285	168	221
87 Foreign governments and official institutions	4,536	4,032	504	3,620	343	515	30	0	26
88 Commercial banks in United States	28,649	22,704	5,945	21,168	1,027	5,180	1,043	83	149
89 U.S. branches and agencies of other foreign banks	19,363	15,265	4,098	14,288	348	4,105	534	33	55
90 Other commercial banks in United States	9,286	7,439	1,848	6,880	679	1,075	508	50	94
91 Banks in foreign countries	37,109	32,125	4,984	30,718	977	4,072	1,212	85	46
92 Savings deposits	596	538	58	350	0	72	77	72	25
93 Individuals, partnerships, and corporations	595	537	58	350	0	72	77	71	25
94 U.S. addressees (domicile)	401	401	0	235	0	30	70	65	0
95 Non-U.S. addressees (domicile)	193	136	58	115	0	42	7	5	25
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	1	1	0	0	0	0	0	1	0
98 Credit balances	473	182	290	179	241	35	0	2	15
99 Individuals, partnerships, and corporations	230	52	178	49	131	34	0	2	14
100 U.S. addressees (domicile)	110	37	73	34	30	32	0	2	12
101 Non-U.S. addressees (domicile)	120	15	105	15	101	2	0	0	2
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	243	130	112	130	110	2	0	0	1
104 Foreign governments and official institutions	25	8	18	7	17	1	0	0	0
105 Commercial banks in United States	86	25	61	25	60	0	0	0	0
106 U.S. branches and agencies of other foreign banks	40	5	35	5	35	0	0	0	0
107 Other commercial banks in United States	46	20	26	20	25	0	0	0	0
108 Banks in foreign countries	131	98	34	98	33	0	0	0	0

For notes see end of table.

4.30 Continued

Item	All states[2] Total	All states[2] Branches[3]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
109 Federal funds purchased and securities sold under agreement to repurchase	20,196	14,274	5,922	13,362	974	4,410	544	284	623
By holder									
110 Commercial banks in United States	16,952	11,474	5,478	10,658	760	4,338	488	243	464
111 Others	3,245	2,800	444	2,704	213	72	55	41	159
By type									
112 One-day maturity or continuing contract	19,003	13,156	5,847	12,332	942	4,367	455	284	623
113 Securities sold under agreements to repurchase	1,587	1,485	103	1,239	75	28	158	87	0
114 Other	17,415	11,671	5,744	11,092	867	4,339	297	196	623
115 Other securities sold under agreements to repurchase	1,193	1,118	75	1,030	32	43	88	0	0
116 Other liabilities for borrowed money	48,560	26,292	22,268	24,372	2,551	19,690	852	684	411
117 Owed to banks	45,091	23,390	21,701	21,499	2,509	19,142	851	678	411
118 U.S. addressees (domicile)	43,110	21,724	21,385	19,898	2,266	19,110	829	639	367
119 Non-U.S. addressees (domicile)	1,981	1,666	315	1,601	243	32	23	39	44
120 Owed to others	3,469	2,902	567	2,873	41	548	0	6	0
121 U.S. addressees (domicile)	3,244	2,766	478	2,739	8	491	0	5	0
122 Non-U.S. addressees (domicile)	225	136	89	134	34	57	0	0	0
123 All other liabilities	47,533	36,824	10,709	28,633	1,667	6,942	5,486	2,008	2,797
124 Acceptances executed and outstanding	13,591	10,223	3,367	9,790	386	2,909	185	232	88
125 Net due to related banking institutions[6]	30,407	23,749	6,658	16,312	1,133	3,531	5,197	1,597	2,637
126 Other	3,535	2,851	684	2,532	148	502	103	178	72
MEMO									
127 Time deposits of $100,000 or more	80,127	70,034	10,093	61,575	317	9,870	2,502	4,621	1,241
128 Certificates of deposit (CDs) in denominations of $100,000 or more	28,094	26,362	1,732	20,477	173	1,029	988	4,560	867
129 Other	52,032	43,671	8,361	41,099	144	8,840	1,514	61	374
130 Savings deposits authorized for automatic transfer and NOW accounts	77	53	23	35	0	15	7	8	12
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	0	0	0	0	0	0	0	0	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	4,983	4,953	30	4,186	10	38	146	594	8
133 Acceptances refinanced with a U.S.-chartered bank	3,411	2,577	835	2,249	131	704	46	281	0
134 Statutory or regulatory asset pledge requirement	64,986	63,921	1,064	57,141	1,005	99	6,715	16	10
135 Statutory or regulatory asset maintenance requirement	8,594	8,226	369	4,940	13	513	358	2,417	352
136 Commercial letters of credit	8,212	5,365	2,848	4,797	597	2,081	250	279	208
137 Standby letters of credit, total	14,366	12,069	2,297	10,539	502	1,338	693	539	756
138 U.S. addressees (domicile)	11,714	9,709	2,005	8,515	373	1,149	547	405	725
139 Non-U.S. addressees (domicile)	2,652	2,359	292	2,023	129	188	145	134	32
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	2,517	2,378	140	2,254	72	112	49	11	20
141 Holdings of commercial paper included in total gross loans	593	546	47	509	11	33	32	1	7
142 Holdings of acceptances included in total commercial and industrial loans	5,062	3,821	1,241	3,629	120	1,127	57	122	8
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	35,165	17,672	17,493	16,285	1,977	15,584	711	392	216
144 Gross due from related banking institutions[6]	86,962	61,546	25,417	54,221	6,960	17,320	3,235	3,793	1,433
145 U.S. addressees (domicile)	21,633	10,998	10,636	7,215	1,570	8,635	186	3,473	554
146 Branches and agencies in the United States	21,182	10,745	10,437	6,969	1,507	8,496	185	3,473	552
147 In the same state as reporter	751	375	376	329	87	275	0	21	39
148 In other states	20,430	10,370	10,060	6,640	1,420	8,220	185	3,453	513
149 U.S. banking subsidiaries[7]	452	253	199	246	63	140	1	0	2
150 Non-U.S. addressees (domicile)	65,329	50,548	14,781	47,006	5,390	8,685	3,049	320	879
151 Head office and non-U.S. branches and agencies	62,761	48,373	14,388	44,932	5,373	8,406	2,956	311	782
152 Non-U.S. banking companies and offices	2,568	2,175	393	2,074	17	279	93	8	98
153 Gross due to related banking institutions[6]	97,599	76,363	21,236	64,577	6,530	12,084	8,433	2,470	3,506
154 U.S. addressees (domicile)	21,355	12,835	8,520	6,450	2,519	3,886	4,138	1,900	2,462
155 Branches and agencies in the United States	20,985	12,570	8,415	6,245	2,489	3,814	4,120	1,889	2,429
156 In the same state as reporter	711	361	350	314	91	249	0	18	39
157 In other states	20,274	12,210	8,064	5,931	2,398	3,564	4,120	1,870	2,390
158 U.S. banking subsidiaries[7]	370	265	105	205	30	72	18	12	33
159 Non-U.S. addressees (domicile)	76,245	63,528	12,717	58,127	4,011	8,198	4,295	570	1,044
160 Head office and non-U.S. branches and agencies	74,168	61,639	12,530	56,332	3,949	8,091	4,201	570	1,026
161 Non-U.S. banking companies and offices	2,076	1,889	187	1,794	62	108	93	0	19

4.30 Continued

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	234,987	163,903	71,084	143,213	25,043	42,765	9,956	8,172	5,839
163 Cash and due from depository institutions	37,560	34,169	3,391	31,737	531	2,992	1,663	336	301
164 Federal funds sold and securities purchased under agreements to resell	5,964	4,410	1,554	4,149	1,006	499	152	100	58
165 Total loans	126,199	92,532	33,667	79,024	5,296	25,733	7,528	4,172	4,446
166 Loans to banks in foreign countries	20,971	15,988	4,984	14,357	865	3,608	1,317	116	709
167 Total deposits and credit balances	101,458	86,240	15,219	76,675	4,266	10,595	2,952	5,277	1,693
168 Time CDs in denominations of $100,000 or more	27,250	25,573	1,677	19,398	139	934	976	4,948	854
169 Federal funds purchased and securities sold under agreements to repurchase	19,884	13,538	6,346	11,877	877	4,995	1,103	283	749
170 Other liabilities for borrowed money	47,248	24,526	22,723	22,541	2,341	20,355	920	683	407
171 Number of reports filed[8]	434	249	185	155	40	115	43	33	48

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Includes all offices that have the power to accept deposits from U.S. residents, including any such offices that are considered agencies under state law.
4. Agencies account for virtually all of the assets and liabilities reported in California.
5. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 6). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
6. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.
7. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.
8. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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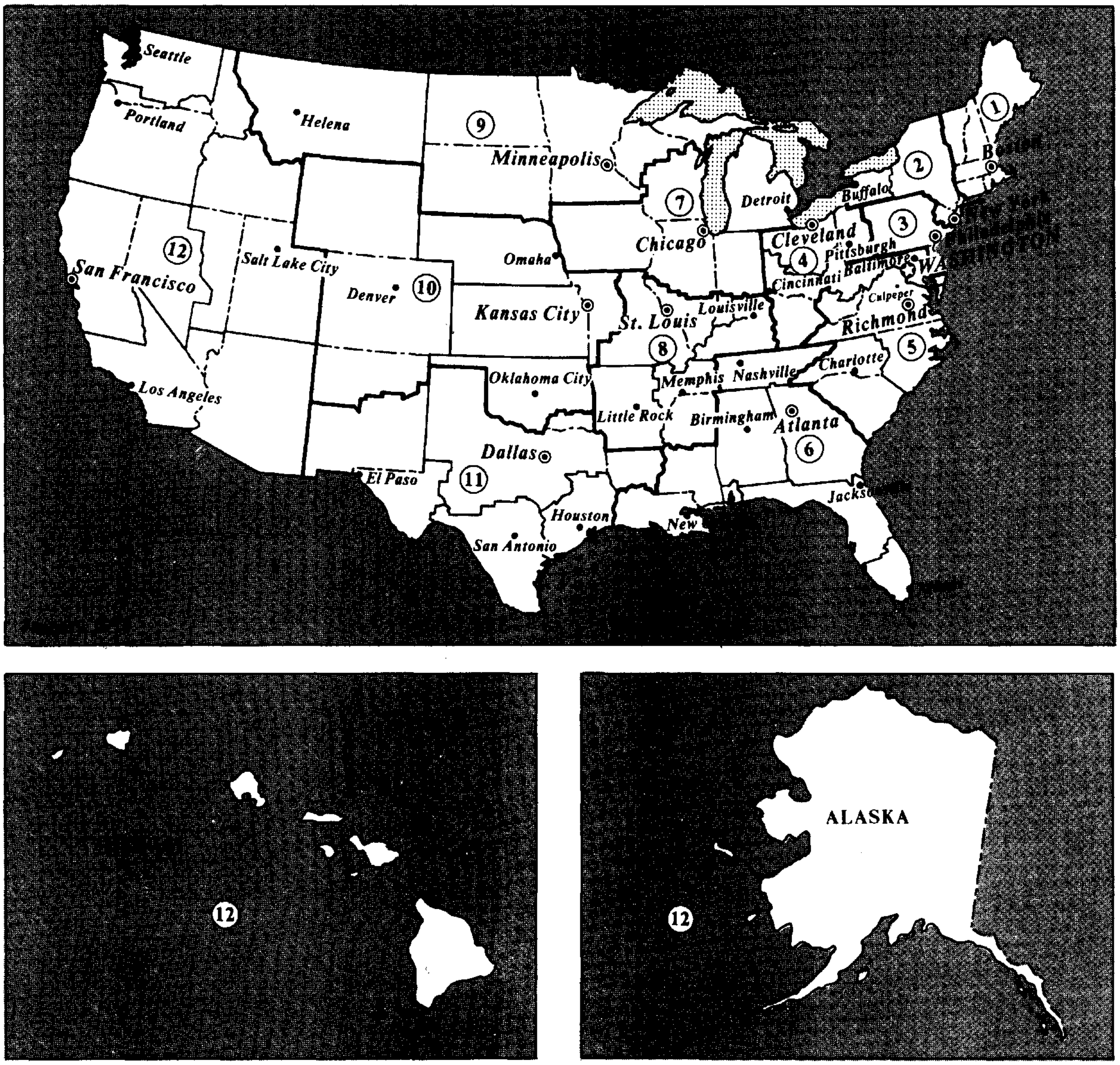

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