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Monetary Policy Report to the Congress

Report submitted to the Congress on February 23, 1988, pursuant to the Full Employment and Balanced Growth Act of 1978.[1]

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1988

The national economy has scored major gains in the past year. Growth of real gross national product at 3¾ percent over the four quarters of 1987 outstripped most expectations, and the unemployment rate dropped below 6 percent for the first time in this decade. With such sectors as agriculture, mining, and manufacturing benefiting considerably from an improved competitive position internationally, the expansion of the economy was better balanced than in 1985–86. Wage increases remained moderate and contributed to favorable cost trends in many sectors; however, a rebound in oil prices, coupled with the effects of the dollar's decline on the prices of imported goods generally, pushed the rate of price inflation back up to the 4 percent range by most measures.

At times last year, soaring commodity prices and sharp declines in the dollar and bond prices signaled the possibility of greater inflationary dangers. With the economy moving toward higher levels of resource utilization, the Federal Reserve had to be especially alert to these and other indications of pressures that might have led to a significant departure from the longer-run trend toward price stability. In these circumstances, monetary policy was characterized by a tendency toward greater restraint through last October; this was reflected in a moderate rise in money market interest rates, which in turn damped growth of the monetary aggregates. While M3 grew at a pace equal to the lower bound of the range set for the year by the Federal Open Market Committee, M2 fell short of its range. After the plunge in the stock market in October, the System focused its efforts primarily on ensuring adequate liquidity in the economy, and since that time interest rates have reversed a good part of the rise that occurred earlier in 1987.

However, conditions in financial markets have yet to return fully to "normal," and the edginess of participants continues to be reflected in volatility and fairly sizable risk premia. Moreover, there have been some signs of weakness in the economy recently. In particular, the fourth quarter of 1987 was marked by a sharp rise in inventories in a few sectors, and there were indications of a slackening in labor demand early this year. Against this backdrop, the system eased a bit further the pressures on reserve positions of depository institutions in the past several weeks.

But while the Federal Reserve has had to be responsive to the risks of an economic downturn, it has not lost sight of the potential influence of policy actions on longer-term trends in the economy. The United States is in the process of an important readjustment in the balance of economic activity, after a period of several years in which growth of domestic spending outstripped the pace of domestic production. Over that span, the trade balance moved into deep deficit, and the nation began to amass a huge net external debt. It is important to allow room for a significant improvement in our trade balance, especially given that high rates of capacity utilization and low unemployment evident in many segments of industry suggest the need for added care in maintaining progress toward price stability.

These considerations underlay the decisions of the Federal Open Market Committee when it met earlier this month to chart its monetary policy strategy for 1988. Such considerations also must be kept in the forefront as decisionmakers else-

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

where in the government set policy. In particular, continuing fiscal restraint is crucial if we are to free up resources to finance productivity-enhancing private investment while bringing about an improved pattern of international transactions. Moreover, additional efforts at bringing greater coherence to policies domestically and internationally will promote greater stability in financial markets and greater internal and external balance to the economy.

Monetary Policy Plans for 1988

Decisions regarding the ranges for money and credit growth in 1988 were shaped in part by the experience of 1987. Last February, the FOMC established annual target ranges of 5½ to 8½ percent for both M2 and M3; both aggregates had increased more than 9 percent in 1986, but slower growth was expected to be consistent with the Committee's goal of sustaining business expansion while maintaining long-run progress toward price stability.

1. Ranges of growth for monetary and debt aggregates

Percent change, fourth quarter to fourth quarter

Monetary aggregate	1988	1987
M2	4 to 8	5½ to 8½
M3	4 to 8	5½ to 8½
Debt	7 to 11	8 to 11

The deceleration proved sharper than anticipated, and in July, the Committee stated that growth for the year around the lower ends of these ranges, or even below them, might be acceptable in certain circumstances; velocity had increased in the first half of the year partly under the influence of rising interest rates, and the Committee agreed that if inflation forces were to exhibit renewed strength and interest rates were to increase further in the second half of the year, continued slow money expansion might be appropriate. Rates did move upward again in the late summer, including an increase of ½ percentage point in the discount rate to counter potential inflation. M2 growth did in fact fall substantially short of the Committee's range, at 4 percent for the year, while M3 growth, at 5 ½ percent, was at the lower end of its range.

The velocity of M2 has exhibited a substantial short-run sensitivity to movements in market rates of interest. Although deregulation has made it possible for institutions to keep rates on deposits in line with market interest rates, in practice the adjustment of rates on many instruments has been sluggish. In addition, savers seemingly have become more attuned to alternative investment opportunities, responding strongly to changes in relative returns. As a result, the sensitivity of money to movements in market interest rates seems to have increased since deregulation. In 1987, as rates rose, savers had incentives to favor market instruments, and their response held down the growth of M2, and to a lesser extent M3, resulting in increases in their velocities. This outcome was in marked contrast to 1986, when falling interest rates and inflation were reflected in faster money growth and substantial declines in velocity.

For 1988, the Committee set ranges of 4 to 8 percent for growth of M2 and M3. Expansion of money within these ranges, whose midpoints are one percentage point lower than those of the ranges for last year, would be expected to support economic growth at a pace that is consistent with continued external adjustment and progress over time toward price stability. In light of the experience of recent years, which have been marked by large swings in velocity, the ranges were widened somewhat. Institutional change is a source of continuing "noise" in the relationship of money growth to economic activity; in addition, there clearly is a strong, systematic sensitivity of velocity to changes in market rates of interest. This sensitivity means that even small changes in rates occasioned by variations in spending or prices can have sizable effects on the quantity of money the public wishes to hold. Combined with an uncertain outlook for the economy and inflation, this implies that wider ranges are needed to encompass possible outcomes for monetary growth consistent with satisfactory economic performance in 1988. Thus, while the Committee at this time expects that growth of M2 and M3 will be around the middle of their ranges, the outcome could differ if significant changes in interest rates are required to counter unanticipated weakness in aggregate demand or an intensification of inflation. In carrying out policy, the Committee will continue to assess the behavior of the aggregates in light of information about the pace of business expansion and the source and strength of price pressures, with attention to the performance of the dollar on foreign exchange markets and other indicators of the impact of monetary policy.

The Committee will continue to monitor the growth of debt in 1988. The expansion of the debt of domestic nonfinancial sectors is expected to slow somewhat from the 9½ percent pace of 1987, to around the middle portion of a 7 to 11 percent range. Growth of debt, however, appears likely to outpace that of income, as it has for the past several years; although the debt of governmental units may not grow as rapidly as it did last year, continued rapid expansion of private debt is probable, unless the current tide of corporate restructurings ebbs.

The Committee decided not to establish a range for M1 in 1988. It is especially difficult to anticipate the relationship between growth in this aggregate and the performance of the economy. The character of this aggregate had been affected more than the broader monetary aggregates by deregulation, because it now contains a large volume of interest-earning accounts that serve as savings as well as transactions vehicles. The rates on these accounts have proved especially slow to respond to market rates, and inflows to these accounts are very sensitive to differentials in interest returns. Because flows into and out of NOW accounts frequently involve other retail deposits, they do not greatly affect M2 or M3, but do result in sizable variations in M1 growth. Moreover, demand deposits, which have demonstrated increased sensitivity to rate movements in recent years, also are being affected by evolving practices in payments for bank services and in business cash management.

Economic Projections

As table 2 indicates, the uncertainties attending the present economic situation are reflected in a considerable range of forecasts among Committee members and other Reserve Bank presidents. However, the central-tendency ranges shown encompass the vast majority of forecasts and point to growth in real GNP of 2 to 2½ percent in 1988.

This pace of activity would be expected to generate appreciable gains in employment over the year—about in line with labor force growth—and the civilian unemployment rate is projected to change little on balance between now and the end of 1988. Prices, as measured by the implicit price deflator for GNP, are expected to rise 3¼ to 3¾ percent, not appreciably different from the pace last year; consumer prices likely will increase a little faster than the deflator. The central-tendency forecasts encompass the administration's projections for real GNP, but are a bit more optimistic on prospects for price inflation.

Higher real net exports of goods and services are expected to provide a major impetus to U.S. economic activity in 1988. As reflected by the rapid growth of real exports of goods and services of more than 15 percent last year, the international competitiveness of U.S. producers has improved significantly. By and large, U.S. manufacturers have let the foreign currency prices of their products decline with the depreciation of the dollar, achieving enhanced profit-

2. Economic projections for 1988

Percent

Item	FOMC members and other FRB Presidents		Administration
	Range	Central tendency	
Change, fourth quarter to fourth quarter			
Nominal GNP	4 to 6½	5¼ to 6	6.4
Real GNP	½ to 3	2 to 2½	2.4
Implicit deflator for GNP	2½ to 4	3¼ to 3¾	3.9
Average level in the fourth quarter			
Civilian unemployment rate	5½ to 6¾	5¾ to 6	5.8[1]

1. Overall unemployment rate.

ability through greater volume and aggressive efforts to increase efficiency and control costs. This enhanced competitiveness is expected to provide a further boost to export growth this year, while the increases in the relative prices of foreign goods apparently now in train should curb import growth. As a result, some improvement in the nation's current account balance is anticipated this year.

In contrast, domestic demand is expected to remain relatively subdued in 1988, as the economy moves toward a better balance between domestic spending and domestic production. Consumer demand probably will be damped to a degree by the loss of household wealth associated with the decline in stock prices last fall. Some increase in personal saving would be beneficial to the economy, as it would aid investment and help reduce our dependence on foreign capital. However, a severe retrenchment by consumers could have a significant deflationary effect; fortunately, the indications from surveys of household attitudes are that the sharp drop in confidence that occurred immediately after the October shock has been substantially reversed. Housing activity should pick up some in coming months as a result of the recent decline in mortgage rates. In addition, business spending on plant and equipment should be buttressed by the desire to build upon the progress made in regaining international competitiveness and by already high levels of capacity utilization in a number of major industries.

Although real GNP should rise moderately for the year as a whole, the pattern of growth may be uneven over time. An adjustment to the runup in inventories that occurred in the fourth quarter of 1987 could produce relatively slow output growth during the first part of the year. Such an adjustment appears in process in the auto sector, in light of domestic automakers' current assembly schedules; there may also be similar patterns in a few other sectors, but at this time there are no signs that deep cutbacks in production will be necessary.

Although no significant change is anticipated in the overall pace of inflation this year, the primary source of the rise in prices is likely to change. Assuming relative stability in world oil prices, domestic energy prices should increase only a bit this year after their sharp rebound in 1987. However, prices of non-oil imports likely will continue to rise substantially further in the wake of the decline in the foreign exchange value of the dollar in 1987, providing continuing impetus to domestic inflation. This impulse to prices associated with the dollar's depreciation is an unavoidable component of the process of correcting external imbalance, as an increase in the relative price of foreign goods encourages exports and discourages imports. However, if we are to maintain and extend the progress made in the 1980s toward price stability, it is crucial that business and labor continue to exercise restraint in price and wage behavior. The forecasts of the FOMC members and other Reserve Bank presidents anticipate that such a pattern will persist through this year. It is important, too, that the Congress remain mindful of the effects of legislation on the cost structure of American industry.

The forecasts of the Federal Reserve policymakers also assume further progress in reducing the federal budget deficit. Continuing evidence of fiscal restraint is viewed as crucial in maintaining financial conditions that are conducive to balanced growth and to an improved pattern of international transactions. It is critical, in that regard, that the package of deficit-reduction measures agreed to in December for 1988 and 1989 be fully implemented.

The Performance of the Economy during the Past Year

The economy completed a fifth consecutive year of expansion in 1987, with real gross national product increasing about 3¾ percent over the four quarters of the year.[2] The overall growth in output not only was greater than in 1986, but was better balanced across industries and regions of the country. In addition, the rise in activity supported a net gain of more than three million jobs last year, and the civilian unemployment rate stood at 5.8 percent in January of this year,

2. Except where noted, all percent changes are from the fourth quarter of the previous year to the fourth quarter of the year indicated.

nearly a percentage point below its year-ago level.

Virtually all broad measures of inflation—after dropping sharply in 1986—rebounded in 1987 to about the pace seen in 1984 and 1985. In large part, the pattern of price movements over the past two years reflected developments in oil markets, where prices rebounded last year after a sharp drop in 1986. However, prices also rose sharply for some imported consumer goods and, at the producer level, for a number of industrial commodities. In contrast, wage trends remained restrained last year, although tightening labor markets and the faster pace of inflation stemmed the pattern of wage deceleration evident in previous years.

As suggested above, a number of sectors that had been depressed in recent years began to show signs of improvement in 1987. The turnaround was most pronounced in manufacturing, where production and employment, especially in capital goods and industrial materials industries, picked up sharply, in response both to stronger orders from abroad and to higher levels of capital spending by domestic producers. However, improvement also was apparent in the domestic energy sector, where, in response to the partial recovery in oil prices, oil drilling retraced a small part of its earlier precipitous decline, and in agriculture, where higher exports and continued federal support boosted farm income and helped bring about some firming in land prices.

In addition, the composition of activity moved toward a better balance between domestic spending and domestic production. Weak consumer spending reduced the growth of domestic demand in 1987, while domestic production was supported by the increased international competitiveness of U.S. industry as the continued improvement in productivity in manufacturing and the moderate pace of increase in labor compensation permitted U.S. firms to lower the foreign currency prices of their goods while expanding profits. Indeed, much of the improvement in economic conditions last year could be traced to the effects of this increased competitiveness on the volume of imports and exports. Nevertheless, the combination of a substantial increase in the value of oil imports and rising prices of non-oil imports more than offset an improvement in real net exports, and the nominal trade deficit widened to almost $160 billion in 1987. In addition, a further erosion of net income on investments and other service transactions pushed the current account deficit above $160 billion.

Although economic activity rose at a brisk pace for 1987 as a whole, the October stock market crash added substantial uncertainty to the prospects for continued economic growth at year-end. The sharp drop in stock prices reduced household wealth considerably, raising the possibility of a further slowing in consumer spending, domestic business investment, and housing construction. It is too early to assess what the ultimate economic effect of the stock market decline will be, but that effect likely will be offset at least in part by the decline in interest rates since the crash.

The External Sector

The dollar depreciated by 14 percent in nominal terms over the course of 1987 relative to a trade-weighted average of the currencies of the other G-10 countries, leaving the dollar by the end of the year at a level almost 45 percent below its February 1985 peak and close to its 1980 low. Although consumer prices in the United States rose somewhat more rapidly on average than in major foreign countries, the depreciation of the dollar was almost as great in real terms. However, the dollar fell only about 6½ percent in real terms over the year against an average of eight leading developing countries. The decline in the exchange value of the dollar was resisted by substantial official intervention purchases of dollars and an apparent movement of differentials in long-term real interest rates between the United States and major foreign countries in favor of the dollar. Nonetheless, some depreciation in the dollar evidently was seen by participants in foreign exchange markets as a necessary element in the adjustment of the huge U.S. current account deficit.

The U.S. merchandise trade deficit widened for 1987 as a whole, but leveled off on balance in the latter part of the year. The volume of imports increased, reflecting a moderate expansion in both oil and non-oil imports. Moreover, non-oil import prices moved up further in response to the continuing decline in the dollar through 1987, and, with oil prices also up sharply, imports rose substantially in value terms. Higher imports were matched, to a large extent, by merchandise exports, which also grew briskly in 1987. Most of this growth was in real terms, as prices of most exports increased only moderately in the face of the substantial decline in the dollar, and prices of a few important products, such as computers, continued to decline. Moreover, the expansion of foreign sales last year was broadly based. Shipments abroad of capital goods showed particular strength, and the volume of agricultural exports also rose, as grain sales to the Soviet Union and China increased and as foreign soybean production dropped off.

Economic expansion abroad strengthened only slightly in 1987, providing only limited support for the improvement in the U.S. trade position. In the other industrial countries, economic activity picked up somewhat by the middle of the year after a slow start, but on average real GNP grew less than 3 percent over the year. Outside of the industrial countries, real economic growth was uneven and on average tended to slow from its pace in 1986. Activity expanded at a rapid rate in the newly industrialized countries of Asia, but slowed in Latin America, with a sharp decline in Brazilian growth more than offsetting a small expansion in Mexico. In the OPEC countries, output fell as oil export volumes were constrained in an effort to raise oil prices.

The Household Sector

Spending by households, which had been a major contributor to growth in past years, slowed considerably in 1987. Real consumer spending rose less than 1 percent last year, after a 4 percent gain in 1986. In large part, the cutback in spending reflected smaller increases in real disposable income. Substantial employment growth and increases in farm and interest income fueled continued gains in nominal incomes, but a pickup in consumer price inflation eroded much of that rise and reduced real income growth to about 2 percent last year, versus 3½ percent in 1986. Moreover, although the rise in stock prices added further to household wealth through August and supported consumption, the subsequent stock market decline returned equity wealth to 1986 levels.

In general, consumers cut back their expenditures for both durable and nondurable goods, while spending on services continued to increase at about the pace of recent years. Within the durables category, sales of new cars fell from 11½ million units in 1986 to about 10¼ million units last year. Some of that dropoff can be traced to an especially slow pace of sales in early 1987, as consumers shifted automobile purchases into 1986 to take advantage first of major sales incentives and then of the sales tax deduction available only under the old tax law. Nevertheless, domestic auto sales were relatively sluggish throughout last year, despite the availability much of the time of special incentive programs on a wide range of models.

Associated with the more cautious spending patterns of consumers in 1987 was a slowing in household debt accumulation. Consumer installment debt decelerated sharply as households apparently limited their borrowing because of high debt burdens and shifted toward home equity loans in response to the reduced incentive, under the new tax law, to finance expenditures with nonmortgage credit. And, despite the growing popularity of home equity loans, growth of mortgage debt also slowed last year as interest rates moved higher. Evidence as to the ability of consumers to service their existing liabilities in 1987 was mixed. Delinquency rates for mortgage loans fell somewhat, but delinquency rates for consumer loans changed little over the year while loan charge-offs rose.

Housing activity in 1987 was damped by the upward movement in mortgage rates, continued high multifamily vacancy rates, and changes in the tax law. Total housing starts were 1.62 million for the year as a whole, about 10 percent below the 1986 total and the lowest in five years. Single-family homebuilding began the year at a brisk pace, but weakened considerably as conventional mortgage interest rates rose beginning in April, reaching about 11½ percent for fixed-rate loans by mid-October. Although interest rates on mortgages have dropped substantially since then, the stimulative impact of that change on housing demand may have been offset thus far by stock market losses and reduced consumer confidence. In the multifamily market, activity also weakened over the past year, as near record-high vacancy rates on rental units and tax-law changes that reduced the profitability of rental housing continued to deter building in that sector.

The Business Sector

Business spending on plant and equipment rose about 3¾ percent in real terms in 1987. In large part, investment spending was associated with the overall pickup in economic activity. However, financial conditions also were conducive to spending, with cash flows strong and the costs of external capital fairly attractive through much of the year.

For equipment, the year began on the weak side, with first-quarter spending down sharply after firms shifted expenditures into late 1986 to take advantage of the favorable treatment of investment under the depreciation provisions of the old tax law. However, investment in equipment rebounded sharply in the second and third quarters of last year. Much of the strength was in the computer and other office equipment area, where expenditures picked up in 1987 after essentially no growth in 1986. In contrast, spending on industrial equipment was not especially brisk despite the strong gains in manufacturing production.

Outlays for nonresidential structures also turned up last year after a sharp drop in 1986. Much of the turnaround in spending reflected an improvement in the energy sector in response to higher oil prices. In particular, oil and gas drilling was up more than 20 percent over the year after having dropped by 40 percent in 1986. Outside of the energy area, spending on structures was flat, after falling nearly 9 percent in 1986. Producers were somewhat less reluctant to expand industrial plant facilities owing to the substantial rise in industrial production, while office construction, although down a bit last year, held up surprisingly well in view of the very high vacancy rates that have persisted in recent years.

Business inventory investment generally moved in line with sales over most of 1987, but a sharp accumulation of stocks in the fourth quarter suggested the possibility of excess inventory levels at some retailers. In manufacturing, inventories changed little on balance over the first half of the year, but rose considerably in the second half as activity picked up. Stockbuilding was most evident in capital goods industries, where orders and shipments strengthened substantially, as producers added supplies in anticipation of higher production levels. In the retail trade sector, inventories of goods other than automobiles also rose over the year, pushing the inventory–sales ratio to a relatively high level by December. The accumulation was most pronounced for home goods such as furniture and appliances and for apparel. At auto dealers, stocks generally rose in 1987, and, at year-end, supplies appeared to be well above desired levels despite the prevalence of special incentive programs and production cutbacks late in the year.

Before-tax profits of nonfinancial corporations increased substantially last year. Profits were especially strong in manufacturing, where the volume of shipments picked up and firming prices and good cost control contributed to improved margins. In other industries, before-tax profits were little changed from 1986 levels. However, after-tax profits fell a bit on an annual average basis last year for the sector as a whole, as increases in corporate tax liabilities associated with the new tax laws more than offset the overall rise in profits.

The Government Sector

Last year, there was significant progress toward reducing federal budget deficits. The FY1987 deficit, at $150 billion, was about a third lower than the record level of the previous year, and the administration and Congress reached agreement on deficit reduction actions totaling more than $30 billion in FY1988 and about $46 billion in FY1989. However, a number of factors that raised receipts and lowered outlays in FY1987 are not likely to be repeated, and—absent further legislative action—deficits could expand again unless there are particularly favorable economic circumstances.

About half the deficit reduction could be traced to these one-time factors, as tax-reform effects boosted revenues, and asset sales and changes in the timing of certain payments reduced outlays.

The remainder of the reduction in the deficit reflected strong revenue growth and a very small underlying rise in outlays. The economic expansion boosted receipts, while, on the outlay side, lower interest rates in FY1987 offset some of the increase in interest payments associated with the rise in the size of the national debt. In addition, the improvement in the farm sector reduced agricultural support payments, and lower inflation in 1986 held down cost-of-living adjustments for many entitlements. Spending restraint also had a noticeable effect: the rise in military spending slowed, and cuts in discretionary programs reduced outlays for education, energy, and intergovernmental assistance.

The state and local sector recorded a sizable deficit in its operating and capital accounts (which exclude social insurance funds), as expenditures expanded more rapidly than receipts. Many states took action in early 1987 to deal with eroding fiscal positions. About half of the states cut their budgets last year and two-thirds raised taxes, with many of the budget adjustments in energy and farm states. However, pressing needs to expand and upgrade schools, highways, and correctional institutions continue to squeeze many state and local budgets.

Labor Markets

Employment increased 3 million over the 12 months of 1987, as the pickup in economic activity led employers to add workers at a brisk pace. In contrast to prior years, when the labor market was characterized by sharp disparities across sectors, the strengthening in hiring in 1987 was widespread by industry. In manufacturing, employment edged up over the first half of the year and then rose substantially in the second half in response to the sharp gains in industrial production. Moreover, the expansion of jobs in the trade, service, and finance industries remained sizable during most of 1987, although hiring in trade and finance apparently slowed somewhat in the latter part of the year in the wake of sluggish consumer spending and the stock market crash.

The demand for labor considerably outpaced increases in labor supply, and the civilian unemployment rate dropped nearly 1 percentage point over the year to 5¾ percent at year-end—the lowest level since 1979. The jobless rate for adult men moved down to about 4½ percent by the end of last year, reflecting strong growth in the industrial sector. The rate for adult women fell to around 4¾ percent early in the year, but changed little in the second half.

As the unemployment rate dropped sharply, wage increases, which had been decelerating for several years, leveled out; however, they showed little signs of acceleration last year. Hourly compensation, as measured by the employment cost index, advanced 3¼ percent in the 12 months ended December, about the same pace as in 1986. The moderate rise in compensation, which was fairly widespread across industries and occupations, occurred despite a substantial pickup in consumer price inflation. As a result, real hourly compensation fell last year and has averaged only about a ½ percent increase annually since 1984.

Unit labor costs in the nonfarm business sector rose only 1¼ percent last year, after a 2 percent increase in 1986. The continued restraint in labor costs primarily reflected moderate compensation growth, as productivity gains for the sector as a whole have improved little from the sluggish pace of the 1970s. In contrast, manufacturers apparently have made significant progress in increasing efficiency and streamlining operations, and output per hour in this sector rose nearly 3½ percent in 1987. This advance in manufacturing productivity, coupled with continued slow growth in manufacturing wages, continued to put downward pressure on factory unit labor costs last year.

Price Developments

Inflation rebounded in 1987, largely reflecting higher energy prices and continued price hikes for imported goods. The fixed-weighted price index for GNP increased about 4 percent for the year as a whole, after a 2¼ percent rise in 1986. The consumer price and producer price indexes suggested an even sharper acceleration in prices over 1987, owing to the greater importance of energy in those indexes. The consumer price index was up 4½ percent in the 12 months ended December, after a 1 percent rise in 1986, while the producer price index, which includes only prices of domestically produced goods, rose 2¼ percent over the year, after dropping 2¼ percent in 1986.

The overall rise in energy prices in 1987 reflected both a sharp rebound in prices early last year and an additional runup in prices around midyear. Spot prices for West Texas Intermediate crude oil (the benchmark crude oil in the United States) rose $3 per barrel in January of last year to about $18.50 per barrel in response to lower OPEC production levels. Tensions in the Persian Gulf boosted prices further during the summer to a high of around $20 per barrel in early August. Precautionary stockbuilding during this period, coupled with higher levels of production by OPEC and the absence of any major disturbance in the Gulf, subsequently helped put downward pressure on crude oil prices, and oil prices since late last summer have retreated to about $17 per barrel. Retail prices for gasoline and home heating oil closely followed movements in crude oil prices, rising around 20 percent through August and then falling somewhat in the latter part of the year. In contrast, prices for natural gas and electricity were down or little changed last year, reflecting a further adjustment to the net decline in oil prices since 1985.

Outside of the energy area, price increases for goods picked up last year, while prices for nonenergy services rose about 4½ percent, a bit less than in 1986. A jump in used car prices accounted for much of the acceleration in goods prices, but further increases in import prices associated with the falling exchange value of the dollar also were evident in 1987. As a result, retail prices for many items with high import proportions, such as women's and girls' apparel, photographic equipment, and toys and music equipment, posted notable increases last year.

Prices for many industrial commodities also rose considerably over the course of 1987. In addition to the increase in crude oil prices, copper prices more than doubled last year, and steel scrap prices were up 36 percent by year-end. To some extent, the sharp rise in commodity prices reflects the influence of dollar depreciation on markets for internationally traded goods. However, temporary supply shortages for some industrial metals and the firming in U.S. industrial activity undoubtedly also had an important influence on commodity markets. In the agricultural sector, grain prices fell early in 1987 as farmers sold large amounts of grain received through government programs, but rebounded in the latter part of the year as exports picked up in response to the falling dollar.

Monetary Policy and Financial Markets in 1987

In 1987, the Federal Reserve continued to face the difficult task of charting policy in an environment in which considerable uncertainties clouded the relationship between the behavior of the monetary aggregates and the performance of the economy. As a result, while the Federal Open Market Committee set targets for some of the monetary aggregates, it was deemed necessary to maintain a flexible approach in conducting its operations, looking at a broad range of information in judging when or if to adjust its basic instruments—reserve availability and the discount rate—in response to deviations in monetary growth from expected rates. Such factors as the pace of business expansion, the strength of inflation and inflation expectations, and developments in exchange markets played a major role in governing the System's actions, and in light of the behavior of these other factors, growth in the targeted aggregates, M2 and M3, was permitted to run at or below the established ranges.

During episodes beginning in the spring and then again in late summer, the dollar came under sustained downward pressure and inflationary expectations appeared to be on the rise, partially in response to the dollar's weak performance. With the economy expanding at rates sufficient to produce rising rates of resource utilization, the FOMC sought some firming of pressures on reserve positions and increased the discount rate in September. When stock prices collapsed in mid-October, the resulting turmoil required that the focus of policy be on ensuring the liquidity of the financial system. Over the remainder of the year, emphasis in the conduct of open market operations shifted toward maintenance of steady and somewhat easier money market conditions to promote a return of stability to financial markets generally and to cushion the effects of the stock market decline on the economy.

Behavior of Money and Credit

M2 increased only 4 percent in 1987, well below both the lower bound of its 5½ to 8½ percent annual growth range and its more than 9 percent rate of expansion over the preceding two years. The velocity of this aggregate picked up substantially, reversing a portion of the sharp decline that occurred in 1985–86. The rise in velocity may have reflected in part a number of special factors affecting the public's demand for M2 balances in 1987, including a much-reduced rate of saving out of income and a preference for drawing upon liquid assets—rather than using consumer credit—to finance purchases, the latter in the wake of tax reform measures reducing deductibility of nonmortgage interest payments. However, much of the pickup in velocity appears attributable to increases in the competing returns on other assets, which raised the opportunity costs associated with holding M2 balances.

The widening gap between market rates and offering rates was most pronounced for the more liquid retail deposits, where rates are changed very infrequently. Early in the year, opportunity costs on these accounts were still low and inflows were large. As market rates rose, though, yields on these accounts became increasingly less attractive and growth slowed; by late in the year, there were net monthly outflows from both savings and NOW accounts. Also, money market deposit accounts declined, for the first year since this component of M2 was introduced in late 1982. Expansion of money market mutual funds was sluggish.

In contrast to the very liquid retail deposits, small time deposits expanded in 1987, after two years of zero or negative growth. Depository institutions tend to keep the offering rates on these deposits fairly well in line with market alternatives of about the same maturity. With intermediate-term rates rising more than short rates in 1987, the spread between yields on small time instruments and those on more liquid retail accounts widened considerably, providing depositors with an incentive to shift funds into small time deposits from the more liquid retail instruments.

M3 was stronger than M2 over the year, expanding 5½ percent and ending the year at the bottom of its 5½ to 8½ percent annual growth range. Its faster growth reflected heavy reliance by depository institutions on large time deposits and on certain other instruments included in M3 but not in M2. Both commercial banks and thrift institutions stepped up their issuance of wholesale managed liabilities to fund more asset growth than could be accommodated by greatly reduced inflows of core deposits. Even so, M3 growth was subdued relative to prior years, reflecting in part reduced overall needs for funds as asset expansion at banks and thrifts slowed. In addition, banks relied heavily on managed liabilities obtained from non-M3 sources, especially funds borrowed from their foreign branches.

Growth of M1 slowed to 6¼ percent from the very rapid 15½ percent increase posted the previous year, owing to a small decline in demand deposits and a sharply lower expansion of other checkable deposits. The velocity of M1 increased slightly, after a record postwar decline a year earlier. The sharp slowing of growth and the abrupt turnabout in its velocity are indicative of the increased sensitivity to movements in market interest rates that has emerged for M1 in recent years. As suggested by its comparatively larger deceleration in 1987, M1 now appears to have a greater sensitivity to changes in interest rates than the broader aggregates.

In large measure, the greater sensitivity of M1 reflects the increasing share of other checkable deposits. Because NOW accounts pay explicit interest, they serve as an attractive savings vehicle as well as a transactions account. The available information suggests that owners of NOW accounts are quite sensitive to changes in opportunity costs, shifting savings balances between these accounts and other, less liquid retail deposits. At the beginning of 1987, market interest rates were very close to NOW account rates, and with the opportunity cost so low, depositors apparently placed unusually large amounts of interest-sensitive funds in these accounts; as market rates rose during 1987, these funds evidently were shifted out of NOW accounts in search of higher yields.

3. Growth of money and debt[1]

Percentage changes at annual rates

Period	M1	M2	M3	Debt of domestic nonfinancial sectors
Fourth quarter to fourth quarter				
1979	7.7	8.2	10.4	12.3
1980	7.5	8.9	9.5	9.6
1981	5.2 (2.5)[2]	9.3	12.3	10.0
1982	8.7	9.1	9.9	8.9
1983	10.2	12.1	9.8	11.3
1984	5.3	7.6	10.4	14.2
1985	12.0 (12.9)[3]	8.9	7.7	13.3
1986	15.6	9.4	9.1	13.2
1987	6.2	4.0	5.4	9.6
Quarterly growth				
1987: 1	13.2	6.5	6.5	10.5
2	6.6	2.6	4.7	8.7
3	.8	2.8	4.5	8.1
4	3.9	4.0	5.6	9.7

1. M1, M2, and M3 incorporate effects of benchmark and seasonal adjustment revisions made in February 1988. Certain technical redefinitions affecting only M1 were made at the same time.

2. M1 figure in parentheses is adjusted for shift to NOW accounts in 1981.

3. M1 figure in parentheses is the annualized growth rate from the second to the fourth quarter of 1985.

The abrupt weakening of demand deposits after two years of rapid expansion suggests that this component of M1 also is sensitive to interest rates. Higher market interest rates obviously provide incentives to economize on balances that earn no interest. Higher rates also permit business firms to reduce the amount of balances held with banks as compensation for services provided but not paid for with fees; because banks can earn greater returns by investing these funds when rates are higher, they reduce the balance requirements commensurately. Substantial amounts of demand deposits are held under compensating balance arrangements, which helps to explain a high interest elasticity for demand deposits. Over time, though, there has been a gradual movement toward the substitution of explicit fees for compensating balances, and some reports indicate that such shifts may have accelerated in late 1987, thereby contributing to the steep declines in demand deposits near year-end. Higher mortgage rates also may have contributed to weakness in demand deposits in 1987 by slowing the pace of mortgage refinancing—an activity that tends to boost demand deposits temporarily because the amount being prepaid on an old mortgage often is placed in escrow for a time in a demand deposit account.

The collapse of equity prices boosted the average level of all the aggregates a bit in the fourth quarter, but M1 was most noticeably affected. Demand deposits rose sharply around the time of the crash, reflecting the increased volume of financial transactions arising from the surge in trading activity. Other checkable deposits also registered sizable inflows, as some funds withdrawn from the stock market probably were placed initially in these accounts. Outside of M1, sizable amounts of funds were transferred from equity mutual funds into money market mutual funds, which are included in M2. The boost to the aggregates was concentrated in late October and proved temporary, with deposits receding over the month of November.

The debt of domestic nonfinancial sectors grew 9½ percent last year, ending the year at the middle of the Committee's monitoring range of 8 to 11 percent. Debt expansion moderated considerably from the 13¼ pace of the two previous years, but still rose faster than income. Federal debt growth slowed in 1987, as some progress was made in reducing the federal deficit. Borrowing by state and local governments fell substantially, partly reflecting the damping effect of higher borrowing costs and the availability of unspent funds from earlier financings. In the household sector, overall growth of indebtedness slowed. Sluggish spending and shifts toward greater reliance on home equity lines of credit, in response to the effects of tax reform in reducing deductibility of interest payments on consumer debt, held down use of consumer credit. However, a brisk pace of home sales over most of the year helped sustain the growth of mortgage debt at about the elevated pace of 1986. Despite some widening last year of the gap between internally generated funds and capital expenditures, business borrowing diminished in both short- and long-term markets. However, businesses continued to retire equity last year through mergers, buyouts, and share repurchases, and the credit needed to finance these retirements boosted the expansion of business indebtedness.

Implementation of Monetary Policy

During the first half of 1987, monetary policy was carried out in an atmosphere of increasing concerns about the course of inflation, arising in part from heavy downward pressure on the dollar. Growth of the economy was bringing about noticeable increases in resource utilization, and inflation was picking up, reflecting the effect of a weaker dollar on import prices as well as a rebound of oil prices from low 1986 levels. When the dollar came under heavy pressure in late March, previously tranquil credit markets began to exhibit concern about the effect that declines of the dollar would have on prices. Long-term interest rates, in particular, moved up strongly. In conjunction with some easing moves abroad, the Federal Reserve sought somewhat greater restraint in the provision of reserves to the banking system. Initially, this action produced further increases in interest rates, but subsequently, financial pressures eased somewhat. In response to reductions in interest rates abroad, to some flattening in commodity prices, and to better news on the U.S. trade deficit, the dollar firmed and there was a broad decline in interest rates, with long-term rates falling somewhat more than short-term rates.

When the FOMC met in July to review its growth ranges for money and credit, all of the monetary aggregates had decelerated considerably. The weakness in monetary growth did not reflect any evident weakness in the economy, however; rather, the slower money growth, and accompanying strengthening in velocity, appeared largely attributable to the rise in market rates of interest fostered in part by the Federal Reserve's response to adverse developments with respect to the dollar and inflation. The Committee decided to reaffirm its 1987 growth ranges for M2 and M3; in doing so, it anticipated some pickup in the growth of M2 over the remainder of the year, but it indicated that growth for all of 1987 near or even below the bottom of the target ranges might be acceptable for both aggregates, depending on the behavior of their velocities and other financial and economic developments, notably the evolving strength of inflationary pressures. The Committee also decided not to set a target range for M1, given the unpredictability of the behavior of this aggregate relative to economic activity.

For a short time after the July meeting, the dollar rose further but, with the release of trade data in mid-August that disappointed market participants, the dollar again came under substantial downward pressure. Long-term bond yields moved up sharply, as the dollar's weakness against a backdrop of strength in the economy spurred concerns about inflation and possible firming of monetary policy. Interest rates in short-term markets also increased, but by lesser amounts. In light of the potential for greater inflationary pressures, in part related to weakness in the dollar, the Federal Reserve sought to reduce marginally the availability of reserves through open market operations; it also raised its discount rate ½ percentage point in early September to 6 percent. After the discount rate action, interest rates rose further, especially in short-term markets.

Stock prices, which had reached very high levels relative to earnings and had been falling since mid-August, plunged on October 19 in chaotic trading. The stock market drop prompted a marked decline in interest rates as investors sought refuge in the perceived safety of fixed-income assets, especially Treasury securities. Although most stock indexes recovered somewhat in the wake of the crash, financial markets remained turbulent, with bond and equity prices fluctuating widely.

In a financial environment of extraordinary turmoil and apparent fragility, the Federal Reserve shifted the emphasis in the conduct of open market transactions to providing reserves generously to ensure that adequate liquidity would be available to meet any unusual needs. Nonborrowed reserves grew rapidly in late October to accommodate both a large increase in reserves required against surging transactions deposits and an enlarged demand for excess reserves. An easing of pressures on reserve positions also took place, which, along with some diminution of inflation expectations, led to a partial reversal of earlier increases in interest rates. These actions helped to calm the financial markets, although conditions remained somewhat unsettled over the rest of the year.

Early in 1988, as incoming data suggested that economic expansion over the first part of the year might be weak, bond rates dropped substantially and the Federal Reserve sought some slight additional easing in desired pressures on reserve positions. Better trade news bolstered confidence in the dollar, and the monetary aggregates showed signs of renewed strength.

Other Developments in Financial Markets

Despite the slower growth of debt and the overall strength of the economy last year, there still were some signs of strain and financial fragility in portions of the economy.

The nonfinancial corporate sector remained highly leveraged and thus potentially vulnerable to adverse changes in the economic and financial environment. A combination of strong debt issuance and massive net equity retirements boosted the aggregate debt–equity ratio of these corporations, measured at market values at year-end, after a two-year decline resulting from increases in stock prices. Moreover, higher interest rates along with additional debt boosted borrowing costs, keeping the net interest-coverage ratio at about the very low levels recorded during the last recession. Reflecting the weakening of the finances of some corporations, the pace of downgradings of corporate debt remained very high in 1987, and a record $9 billion of rated corporate bonds were placed in default.

The household sector also exhibited a few signs of strain on personal finances. As noted previously, the pace of expansion of total household debt slowed last year, likely reflecting reduced deductibility of consumer interest under the new tax code and weaker consumer spending. However, the growth of household debt still outstripped that of disposable income, and the ratio of debt to income reached new highs. For some individuals, the strains posed by high debt burdens apparently remain quite severe, as the number of personal bankruptcies has been growing rapidly over the last three years and setting new records. On the other hand, recent declines in the delinquency rate on mortgage debt have brought this indicator of financial stress more into line with historical standards.

The banking industry was under some continuing stress in 1987, primarily reflecting well-publicized difficulties with energy and developing country loans, but in some parts of the country with agricultural and real estate loans as well. Although most banks continue to be healthy and enjoy reasonable profits, souring energy and agricultural loans in recent years have led to record numbers of bank closings, principally of smaller banks in the midwestern and southwestern portions of the country; however, problems with the quality of agricultural loans appear to be diminishing as the agricultural sector shows signs of improvement.

Provisioning by large banks for losses on troubled loan portfolios led to record losses in 1987 for the banking industry and to substantial declines in the book value of shareholder equity of affected banks. Doubts regarding the ultimate collectibility of loans to some heavily indebted developing countries weighed down the stock prices of many large banks in 1987, but investor reaction to the second-quarter decision to make provisions for substantial losses was generally positive, and at the time share prices rose for many banks taking this step. Difficulties persisted over the year in making progress in handling the economic and financial problems of many of the developing countries, and in the fourth quarter a number of large banks announced additional provisioning for losses on such debt and, in some instances, write-offs of problem loans.

After several years of improvement, the financial condition of the thrift industry deteriorated in 1987. Aggregate earnings declined, with losses posted in the second and third quarters as a result of heavy provisions for losses on assets, including a one-time write-off of accumulated insurance payments prepaid to the Federal Savings and Loan Insurance Corporation (FSLIC).[3] However, as has been true for some years now, the aggregate condition of the industry masked extremes among individual thrifts. Many thrifts are well capitalized and quite profitable, but severe problems with asset quality have left a substantial minority insolvent and suffering massive operating losses that are steadily worsening. Prior to the passage in 1987 of legislation authorizing a recapitalization, the FSLIC had been unable to take effective remedial action with respect to these insolvent institutions, owing to the inadequacy of its resources. Under the terms of the recapitalization plan approved as part of the Competitive Banking Equality Act, the newly created Financing Corporation has begun raising the funds needed by the FSLIC through issuance of long-term debt.

The stock market collapse gave very clear warning of the vulnerability of important elements of the financial system to sudden shocks. Although only a few small securities firms failed, the market turbulence produced significant problems for traders, specialists, and market makers on the stock exchanges; and, more generally, financial markets gave evidence of fragility and instability that have not entirely disappeared even yet. Under the circumstances, it is essential that the reexamination of our market mechanisms and regulatory systems go forward, to identify any actions that might be needed to safeguard the strength of our capital markets and lower the risks of economic disruption.

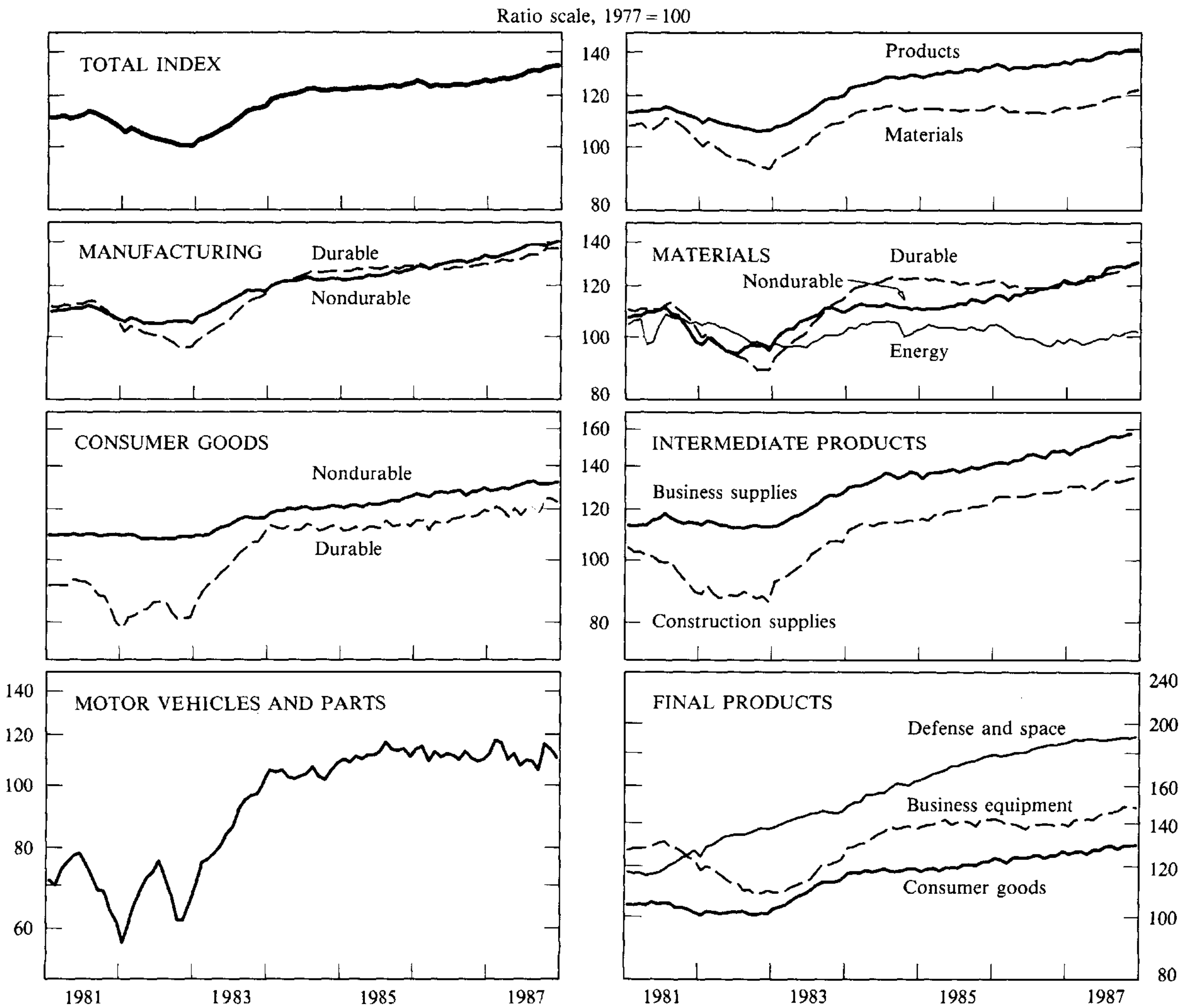
3. In March 1987, the General Accounting Office declared the FSLIC was insolvent because it would be unable to meet all its future obligations on insured deposits at failed but not yet closed institutions. The Financial Accounting Standards Board then ruled that the prepaid assessments, which were assets on the balance sheets of individual thrift institutions, had to be written off immediately. The FSLIC recapitalization plan included in the Competitive Equality Banking Act of 1987 provides that the affected thrifts will recover the amount of this write-off over the next five years as new funds are raised for FSLIC.

Industrial Production

Released for publication January 15

Industrial production rose 0.2 percent in December after having increased 0.4 percent in November and 1.1 percent in October. During the past two months, total output was boosted by continued gains in materials and in supplies for both construction and business; but, at the same time, production of automotive products and business equipment weakened. At 133.3 percent of the 1977 average, industrial production in December was more than 5 percent higher than it was a year earlier, and the fourth-quarter level of output was 1.5 percent greater than that of the third quarter (not at an annual rate). Last year, the growth in average annual output was well above the slow pace of the two previous years: 3.8 percent in 1987, compared with 1.1 percent in 1986 and 1.9 percent in 1985.

In market groups, production of consumer



All series are seasonally adjusted. Latest figures: December.

Group	1977 = 100, 1987, Nov.	1977 = 100, 1987, Dec.	Percentage change from preceding month, 1987, Aug.	Sept.	Oct.	Nov.	Dec.	Percentage change, Dec. 1986 to Dec. 1987
	Major market groups							
Total industrial production	**133.1**	**133.3**	**.5**	**−.2**	**1.1**	**.4**	**.2**	**5.2**
Products, total	141.2	141.3	.3	−.4	1.1	.1	.1	4.5
Final products	139.5	139.4	.4	−.4	1.2	.0	−.1	4.0
Consumer goods	129.5	129.7	.4	−1.3	1.2	.2	.1	2.4
Durable	124.5	123.1	.7	−2.2	4.9	.0	−1.1	3.1
Nondurable	131.4	132.1	.3	−1.1	.0	.3	.5	2.2
Business equipment	148.7	148.2	.1	.4	1.7	.0	−.3	6.2
Defense and space	190.0	191.1	.2	.4	.2	−.1	.6	2.6
Intermediate products	146.9	147.5	.2	−.3	.8	.6	.5	6.0
Construction supplies	134.0	134.5	−.5	−.2	.6	.7	.4	4.6
Materials	122.0	122.5	.7	.2	1.2	.8	.4	6.3
	Major industry groups							
Manufacturing	138.0	138.3	.2	−.1	1.2	.5	.2	5.3
Durable	137.0	136.8	.2	−.1	2.2	.2	−.1	5.5
Nondurable	139.5	140.3	.2	−.1	−.2	.9	.6	5.1
Mining	103.0	103.3	1.7	1.0	1.2	−.1	.2	6.4
Utilities	112.9	112.4	1.6	−1.4	.8	.7	−.4	3.1

NOTE. Indexes are seasonally adjusted.

goods was, on balance, little changed again in December. Declines in assemblies of autos and light trucks were offset by continued and widespread increases in home goods, particularly appliances, and in nondurable consumer goods. Auto assemblies in December were at a 6.5 million unit annual rate, about 9 percent below the November level. Production of business equipment, which rose sharply between May and October, was unchanged in November and fell slightly in December. This decline mainly reflected weakness in commercial equipment, particularly computers, and in transit equipment; but manufacturing equipment also grew more slowly in December. Total materials output rose 0.4 percent in December, outpacing the growth rate in total products for the fifth successive month. Among durable materials, production of equipment parts and basic metals other than steel continued to advance. Gains in nondurables were led by further increases in the output of paper and chemical materials.

In industry groups, output of manufacturing rose 0.2 percent in December as a result of continued strength in nondurables; production of durables edged down. Output of mining was about unchanged again, and production by utilities declined.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100), Previous	Index (1977=100), Current	Percentage change from previous months, Previous	Percentage change from previous months, Current
September	130.9	131.0	−.3	−.2
October	132.0	132.5	.9	1.1
November	132.5	133.1	.4	.4
December	...	133.3	...	.2

Announcements

STATEMENT BY CHAIRMAN GREENSPAN REGARDING TASK FORCE ON MARKET MECHANISMS

Chairman Alan Greenspan of the Federal Reserve Board issued the following statement on January 8, 1988:

> The Task Force on Market Mechanisms is to be commended for its report on the stock market collapse of October 19, 1987. I find it extraordinary that the Task Force was able to do so much, and obtain such vast amounts of previously unavailable data, in such a short period of time. I've been told that the report provides a number of new insights and suggestions designed to prevent a recurrence of the events that transpired in October. I look forward to reading it in detail.

APPOINTMENT OF NEW MEMBERS TO THE THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board announced on January 12, 1988, the names of five new members to its Thrift Institutions Advisory Council (TIAC) to replace those members whose terms have expired and designated a new president and vice president of the council for 1988.

The council is an advisory group comprised of 12 representatives from thrift institutions. The panel was established by the Board in 1980 and includes representatives from savings and loan institutions, savings banks, and credit unions. 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.

Jamie J. Jackson, President of Commonwealth Financial Group, Houston, Texas, was designated president of the council and Gerald M. Czarnecki, Chairman of the Board and Chief Executive Officer of HONFED, Honolulu, Hawaii, was designated vice president.

The five new members, named to two-year terms that began January 1, are the following: Robert S. Duncan, Chairman, President, and Chief Executive Officer, Magnolia Federal Bank for Savings, Hattiesburg, Mississippi; Joe C. Morris, Chairman of the Board, Columbia Savings Association, Emporia, Kansas; Joseph W. Mosmiller, Chairman and Chief Executive Officer, Loyola Federal Savings and Loan Association, Baltimore, Maryland; Louis H. Pepper, Chairman and Chief Executive Officer, Washington Mutual Savings Bank, Seattle, Washington; and Donald B. Shackelford, Chairman of the Board, State Savings Bank, Columbus, Ohio.

The other members of the Council are the following: Betty Gregg, President and Chief Executive Officer, Desert Schools Federal Credit Union, Phoenix, Arizona; Thomas A. Kinst, President and Chief Executive Officer, Land of Lincoln Savings & Loan, Hoffman Estates, Illinois; Ray Martin, Chairman and Chief Executive Officer, Coast Savings & Loan Association, Los Angeles, California; Janet M. Pavliska, President and Chief Executive Officer, Bank Five for Savings, Arlington, Massachusetts; and William G. Schuett, President and Chief Executive Officer, Security Savings and Loan Association, Milwaukee, Wisconsin.

PRELIMINARY FIGURES RELEASED ON INCOME OF FEDERAL RESERVE BANKS

Preliminary figures released on January 11, 1988, indicate that operating income of the Federal Reserve Banks amounted to $17.633 billion during 1987. Net income before dividends, additions to surplus, and payments to the Treasury totaled $18.032 billion. Net income exceeded operating income because of gains on the sale of and an increase in the value of assets denominated in foreign currencies that were adjusted to market exchange rates.

About $17.7 billion was paid to the U.S. Treasury during 1987.

Income from the Federal Reserve System is derived primarily from interest accrued on U.S. government securities that the Federal Reserve has acquired through open market operations. Income from the provision of financial services amounted to $645 million.

Operating expenses of the 12 Reserve Banks and their branches totaled $1.147 billion, including $114 million for earnings credits granted to depository institutions. Assessments by the Board of Governors for Board expenditures totaled $82 million and the cost of currency amounted to $171 million.

Net additions to income amounted to $1.798 billion, primarily resulting from gains on assets denominated in foreign currencies. Statutory dividends to member banks were $117 million; additions to Reserve Bank surplus were $174 million; and payments to the Treasury were $17.740 billion.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury as interest on Federal Reserve notes.

Revised List of OTC Stocks Subject to Margin Regulations Now Available

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

This List of Marginable OTC Stocks supersedes the revised list that was effective on November 10, 1987. Changes that have been made in the list, which now includes 3,283 OTC stocks, are as follows: 54 stocks have been included for the first time, 47 under National Market System (NMS) designation; 37 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 63 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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

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

Changes in Board Staff

The Board of Governors announced the following changes in the Division of Personnel, effective February 1, 1988, including the change of the division's name to the Division of Human Resources Management:

The appointment of Anthony V. DiGioia as Assistant Director, with managerial responsibility for Board Human Resources: Benefits, Training, and Health Services.

The appointment of Joseph H. Hayes, Jr. as Assistant Director, with managerial responsibility for Reserve Bank Human Resources.

The appointment of Fred Horowitz as Assistant Director, with managerial responsibility for Board Human Resources: Recruitment, Compensation, and Employee Relations.

The promotion of John R. Weis from Assistant Director to Associate Director, with responsibility for general oversight of the Board human resources function and special projects.

Mr. DiGioia joined the Board's staff in April 1979 as Manager, Resource Development and has rotated through several functions in the division. He holds a masters degree in philosophy and psychology from St. Stephen's college.

Mr. Hayes joined the Board's staff in March 1985 as a Senior Personnel Analyst. He holds bachelors degrees in liberal arts and industrial engineering from the University of Pittsburgh.

Mr. Horowitz joined the Board's staff in April 1977 as Manager, Wage and Salary Administration and has since held several managerial positions within the division. He received his undergraduate degree from the University of Maryland and has done graduate work at George Washington University.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following state bank was admitted to membership in the Federal Reserve System during the period January 1 through January 31, 1988:

Florida
Clearwater ....Countryside Bankers

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Affiliated Bank Corporation of Wyoming Casper, Wyoming

Order Approving Acquisition of a Bank

Affiliated Bank Corporation of Wyoming, Casper, Wyoming ("Affiliated"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval, pursuant to section 3(a)(3) of the Act, to acquire all of the voting shares of First National Bank of Lovell, Lovell, Wyoming ("Lovell").

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (52 *Federal Register* 38,814 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

Affiliated, with deposits of $402.8 million,[1] is the third largest commercial banking organization in Wyoming, controlling 10.3 percent of the total deposits in commercial banking organizations in the state. Lovell Bank is the 26th largest commercial banking organization in Wyoming, with deposits of $37.3 million, representing 1.0 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Affiliated will become the second largest commercial banking organization in Wyoming and control deposits of $440.1 million, representing 11.3 percent of the total deposits in commercial banking organizations in the state. Consummation of this proposal would not have any significant adverse effect upon the concentration of banking resources in Wyoming.

Lovell Bank operates in the Park County banking market,[2] a market in which Affiliated does not operate. Accordingly, consummation of the proposal is not likely to result in the elimination of any significant existing competition. In view of the numerous entrants into the market, the Board concludes that the proposal would not have any significant adverse effect on probable future competition.

In evaluating this application, the Board has considered the financial resources of Affiliated and the effect on these resources of the proposed acquisition. The Board has stated and continues to believe that capital adequacy is an important factor in the analysis of bank holding company proposals. In this regard, the Board notes that Affiliated will not incur any debt in connection with this proposal and will increase its capital as a result of the issuance of additional common stock. Accordingly, the Board concludes that financial and managerial resources of Affiliated and Lovell Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective January 20, 1988.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

1. All banking data are as of December 31, 1986.
2. The Park County banking market is approximated by Park County, Wyoming plus Lovell in Big Horn County, Wyoming.

BOL Bancshares, Inc. New Orleans, Louisiana

Order Approving Formation of a Bank Holding Company

BOL Bancshares, Inc., New Orleans, Louisiana ("BOL"), has applied for the Board's approval pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1842(a)(1) ("Act")), to become a bank holding company by acquiring Bank of Louisiana in New Orleans, New Orleans, Louisiana ("New Orleans Bank"), and Fidelity Bank and Trust Company, Slidell, Louisiana ("FBT") (collectively "Banks"), and by merging with BOS Bancshares, Inc., Metairie, Louisiana ("BOS"), and thus indirectly acquiring Bank of the South, Metairie, Louisiana.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act (12 U.S.C. § 1842(b)). 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)).

BOL, a non-operating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Banks and BOS. Upon consummation of this proposal, BOL would become the 24th largest commercial banking organization in Louisiana, controlling three banks, with total deposits of $111.3 million, representing 0.36 percent of total deposits in commercial banking organizations in the state.[1] Consummation of this proposal would not significantly affect the concentration of banking resources in the state.

All three banks compete in the New Orleans banking market.[2] New Orleans Bank, FBT and BOS are, respectively, the 20th, 28th, and 26th largest of 33 commercial banking organizations in the market, controlling $55.2 million, $24.7 million, and $31.4 million in deposits, representing 0.64 percent, 0.29 percent, and 0.36 percent of total deposits in commercial banking organizations in the market. Upon consummation of this proposal, BOL would control $111.3 million in deposits in the market, representing 1.29 percent of total deposits in commercial banking organizations. The New Orleans banking market is not concentrated and the Herfindahl-Hirschman Index will increase by only 2 points, from 1480 to 1482. Based on the facts of record, consummation of the proposed transaction would not result in any significant adverse effects upon competition, nor would it significantly increase the concentration of banking resources in any relevant area.

The Board has previously indicated that a bank holding company should serve as a source of financial and managerial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. Although BOL will incur debt in connection with this proposal, it appears that BOL will be able to service its debt, particularly in light of the commitments made by BOL and the conversion of previously accrued debt into common stock. In light of the above, the Board views the financial and managerial resources of BOL, New Orleans Bank, FBT, BOS and its subsidiary bank as consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

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

By order of the Board of Governors, effective January 6, 1988.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

1. All banking data are as of September 30, 1987.
2. The New Orleans banking market consists of the parishes of Orleans, Jefferson, St. Bernard and St. Tammany, Louisiana.

Plains Capital Corporation
Lubbock, Texas

Order Approving Formation of a Bank Holding Company

Plains Capital Corporation, Lubbock, Texas ("Plains Capital"), has applied for the Board's approval under section 3(a)(1) of Bank Holding Company Act ("Act"), 12 U.S.C. § 1842(a)(1), to become a bank holding company by acquiring The Plains Corporation, Lubbock, Texas ("TPC"), and thereby indirectly acquiring Plains National Bank of Lubbock, Lubbock, Texas ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act (52 *Federal Register* 33,655 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

Plains Capital is a nonoperating corporation formed for the purpose of acquiring TPC and Bank. Bank is a wholly owned subsidiary of TPC. Bank is the 71st largest bank in the state, controlling deposits of $158.8 million, representing 0.10 percent of total deposits in commercial banking organizations in the state.[1] Consummation of this proposal would not have any significant adverse effect on the concentration of banking resources in Texas.

Bank operates in the Lubbock County banking market.[2] The principals of Applicant are not associated with any other banking organization in this market. Consummation of this proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations under the Act are consistent with approval.

The financial and managerial resources of Plains Capital, TPC and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

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

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

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

JAMES MCAFEE
Associate Secretary of the Board

1. All banking data are as of December 31, 1986; state ranking is as of June 30, 1987.

2. The Lubbock County banking market is approximated by Lubbock County, Texas.

Security Pacific Corporation
Los Angeles, California

Order Approving Acquisition of a Bank Holding Company and Its Banking Subsidiary

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire American Asian Bancorp, San Francisco, California ("Bancorp"), and thereby to acquire indirectly American Asian Bank, San Francisco, California ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published (52 *Federal Register* 44,935 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

Applicant, with approximately $27 billion in deposits in California, is the third largest of 439 commercial banking organizations in the state, controlling approximately 13.8 percent of total deposits in commercial banks in California.[1] Bank is the 64th largest commercial banking organization in California, with deposits of approximately $195.6 million, controlling less than 1 percent of the total deposits in commercial banks in California. Consummation of the proposal would not significantly increase the concentration of banking resources in California.

Applicant competes with Bank in the Los Angeles and San Francisco metropolitan banking markets.[2] While Applicant is one of the largest commercial banking organizations in these markets, Bank is among the smaller organizations, controlling less than 1 percent of the total deposits in commercial banks in the Los Angeles market and the San Francisco market.[3] In view of these facts and the small increase in market concentrations in each market (less than 5 points on the Herfindahl–Hirschman Index), the Board concludes that consummation of the proposal would not have any significant adverse competitive effects or result in the concentration of banking resources in any relevant banking market.

The financial and managerial resources of Applicant are satisfactory and will enable Applicant to serve as a source of strength to Bancorp and Bank.

1. Statewide banking data are as of June 30, 1987.

2. Market data are as of June 30, 1986. The Los Angeles banking market is approximated by Los Angeles, Anaheim, Long Beach, Riverside, and San Bernadino. The San Francisco banking market is approximated by San Francisco, Marin, Sonoma, Solano, Napa, Contra Costa, San Mateo, Alameda, and Santa Clara counties.

3. Applicant is the 2nd largest of 226 commercial banking organizations in the Los Angeles market, controlling approximately 21.1 percent of the total deposits in commercial banks in the market. Bank is the 62nd largest commercial banking organization in that market. Applicant is the 4th largest of 102 commercial banking organizations in the San Francisco market, controlling approximately 2.5 percent of the total deposits in commercial banks in the market. Bank is the 40th largest commercial banking organization in that market.

In considering the convenience and needs of the communities to be served, the Board has taken into account the records of Applicant and Bancorp under the Community Reinvestment Act ("CRA"), 12 U.S.C. § 2901 *et seq.*[4] The Board has received comments from the Pomona Valley Chapter of the National Association for the Advancement of Colored Persons, Pomona, California ("Protestant").[5] In accordance with the Board's practice and procedure for handling protested applications,[6] the Federal Reserve Bank of San Francisco assisted in arranging a meeting between the parties to clarify the issues under the CRA and to provide a forum to resolve the concerns raised by the protest. The parties, however, were unable to come to a resolution of their differences.

Initially, the Board notes that both Applicant and Bancorp have satisfactory CRA records. The Board also notes that Applicant has scheduled a meeting in early February to be attended by the CRA compliance personnel from all of its subsidiary banking organizations. This meeting is intended to furnish a forum for the dissemination of information concerning CRA programs available within Applicant's organization, discussion of individual programs of subsidiary banking organizations, and the establishment of a working group to increase Applicant's CRA program coordination and to establish system-wide CRA compliance and reporting programs.

With specific regard to the protest, the Board's analysis of SPNB's Home Mortgage Disclosure Act data for the years 1982–1986 for the Los Angeles MSA and the city of Pomona does not reveal a pattern of discrimination against minority and low-income neighborhoods. In addition, the Board notes that Applicant is involved with organizations which identify the needs of low- and moderate-income persons in Los Angeles County (which includes Pomona) and which develop and manage programs that address those needs. Further, Applicant places Spanish language advertisements in a Spanish language newspaper serving the Pomona area and also has placed advertisements in a local publication targeted to low- and moderate-income persons. Applicant also practices some flexibility in its underwriting criteria and loan application procedures. Accordingly, the Board concludes that convenience and needs considerations in this case are consistent with approval of the application.[7]

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

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

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

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

Banc One Corporation
Columbus, Ohio

Order Approving Acquisition of a Bank Holding Company

Banc One Corporation, Columbus, Ohio ("Banc One"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire The Marine Corporation, Milwaukee, Wisconsin ("Marine") and thereby indirectly to acquire Ma-

4. The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including the low- and moderate-income neighborhoods, consistent with safe and sound operation.

5. Protestant generally alleges that Applicant's subsidiary bank, Security Pacific National Bank ("SPNB"), has failed to fulfill its obligations under the CRA in Pomona, California. Protestant alleges that:

(1) SPNB has not made an effort to ascertain the credit needs of minority and low-income persons in Pomona;

(2) SPNB has not conducted a marketing program directed at minorities and low-income persons in Pomona;

(3) SPNB's practices have fostered the impression that minorities and low-income persons in Pomona cannot obtain credit from SPNB; and

(4) SPNB's credit extensions in Pomona reveal a pattern of discrimination against minority and low-income neighborhoods.

6. *See* 12 C.F.R. § 262.25(c).

7. Protestant also requested that the Board order a public meeting. Under the Board's rules, the Board may hold a public meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. § 262.25(d). In this case, the Reserve Bank has arranged a private meeting for this purpose. In light of all the facts of record, the Board has determined that a public meeting would serve no useful purpose. Accordingly, the request for a public meeting is denied.

rine's subsidiary banks. Marine's present bank subsidiaries are listed in Appendix A to this Order.[1]

Banc One also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire the following nonbanking subsidiaries of Marine: Marinebanc Leasing Company, Inc., Milwaukee, Wisconsin, and thereby engage in personal property leasing activities; Marine Bank Services Corporation, Milwaukee, Wisconsin, and thereby engage in data processing activities; and The Marine Trust Company, N.A., Milwaukee, Wisconsin, and thereby engage in trust company activities. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y. 12 C.F.R. §§ 225.25(b)(3), (5) and (7).

Banc One also has applied under section 4(c)(14) of the Act (12 U.S.C. § 1843(c)(14)) to acquire the export-trading company subsidiary of Marine, Marine Financial Services Corporation, St. Thomas, U.S. Virgin Islands.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 44,482 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.[2]

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

The statute laws of Wisconsin expressly authorize the acquisition of a banking institution in Wisconsin by a bank holding company located in a number of states, including Ohio, if that other state authorizes the acquisition of a financial institution in that state on a reciprocal basis by a Wisconsin bank holding company.[4] Ohio law expressly authorizes the acquisition of a banking organization in Ohio by a Wisconsin bank holding company on a reciprocal basis.[5]

Wisconsin law also requires that an out-of-state bank holding company which acquires a Wisconsin bank that was chartered on or after May 9, 1986, and has been in existence for less than five years, divest the Wisconsin bank within two years after the date of acquisition.[6] Marine has one such subsidiary, Marine Bank South, N.A., Mt. Pleasant, Wisconsin. To comply with the Wisconsin statute, Banc One has committed to divest Marine Bank South, N.A., within the required time period.

Marine also has a subsidiary bank in Illinois, Marine Bank Chicago, Chicago, Illinois. The laws of Illinois allow acquisitions of Illinois banks only by "Midwestern bank holding companies." Marine is a Midwestern bank holding company as defined in Illinois law, and thus was entitled to acquire the Illinois bank. Banc One, however, does not qualify as a Midwestern bank holding company under the Illinois statute, and therefore is not authorized to acquire an Illinois bank. The Illinois interstate banking statute provides, however, that if a Midwestern bank holding company, such as Marine, that controlled an Illinois bank is subsequently acquired by a non-Midwestern bank holding company, the Illinois banking commissioner shall issue an order requiring the Midwestern bank holding company to divest the Illinois bank within such time and under such conditions as the commissioner finds appropriate to protect the safety and soundness of the Illinois bank.[7]

The Illinois banking commissioner has informed the Board that the Illinois statute authorizes Banc One to acquire the Illinois bank in connection with its acqui-

1. In connection with this application, Banc One has applied to acquire warrants equal to 24.9 percent of Marine's voting shares. These warrants are exercisable only upon the acquisition by any person or group of persons, of ownership of shares or of warrants or options to acquire shares, equal to 25 percent or more of Marine's outstanding common stock.

2. The Board received a letter from the Main Street Business Association, Columbus, Ohio ("MSBA"), protesting Banc One's record under the Community Reinvestment Act ("CRA"). The Board has previously received a similar protest from MSBA in connection with a prior application by Banc One. *See Banc One Corporation,* 73 FEDERAL RESERVE BULLETIN 124 (1987). In its consideration of that application, the Board found that the CRA record of Banc One's subsidiary banks was satisfactory. In addition, Banc One made specific commitments to improve its CRA record and agreed to provide regular reports to the Reserve Bank detailing its progress in fulfilling the commitments. Pursuant to its commitment, Banc One has filed regular reports regarding its CRA activities with the Federal Reserve Bank of Cleveland, and the record shows that Banc One is meeting its commitments. Based upon this review and all the reasons set forth in the Board's earlier Order, the Board has concluded that the issues raised in this protest do not warrant denial of this application.

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

4. Wis. Stat. Ann. § 221.58 (West 1987).

5. Ohio Rev. Code Ann. § 1101.05 (Page 1986). A determination of reciprocity of the Ohio and Wisconsin statutes has been signed by both the Superintendent of Banks of Ohio and the Commissioner of Banking of Wisconsin, the former on December 10, 1986 and the latter on January 22, 1987.

6. Wis. Stat. Ann. § 221.58(5) (West 1987).

7. *See* section 3.071(g) of the Illinois Interstate Banking Act, Ill. Rev. Stat. ch. 17 para. 2510.01(g)(1987).

sition of Marine, provided that Banc One divests the Illinois bank within such period as the commissioner directs. The commissioner has further informed the Board that he intends to issue such an order after Banc One acquires Marine, and Banc One has committed to comply with such an order.

Marine also operates a subsidiary bank in Minnesota, Marine Bank, Bloomington, Minnesota. Minnesota does not authorize an Ohio bank holding company to acquire a Minnesota bank. In this regard, Banc One has committed not to consummate its acquisition of Marine until such time as Marine has divested control of this subsidiary.

Based on the above commitments, the Board concludes that approval of Banc One's proposal to acquire Marine is not barred by the Douglas Amendment.

Banc One operates 38 banking subsidiaries located in Ohio, Indiana, Kentucky and Michigan. Banc One is the second largest commercial banking organization in Ohio, controlling deposits of $9.0 billion, representing 13.0 percent of the total deposits in commercial banks in Ohio.[8] Marine is the third largest banking organization in Wisconsin, controlling 21 banking subsidiaries with deposits of $3.4 billion, representing 9.8 percent of the total deposits in commercial banks in Wisconsin. Because Banc One does not compete in Wisconsin or Illinois and will not acquire Marine's subsidiary in Minnesota, consummation of this proposal would have no significant adverse effect upon the concentration of commercial banking resources in these states.

Banc One and Marine do not compete directly in any banking market. Accordingly, consummation of this proposal would not result in any adverse effect upon existing competition in any relevant banking market. In light of the existence of numerous potential entrants into the relevant banking markets, the Board has concluded that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant market.

The financial and managerial resources of Banc One and Marine are satisfactory. The Board notes that this proposal will be effected through an exchange of stock and will not result in any additional debt being incurred by the combined organization. Considerations relating to the convenience and needs of the communities to be served by Banc One's and Marine's subsidiary banks also are consistent with approval.

With respect to nonbanking subsidiaries, Marine and Banc One compete in certain areas in leasing, data processing, and trust activities. Consummation of the proposal, however, would have a *de minimis* effect on existing competition in each of these markets. Accordingly, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire the nonbanking subsidiaries of Marine.

The Board also has considered the notice of Banc One's proposed acquisition of Marine Financial Services Corporation under section 4(c)(14) of the Act. Based on the facts of record, the Board has determined that disapproval of the proposed acquisition is not warranted.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved, subject to Banc One's commitments and divestiture proposals. This approval is also subject to the condition that Banc One obtain all required state approvals and comply with any required divestitures under state law. The acquisition of Marine 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 Cleveland, acting pursuant to delegated authority. The determinations as to Banc One's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

8. Banking deposit data are as of June 30, 1987.

APPENDIX A

Subsidiary Banks of Marine

Marine Bank, N.A., Milwaukee, Wisconsin; Marine Bank West, Delafield, Wisconsin; Peoples Marine Bank of Green Bay, Green Bay, Wisconsin; Marine Bank South, N.A., Mt. Pleasant, Wisconsin; Marine Bank Appleton, N.A., Appleton, Wisconsin; Marine Bank Dane County, Madison, Wisconsin; Marine First National Bank, Janesville, Wisconsin; Citizens Marine National Bank, Stevens Point, Wisconsin; Marine Bank Southwest, N.A., Elkhorn, Wisconsin; Marine Bank Monroe, Monroe, Wisconsin; West Bend Marine Bank, West Bend, Wisconsin; Marine Bank Oshkosh, N.A., Oshkosh, Wisconsin; Marine Bank of Beaver Dam, Beaver Dam, Wisconsin; Marine National Bank of Neenah, Neenah, Wisconsin; Fidelity Marine Bank, Antigo, Wisconsin; Marine Bank Seymour, N.A., Seymour, Wisconsin; Marine Bank Campbellsport, Campbellsport, Wisconsin; Firstar Bank Clintonville, N.A., Clintonville, Wisconsin; Marine Bank Larsen, Larsen, Wisconsin; Marine Bank Freedom, Town of Freedom, Wisconsin; Marine Bank Mequon, Mequon, Wisconsin; Marine Bank Chicago, Chicago, Illinois; and Marine Bank, Bloomington, Minnesota.

FFB, Inc.
Newark, New Jersey
Philadelphia, Pennsylvania

Order Approving Acquisition of Bank Holding Companies

FFB, Inc., Newark, New Jersey and Philadelphia, Pennsylvania ("FFB"), has applied for the Board's approval pursuant to section 3 of the Bank Holding Company Act (12 U.S.C. § 1842(a) ("Act")), to become a bank holding company and to acquire First Fidelity Bancorporation, Newark, New Jersey ("First Fidelity"), and Fidelcor, Inc., Philadelphia, Pennsylvania ("Fidelcor"), thereby acquiring indirectly the banking subsidiaries of both First Fidelity and Fidelcor listed in Appendix A to this Order.[1] FFB also has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire the various nonbanking subsidiaries of both First Fidelity and Fidelcor, listed in Appendix B to this Order. FFB also has provided notice to the Board under section 4(c)(14) of the Act of its intention to invest in First Fidelity Tradexport Corporation, Newark, New Jersey, an export trading company. Finally, FFB has provided notice to the Board under 12 C.F.R. § 211.4(b)(3) of its intention to indirectly acquire control of the Edge Act Corporation subsidiaries of Fidelcor.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been duly published (52 *Federal Register* 43,672 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

FFB is a nonoperating company which seeks to acquire First Fidelity and Fidelcor. First Fidelity, with approximately $11.32 billion in domestic deposits, is the largest commmercial banking organization in New Jersey, controlling approximately 18.7 percent of total deposits in commercial banking organizations in the state.[2] First Fidelity ranks 35th among commercial banking organizations in the United States. Fidelcor is the fourth largest commercial banking organization in Pennsylvania, with domestic deposits of $8.83 billion, controlling approximately 7.4 percent of the total deposits in commercial banking organizations in Pennsylvania. Fidelcor ranks 45th among commercial banking organizations in the United States. Upon consummation of this proposal, FFB would become the 18th largest commercial banking organization in the United States, controlling approximately one percent of total domestic deposits.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving any application by a bank holding company to acquire control of any bank located outside of the holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which the bank is located, by language to that effect and not merely by implication." The Board previously has determined that Pennsylvania law permits an eligible New Jersey bank holding company, subject to state approval, to acquire a bank or bank holding company located in Pennsylvania.[3] Based on the foregoing and its own review of the record, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Pennsyl-

1. First Fidelity and Fidelcor will be acquired through respective mergers with two newly-formed subsidiaries of FFB, FFB Bancorporation and FFB Fidelcor, Inc. Upon consummation of this proposal, FFB Inc. (Applicant) will be renamed First Fidelity Bancorporation. The bank holding company which is presently named First Fidelity Bancorporation will change its name to First Fidelity Incorporated which, along with Fidelcor, will be a second tier bank holding company of the new bank holding company, First Fidelity Bancorporation.

2. All state deposit data are as of June 30, 1987.

3. *Midlantic Corporation*, 73 FEDERAL RESERVE BULLETIN 63 (1987); 1986 Pa. Laws No. 69 (effective August 24, 1986).

vania, and thus Board approval is not prohibited by the Douglas Amendment.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. First Fidelity and Fidelcor both control banking organizations which compete in the Philadelphia/Trenton banking market.[4] Fidelcor is the second largest commercial banking organization in the market, with 15.1 percent of total deposits in commercial banking organizations. First Fidelity is the eighth largest commercial banking organization in the market, with 3.4 percent of total deposits in commercial banking organizations. Upon consummation of this proposal, FFB would become the largest commercial banking organization in the market, controlling 18.5 percent of total deposits in commercial banks.

The Philadelphia/Trenton banking market is considered unconcentrated. The Herfindahl–Hirschman Index for the market is 985 which would increase by 102 points at consummation to 1087. Although this acquisition would eliminate some existing competition between First Fidelity and Fidelcor in that market, the Board concludes that consummation of the proposal would not have a substantial adverse effect on existing competition in any relevant banking market.

The Board also has considered the effects of FFB's proposal on probable future competition in the markets in which First Fidelity and Fidelcor, but not both, compete. In light of the number of probable future entrants into each of these markets, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant banking market.

In evaluating managerial resources with respect to this proposal, the Board has carefully considered certain violations by First Fidelity and Fidelcor of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[5] The Board notes that First Fidelity and Fidelcor have established comprehensive policies and procedures to ensure future compliance with CFTRA. Examiners from the primary regulators of the various bank subsidiaries of First Fidelity and Fidelcor have reviewed the sufficiency of these compliance procedures and their efficacy in correcting the deficiencies. The Board also has consulted with appropriate enforcement agencies, and has considered the past records of compliance with the law of First Fidelity and Fidelcor. Based upon the foregoing and other facts of record, the Board has concluded that the managerial resources of Applicant, First Fidelity, Fidelcor, and their subsidiary banks, are consistent with approval.

Financial factors and convenience and needs considerations are also consistent with approval of the applications.

As indicated above, FFB also has applied, pursuant to section 4(c)(8), to acquire the nonbanking subsidiaries of First Fidelity and Fidelcor. First Fidelity and Fidelcor operate nonbanking subsidiaries that compete in the activities of residential and commercial mortgage banking, commercial finance and factoring, retail discount brokerage services, leasing and equipment leasing. The markets for these activities possess numerous competitors and are regional or national in scope. Accordingly, the Board concludes that this proposal will not have any significant adverse effect upon competition in any relevant market.

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 public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire the nonbanking subsidiaries of First Fidelity and Fidelcor.

The Board also has considered the notice of FFB's proposed acquisition of First Fidelity Tradexport Corporation under section 4(c)(14) of the Act and the acquisition of control of Fidelity International Bank and Fidelity Overseas Investment, Inc. under the Edge Act. Based on the facts of record, the Board has determined that disapproval of the proposed investments is not warranted.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved, subject to the express determination of the Pennsylvania Deputy Secretary of Banking that the applications comply with all of the requirements of Pennsylvania law. The acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Philadelphia, acting pursuant to delegated authority. The determinations as to FFB's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds

4. The Philadelphia/Trenton banking market consists of Philadelphia, Bucks, Montgomery, Chester and Delaware Counties in Pennsylvania, and Burlington, Camden, Gloucester and Mercer Counties in New Jersey. All market data are as of June 30, 1986.

5. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

JAMES MCAFEE
Associate Secretary of the Board

APPENDIX A

Bank Subsidiaries to be Acquired

First Fidelity Bancorporation: First Fidelity Bank, N.A., New Jersey, Newark, New Jersey; First Fidelity Bank, N.A., North Jersey, Totowa, New Jersey; First Fidelity Bank, N.A., South Jersey, Burlington, New Jersey; Morris Savings Bank, Morristown, New Jersey; and First Fidelity Bank, Princeton, South Brunswick, New Jersey.

Fidelcor, Inc.: Fidelity Bank, N.A., Malvern, Pennsylvania; Fidelity Bank, Delaware, New Castle, Delaware; Merchants Bancorp, Inc., Allentown, Pennsylvania; Merchants Bank, N.A., Allentown, Pennsylvania; Number One State Bank, Wilkes-Barre, Pennsylvania; and Merchants Bank, North, Wilkes-Barre, Pennsylvania.

APPENDIX B

Nonbanking Subsidiaries to be Acquired

First Fidelity Bancorporation: First Fidelity Capital Corporation, Newark, New Jersey, and thereby engage in commercial and consumer lending pursuant to section 225.25(b)(1) and leasing pursuant to section 225.25(b)(5) of the Board's Regulation Y; First Fidelity Service Corporation, Newark, New Jersey, and thereby engage in sales financing pursuant to section 225.25(b)(1) of the Board's Regulation Y; First Fidelity Community Development Corporation, Atlantic City, New Jersey, and thereby engage in community development activities pursuant to section 225.25(b)(6) of the Board's Regulation Y; First Fidelity Brokers, Inc., Newark, New Jersey, and thereby engage in discount securities brokerage activities pursuant to section 225.25(b)(15) of the Board's Regulation Y; First Fidelity Trust, N.A., Florida, Boca Raton, Florida, and thereby engage in trust company functions pursuant to section 225.25(b)(3) of the Board's Regulation Y; and First Fidelity Trust Company, New York, New York, New York, and thereby engage in trust company functions pursuant to section 225.25(b)(3) of the Board's Regulation Y.

Fidelcor, Inc.: Fidelcor Business Credit Corporation, New York, New York, and thereby engage in factoring and originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y, and data processing pursuant to section 225.25(b)(7) of the Board's Regulation Y; Fidelcor Business Credit Corporation of California, Inc., Los Angeles, California and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y, and data processing pursuant to section 225.25(b)(7) of the Board's Regulation Y; Latimer & Buck, Inc., Philadelphia, Pennsylvania, and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y, act as investment advisor pursuant to section 225.25(b)(4)(iii) of the Board's Regulation Y, and appraise real estate pursuant to section 225.25(b)(13) of the Board's Regulation Y; Florida Commercial Mortgage Corp., Orlando, Florida, and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y, and act as investment advisor pursuant to section 225.25(b)(4) of the Board's Regulation Y; Corporate Programs, Inc., Philadelphia, Pennsylvania, and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y, and act as investment advisor pursuant to section 225.25(b)(4) of the Board's Regulation Y; Fidelcor Mortgage Corporation, Franklin, Georgia, and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y and engage in the sale of credit-related life, accident and health insurance pursuant to section 225.25(b)(8) of the Board's Regulation Y; Fidelcor Mortgage Corporation of Georgia, Inc., Franklin, Georgia, and thereby engage in originating and servicing extensions of credit pursuant to section 225.25(b)(1) of the Board's Regulation Y and engage in the sale of credit-related life, accident and health insurance pursuant to section 225.25(b)(8) of the Board's Regulation Y; Fidelity Credit Corporation, Philadelphia, Pennsylvania and thereby engage in servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y; FCC-PR, Inc., Puerto Rico, and thereby engage in servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y; Fidelcor Brokerage Services, Inc., Philadelphia, Pennsylvania, and thereby engage in discount securities brokerage activities pursuant to section 225.25(b)(15) of the Board's Regulation Y; Fidelcor Trading, Inc., Philadelphia, Pennsylvania, and thereby engage in executing and clearing options in foreign currency pursuant to section 225.25(b)(18) of the Board's Regulation Y; Merchants Life, Allentown, Pennsylvania, and thereby engage in the reinsurance of credit life, disability and health insurance written by an outside carrier in connection with extensions of credit by Merchants Bancorp, Inc., pursuant to section 225.25(b)(8) of the Board's Regulation Y; and Fidelcor Life Insurance Company, Phoenix, Arizona, and thereby engage in the reinsurance of credit life, disability and health insurance written by an outside insurance carrier in connection with extensions of credit by Fidelity Bank, N.A. and its affiliates, pursuant to section 225.25(b)(8) of the Board's Regulation Y.

Marshall & Ilsley Corporation Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company

Marshall & Ilsley Corporation, Milwaukee, Wisconsin ("M&I"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 3 of the Act to acquire 100 percent of the voting shares of Central Wisconsin Bankshares, Inc., Wausau, Wisconsin ("Central"), and thereby indirectly to acquire Central's bank holding company subsidiary, CWB Holdings Onalaska, Inc., Wausau, Wisconsin, and its 14 bank subsidiaries.[1] M&I has also applied under section 4(c)(8) of the Act to acquire indirectly Wisconsin Valley Trust Company, Wausau, which engages in trust company activities; and First American Investment, Inc., Wausau, which engages in discount brokerage services. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.25(b)(3) and (15).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been duly published (52 *Federal Register* 31,815 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

M&I is the second largest commercial banking organization in Wisconsin[2] and controls aggregate deposits of approximately $3.9 billion, representing 12.3 percent of total deposits in commercial banking organizations in the state.[3] Central is the eighth largest commercial banking organization in Wisconsin, controlling deposits of approximately $631.6 million, representing 2.0 percent of total deposits in commercial banking organizations in the state.[4] Upon consummation of the proposal and the planned divestiture, M&I would remain the second largest commercial banking organization in Wisconsin, controlling deposits of approximately $4.5 billion, representing 14.3 percent of total deposits in commercial banking organizations in the state. Accordingly, consummation of this proposal would not have any significant adverse effect on the concentration of banking resources in the state.

M&I's subsidiary banks compete directly with Central's subsidiary banks in five banking markets: the Stevens Point, Wausau, Neillsville, Rhinelander and Wood banking markets.

In the Stevens Point banking market,[5] M&I is the largest of 12 commercial banking organizations, controlling deposits of $143.0 million, representing 37.6 percent of the total deposits in commercial banking organizations in the market. Central is the third largest commercial banking organization in the banking market, controlling deposits of $25.2 million, representing 6.6 percent of the total deposits in commercial banking organizations in the market. The Stevens Point banking market is concentrated, with the market share of the four largest commercial banking organizations increasing from 74.6 percent to 79.6 percent. Upon consummation of this proposal, M&I would control deposits of $168.2 million, representing 44.2 percent of the total deposits in commercial banks in the market, and the Herfindahl–Hirschman Index ("HHI") would increase by 496 points to 2698.[6]

1. Central's bank subsidiaries are: Bank of Onalaska, Onalaska; Bank of Plover, Plover; Central National Bank of Wausau, Wausau; Community First Bank, New Lisbon; Community State Bank, Eau Claire; Eagle River State Bank, Eagle River; First American National Bank, Wausau; First National Bank of Neillsville, Neillsville; Mosinee Commercial Bank, Mosinee; Northern National Bank, Rhinelander; Tri-County State Bank of Marshfield, Marshfield; Union National Bank of Ashland, Ashland; and Valley View Bank, LaCrosse, all in Wisconsin. Included as one of Central's bank subsidiaries is the Peoples Bank of Antigo, Antigo, Wisconsin. Central has received approval to acquire this bank, but has not yet consummated the acquisition.

2. M&I has 29 bank subsidiaries in Wisconsin and one in Arizona.

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

4. Data include the Peoples Bank of Antigo.

5. The Stevens Point banking market is approximated by Portage County, Iola and Scandinavia townships in Waupaca County, and Plainfield and Hancock townships in Waushara County, all in Wisconsin.

6. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that

In order to mitigate the adverse competitive effects that would otherwise result from consummation of this proposal, M&I has committed to divest one of its banking subsidiaries, M&I Bank of Park Ridge, on or before consummation of the proposed acquisition to a group of individuals who are not affiliated with any other depository institution in the market.[7] After the proposed divestiture, and upon consummation of this proposal, M&I would remain the largest banking organization in the market, controlling 39.5 percent of the total market deposits. The four-firm concentration ratio would be 76.5 percent and the HHI would be 2370.

Although consummation of this proposal would eliminate some existing competition in the Stevens Point banking market, numerous other commercial banks would continue to operate in the market after consummation of this proposal. Moreover, the number of competitors in the market will remain unchanged. In addition, the Board has considered the presence of thrift institutions in the banking market in its analysis of this proposal.[8] Based upon the number, size and market share of thrift institutions in the market, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Stevens Point banking market.[9]

increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities. The Department has informed the Board that, in light of the proposed divestiture, the acquisition will not have a significantly adverse effect upon competition in the Stevens Point market.

7. The Board's Policy with regard to divestitures intended to remedy the anticompetitive effects resulting from a merger or acquisition proposal requires that divestitures must occur on or before consummation. *Barnett Banks of Florida, Inc.*, 68 FEDERAL RESERVE BULLETIN 190 (1982); *InterFirst Corporation*, 68 FEDERAL RESERVE BULLETIN 243 (1982).

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

9. If 50 percent of deposits held by thrift institutions in the Stevens Point banking market were included in the calculation of market concentration, after the divestiture, the share of total deposits held by the four largest organizations in the market would be 69.9 percent. M&I would control 28.5 percent of the market's deposits and Central would control 5.7 percent of the market's deposits. The HHI would increase by 92 points to 1849.

In the Wausau banking market,[10] M&I is the fifth largest of 14 commercial banking organizations, controlling deposits of $50.9 million, representing 7.3 percent of the total deposits in commercial banking organizations in the market. Central is the largest commercial banking organization in the banking market, controlling deposits of $229.9 million, representing 33.1 percent of the total deposits in commercial banking organizations in the market. The Wausau banking market is moderately concentrated, with the four largest commercial banking organizations controlling 58.9 percent of the deposits in commercial banks in the market. Upon consummation of this proposal, M&I would become the largest commercial banking organization in the market, controlling deposits of $280.8 million, representing 40.4 percent of the total deposits in the market. The four-firm concentration would increase by 7.7 percentage points to 66.6 percent, and the HHI would increase by 483 points to 2005.

Although consummation of this proposal would eliminate some existing competition in the Wausau banking market, numerous other commercial banks would continue to operate in the market after consummation of this proposal. In addition, the market would remain unconcentrated. Moreover, the Board has considered the presence of thrift institutions in the market. Based upon the number, size and market share of thrift institutions in the market, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Wausau banking market.[11]

The Neillsville, Rhinelander and Wood banking markets[12] are moderately concentrated and would remain moderately concentrated upon consummation of this proposal. In view of the market shares of the resulting organization and the small increase in concentration, consummation of this proposal would not have a substantial adverse effect upon competition in

10. The Wausau banking market is approximated by the southern three-fifths of Lincoln County and Marathon County, excluding Holton, Hull, Brighton, Spencer, McMillan and Day townships, all in Wisconsin.

11. If 50 percent of deposits held by thrift institutions in the Wausau banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 56.9 percent. M&I would control 6.3 percent of the market's deposits and Central would control 28.4 percent of the market's deposits. The HHI would increase by 358 points to 1543.

12. The Neillsville banking market is approximated by Clark County and Holton, Hull and Brighton townships in Marathon County, all in Wisconsin. The Rhinelander banking market is approximated by Vilas and Oneida Counties, Forest County excluding Alvin and Popple River townships, and the northern two-fifths of Lincoln County, all in Wisconsin. The Wood banking market is approximated by Wood County and Spencer, McMillan and Day townships in Northern County, all in Wisconsin.

the Neillsville, Rhinelander and Wood banking markets.[13]

On the basis of the foregoing and other facts of record, the Board concludes that consummation of the proposal would not have a substantial adverse effect on existing competition in the Stevens Point, Wausau, Neillsville, Rhinelander and Wood banking markets.

The Board has considered the effects of this proposal on probable future competition in the markets in which only one of the two holding companies competes. In view of the number of probable future entrants into the market, the Board concludes that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant banking market.

The financial and managerial resources of M&I, Central and their subsidiary banks are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

M&I has also applied, pursuant to section 4(c)(8) of the Act, to acquire Central's nonbanking subsidiaries and thereby engage in trust company activities and discount brokerage services. M&I operates a nonbanking subsidiary that competes with Central in trust company activities. Central's trust company activities are insignificant[14] in the market where M&I's trust company activities are concentrated, and M&I's trust company activities are relatively insignificant in the markets where Central's trust company activities are concentrated. In addition, there are numerous existing and potential competitors in the relevant markets for trust company activities. Furthermore, M&I does not engage in discount brokerage activities. Accordingly, the Board concludes that this proposal will not have any significant adverse effect upon competition in the proposal's nonbanking activities in any relevant market.

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 public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire Central's nonbanking subsidiaries and activities.

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

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

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

Shawmut National Corporation
Boston, Massachusetts

Order Approving Formation of a Bank Holding Company

Shawmut National Corporation, Boston, Massachusetts ("Shawmut"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring the successor by merger to Hartford National Corporation, Hartford Connecticut ("HNC"), as well as the successor by merger to Shawmut Corporation, Boston, Massachusetts ("SC"), and thereby indirectly to acquire HNC's ten subsidiary banks[1] in Connecticut,

13. In the Neillsville banking market, upon consummation, the HHI would increase by 22 points to 1173 and the resulting organization's market share would be 12.2 percent. In the Rhinelander market, upon consummation, the HHI would increase by 339 points to 1423 and the resulting organization's market share would be 26.1 percent. In the Wood banking market, upon consummation, the HHI would increase by 150 points to 1434 and the resulting organization's market share would be 18.9 percent.

14. Central derives 0.4 percent of its trust company activity from the market where M&I's trust company activities are concentrated. M&I derives 1.8 percent of its trust company activity from the markets where Central's trust company activities are concentrated.

1. The subsidiary banks of HNC are: The Connecticut National Bank, Hartford, Connecticut; Seymour Trust Company, Seymour, Connecticut; Chester Bank, Chester, Connecticut; State Savings Bank, Southington, Connecticut; Arlington Trust Company, Law-

Massachusetts and Rhode Island, as well as SC's nine subsidiary banks[2] in Connecticut and Massachusetts.

Shawmut has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire the nonbanking subsidiaries of HNC and SC listed in Appendix A to this Order.[3]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 46,532 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Section 3(d) of the Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside of the bank holding company's home state, unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[4] Shawmut's home state is Massachusetts. The Board has previously determined that the interstate banking statutes of Connecticut and Rhode Island expressly authorize a Massachusetts bank holding company, such as Shawmut, to acquire banking organizations in those states. Accordingly, approval of Shawmut's proposal to acquire HNC and SC is not barred by the Douglas Amendment.[5]

HNC, which controls subsidiary banks in Connecticut, Massachusetts and Rhode Island, is the second largest commercial banking organization in Connecticut, controlling deposits of $6.1 billion, representing 24.8 percent of the total deposits in commercial banks in that state.[6] HNC is the sixth largest commercial banking organization in Massachusetts, controlling deposits of $2.4 billion, representing 3.9 percent of the total deposits in commercial banks in that state, and the fourth largest commercial banking organization in Rhode Island, controlling deposits of $501 million, representing 6.0 percent of the total deposits in commercial banks in that state. SC is the seventh largest commercial banking organization in Connecticut, controlling deposits of $621 million, representing 2.5 percent of the total deposits in commercial banks in Connecticut. SC also is the third largest commercial banking organization in Massachusetts, controlling deposits of $8.2 billion, representing 13.9 percent of the total deposits in commercial banks in that state.

Upon consummation of the proposed acquisition, Shawmut would be the largest commercial banking organization in Connecticut, controlling $6.7 billion in deposits, representing an approximate 27.3 percent share of deposits in banks in that state. Also, Shawmut would become the third largest commercial banking organization in Massachusetts, controlling $10.6 billion in deposits, representing approximately 18.0 percent of the deposits in banks in that state, and the fourth largest commercial banking organization in Rhode Island. In the Board's view, consummation of this proposal would have no significant adverse effect upon the concentration of commercial banking resources in Connecticut, Massachusetts, or Rhode Island.

HNC and SC compete directly in the Boston and New Bedford banking markets in Massachusetts; the Hartford, New Haven, New London, and Waterbury banking markets in Connecticut; and the Metropolitan New York-New Jersey banking market.

In the New Bedford banking market,[7] HNC is the fifth largest commercial banking organization, controlling $47.9 million in deposits, which represents 8.3 percent of the total deposits in banks in that market. SC is the largest commercial banking organization, controlling $211 million in deposits, which represents 36.5 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Shawmut would become the largest commercial banking organization in the market, controlling 44.8 percent of the deposits in commercial banks in the market. The market share of the four largest commercial banking organizations would increase from 85.6 percent to 93.9 percent and the Herfindahl–Hirschman Index ("HHI") would increase by 606 points to 2859.[8]

rence, Massachusetts; The Provident Institution for Savings in the Town of Boston, Boston, Massachusetts; First Bristol County National Bank, Attleboro Falls, Massachusetts; Framingham Trust Company, Framingham, Massachusetts; First Bank, Chelmsford, Massachusetts; and People's Bank, N.A., Johnston, Rhode Island.

2. The subsidiary banks of SC are: Shawmut Bank, N.A., Boston, Massachusetts; Shawmut Bank of Cape Cod, N.A., Orleans, Massachusetts; Shawmut Bank of Franklin County, Greenfield, Massachusetts; Shawmut Bank of Hampshire County, N.A., Amherst, Massachusetts; Shawmut Bank of Southeastern Massachusetts, N.A., New Bedford, Massachusetts; Shawmut First Bank and Trust Company, Springfield, Massachusetts; Shawmut Worcester County Bank, N.A., Worcester, Massachusetts; Shawmut Home Bank, Meriden, Connecticut; and Shawmut Fidelity Bank, Stamford, Connecticut.

3. In connection with this application, HNC and SC have each requested approval to exercise options for 24.9 percent of the other's voting shares.

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

5. *Bank of New England Corporation,* 70 Federal Reserve Bulletin 374 (1984); *Bank of Boston Corporation,* 70 Federal Reserve Bulletin 737 (1984).

6. State banking data are as of June 30, 1987.

7. The New Bedford banking market includes: the New Bedford RMA, plus the town of Wareham and that portion of Freetown not already included in the RMA.

8. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In

In the Hartford banking market,[9] HNC is the largest commercial banking organization, controlling $3.3 billion in deposits, which represents 37.8 percent of the total deposits in banks in that market. SC is the tenth largest commercial banking organization, controlling $83.3 million in deposits, which represents 1.0 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Shawmut would be the largest commercial banking organization in the market, controlling 38.8 percent of the deposits in commercial banks in the market. The HHI would increase by 73 points to 2966.

In the New Haven banking market,[10] HNC is the largest commercial banking organization, controlling $688 million in deposits, which represents 23.6 percent of the total commercial bank deposits in that market. SC is the fifth largest commercial banking organization, controlling $220 million in deposits, which represents 7.5 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Shawmut would become the largest commercial banking organization in the market, controlling 31.1 percent of the deposits in commercial banks. The HHI would increase by 355 points to 1896.

In the New London banking market,[11] HNC is the largest commercial banking organization, controlling $361 million in deposits, which represents 33.6 percent of the total deposits in that area. SC is the ninth largest commercial banking organization, controlling $13 million in deposits, which represents 1.2 percent of total deposits in commercial banks in the market. Following consummation of this proposal, Shawmut would be the largest commercial banking organization, controlling 34.9 percent of the deposits in commercial banks in the market. The HHI would increase by 83 points to 2302.

such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other nondepository financial entities.

9. The Hartford banking market includes: the Hartford RMA minus the Tolland County township of Mansfield and the Windham County township of Windham, plus the Windham County township of Ashford, the Hartford County township of Hartland and the Tolland County township of Union, and the remaining portions of Plymouth and East Haddam not already included in the RMA.

10. The New Haven banking market includes the New Haven RMA.

11. The New London banking market includes: the New London RMA plus the Windham County townships of Canterbury, Plainfield and Sterling; the New London County townships of Lyme and Voluntown and that portion of Hopkington, Rhode Island, not already included in the RMA.

Although consummation of this proposal would eliminate existing competition between HNC and SC in the New Bedford, Hartford, New Haven, and New London banking markets, numerous other commercial banking organizations would continue to operate in each market. In addition, the Board has considered the presence of thrift institutions in these banking markets in its analysis of this proposal. These institutions account for over 50 percent of the total deposits in each of the markets. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[12] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans, and many are engaged in the business of making commercial loans and accepting demand deposits. Based upon the number, size, market shares and commercial lending activities of thrift institutions in the New Bedford, Hartford, New Haven, and New London markets, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in these markets.[13]

In the Boston banking market,[14] HNC is the sixth largest commercial banking organization, controlling $1.5 billion in deposits, which represents 4.2 percent of the total deposits in that area. SC is the fourth largest commercial banking organization, controlling $4.35 billion in deposits, which represents 12.0 percent of total deposits in commercial banks in the market. Following consummation of this proposal, Shawmut would be the third largest commercial banking organi-

12. *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984); *The Chase Manhattan Corporation*, 70 Federal Reserve Bulletin 529 (1984); *NCNB Bancorporation*, 70 Federal Reserve Bulletin 225 (1984); *General Bancshares Corporation*, 69 Federal Reserve Bulletin 802 (1983); *First Tennessee Corporation*, 69 Federal Reserve Bulletin 298 (1983).

13. The following data indicate the market share and the change in the HHI if 50 percent of the deposits controlled by thrift institutions in these markets were included in the calculation of market concentration:

In the New Bedford market, HNC would control 4.0 percent of the market's deposits and SC would control 17.7 percent of the market's deposits. The HHI would increase by 143 points to 1468.

In the Hartford banking market, HNC would control 26.0 percent of the market's deposits and SC would control 0.6 percent of the market's deposits. The HHI would increase by 33 points to 1448.

In the New Haven banking market, HNC would control 13.7 percent of the market's deposits, and SC would control 4.4 percent of the market's deposits. The HHI would increase by 120 points to 916.

In the New London banking market, HNC would control 19.0 percent of the market's deposits, and SC would control 0.7 percent of the market's deposits. The HHI would increase by 26 points to 2302.

14. The Boston banking market includes: the Boston RMA minus the New Hampshire towns of Brentwood, Chester, and Derry, plus the Massachusetts towns of Ayer, Berlin, Groton, Harvard, Pepperell and Shirley, and those portions of Bellingham, Carver, Lakeville, Middleboro and Plymouth not already included in the RMA.

zation in the market, controlling 16.2 percent of the deposits in commercial banks in the market. The HHI would increase by 100 points to 1470.

In the Waterbury banking market,[15] HNC is the third largest commercial banking organization, controlling $154 million in deposits, which represents 13.6 percent of the total deposits in that market. SC is the seventh largest commercial banking organization in the market, controlling $10 million in deposits, which represents 0.9 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Shawmut would be the third largest commercial banking organization, controlling 14.5 percent of the deposits in commercial banks in the market. The HHI would increase by only 25 points to 3432.

Finally, in the Metropolitan New York-New Jersey banking market,[16] HNC and SC are two of the smaller competitors in the market and will control less than 1 percent of the total deposits in the market following consummation of this proposal.

On the basis of the above and other facts of record, the Board finds that consummation of Shawmut's proposal would not have a significant adverse effect on existing competition in any relevant market. The Board also has considered the effects of Shawmut's proposal on probable future competition in markets in which HNC and SC do not both compete. In light of the market concentration and the number of probable future entrants into the markets, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

The Board previously has indicated that a bank holding company should serve as a source of financial strength to its subsidiary banks. The Board notes that Shawmut's capital on a *pro forma* basis is well above the minimum levels in the Board's Capital Adequacy Guidelines, and that the proposed acquisition involves an exchange of shares with no assumption of additional debt. Accordingly, the Board believes the financial resources of Shawmut and its subsidiaries are consistent with approval of this proposal.

The Board also has considered Shawmut's and its subsidiaries' managerial resources, particularly with regard to previous violations by HNC of the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 5311 *et seq.*) ("CFTRA"). In connection with earlier proposals by HNC, the Board reviewed HNC's CFTRA violations that occurred in 1984 by a branch of HNC's lead bank, Connecticut National Bank ("CNB").[17] Subsequent examinations, however, have shown that improved compliance procedures have been put in place at HNC's subsidiary banks. Based upon HNC's overall record, including its commitments to improve its CFTRA procedures, the Board concluded that the overall managerial considerations were favorable. The Board noted that the violations at the branch occurred shortly after HNC had acquired the bank, but before HNC's own CFTRA reporting procedures could be put in place at the bank. The Board had also considered HNC's past record of compliance with the law in its determination.

After consummation of the proposals discussed above, the Office of the Comptroller of the Currency ("OCC") discovered additional CFTRA violations at a recently acquired subsidiary of HNC. HNC has assured the Board that it has implemented extensive CFTRA compliance procedures at all subsidiary banks, particularly at the recently acquired bank, sufficient to resolve these reporting violations. The OCC has conducted an examination of CFTRA compliance at HNC's subsidiary banks, including the bank with the CFTRA violations, and has found that HNC's overall compliance with CFTRA is satisfactory. In addition, the Board has consulted with the Department of the Treasury regarding these violations, and the Department has informed the Board that it does not plan to take any civil or criminal enforcement action with regard to these additional violations. On the basis of these factors, and all other facts of record, the Board concludes that the managerial resources of HNC as well as Shawmut and its other proposed subsidiaries are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board concludes that HNC's and SC's records under the Community Reinvestment Act ("CRA") are consistent with approval, especially in light of HNC's commitment to file regular reports with the Reserve Bank regarding the CRA activities of one of its subsidiary banks and its commitment to strengthen its record with regard to that bank through an advertising program and certain other measures.

Shawmut has also applied, pursuant to section 4(c)(8) of the Act, to acquire the nonbanking subsidiaries of HNC and SC. HNC operates subsidiaries that originate and service residential real estate mortgages and that directly compete with subsidiaries of SC. Consummation of the proposal, however, would have

15. The Waterbury banking market includes: the Waterbury RMA minus the Litchfield County township of Plymouth and the New Haven County townships of Beacon Falls and Southbury.

16. The Stamford-Norwalk area is part of Metropolitan New York-New Jersey market and includes: the city of Stamford, plus the Fairfield County townships of Darien, Greenwich, New Canaan, Norwalk, Redding, Ridgefield, Weston, Westport and Wilton.

17. *See e.g., Hartford National Corporation,* 73 Federal Reserve Bulletin 752 (1987); *Hartford National Corporation,* 73 Federal Reserve Bulletin 720 (1987).

a *de minimis* effect on existing competition in each of these markets, and there are numerous competitors for these services. Accordingly, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant geographic or product market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire the nonbanking subsidiaries of HNC and SC.

Shawmut has requested the Board's authorization to retain the insurance agency activities of SC's wholly owned subsidiary, Shawmut Insurance Agency, Inc., which currently engages in the sale of property, casualty, credit life and credit accident and health insurance, and mortgage redemption insurance pursuant to exemption D of the Garn–St Germain Depository Institutions Act of 1982 (the "Garn Act").[18] Exemption D of the Garn Act permits a bank holding company to engage in "any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982."

On April 2, 1982, SC obtained approval to acquire Shawmut Insurance Agency, Inc., which was engaged in the aforementioned activities on the grandfathered date. Accordingly, Shawmut Insurance Agency, Inc., is entitled to continue to sell insurance under exemption D.

The Board has previously determined in *Sovran Financial Corporation,* 73 FEDERAL RESERVE BULLETIN 672 (1987), that an insurance agency which is entitled to continue to sell insurance under exemption D does not lose its grandfathered rights if the agency is acquired by another bank holding company, provided the agency maintains its separate corporate structure and its insurance activities are not extended to other subsidiaries within the acquiror's banking organization. Shawmut has committed that Shawmut Insurance Agency, Inc. will remain a separate subsidiary of Shawmut, and its insurance activities will not be conducted by any of SC's other subsidiaries. Accordingly, the Board has determined to permit Shawmut Insurance Agency, Inc., to continue to engage in insurance activities following its acquisition by Shawmut.

18. 12 U.S.C. § 1843(c)(8)(D). Such activities may be conducted in the grandfathered company's home state, states adjacent thereto, or any state where the company was authorized to operate an insurance business before the grandfather date.

Shawmut has also applied to acquire HNC's subsidiary Hartford Trust Company, New York, New York ("Company"), a company engaged in trust activities pursuant to section 225.25(b)(3) of Regulation Y. Company does not accept demand deposits or make commercial loans. Because the deposits of Company are insured by the Federal Deposit Insurance Corporation ("FDIC"), however, Company became a "bank" pursuant to the enactment of the Competitive Equality Banking Act of 1987, Pub. L. No. 100–86, 101 Stat. 553 (1987). Because Company is now a "bank" under the Act, its acquisition by Shawmut would be subject to the interstate restrictions found in the Douglas Amendment. New York law does not permit a Massachusetts bank holding company, such as Shawmut, to acquire a bank in New York. Thus, the Douglas Amendment would bar Board approval of Shawmut's acquisition of Company. To address this problem, HNC has committed to discontinue the FDIC insurance for the deposits of Company, effective upon consummation of this proposal. After Company terminates its insurance, Company will no longer be a "bank" under the Act, and Shawmut may acquire Company as a trust company pursuant to section 225.25(b)(3) of the Board's Regulation Y, as Shawmut has applied to do.

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

By order of the Board of Governors, effective January 28, 1988.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFEE
Associate Secretary of the Board

APPENDIX A

Nonbanking Subsidiaries to be Acquired

Connecticut National Mortgage Company, West Hartford, Connecticut, and thereby engage in making, acquiring, selling or servicing loans or other extensions of credit, and acting as insurance agent or broker with respect to insurance that is directly related to an extension of credit; Connecticut National Trust Company of Florida, Stuart, Florida, and thereby engage in performing fiduciary, agency and custody services for customers in Florida and Connecticut; Hartford Trust Company, New York, New York, and thereby engage in performing fiduciary, agency and custody services for customers in New York and Connecticut; One Federal Asset Management, Inc., Boston, Massachusetts, and thereby engage in providing investment or financial advice; Shawmut Brokerage Services, Inc., Boston, Massachusetts, and thereby engage in providing securities brokerage services; Shawmut Connecticut Corporation, Hartford, Connecticut, and thereby engage in originating, packaging, selling and servicing residential mortgages; Shawmut Credit Corporation, Boston, Massachusetts, and thereby engage in originating, packaging, selling, and servicing residential mortgages; Shawmut Insurance Agency, Inc., Worcester, Massachusetts, and thereby engage in acting as principal, agent or broker for insurance that is directly related to an extension of credit by Applicant or any of its subsidiaries and limited to assuring repayment of the outstanding balance due on the extension of credit in the event of death, disability or involuntary unemployment of the debtor; and acting as principal agent or broker with respect to property and casualty that is directly related to extensions of credit by Shawmut Corporation or any of its subsidiaries; Shawmut Life Insurance Company, Inc., Phoenix, Arizona, and thereby engage in underwriting, as reinsurer, of credit and life and credit accident and health insurance; Shawmut Securities Clearance Corp., New York, New York, and thereby engage in securities clearance and related and incidental activities; and American Agcredit Corporation, Fort Worth, Texas, and thereby engage in making, servicing or acquiring loans or other extensions of credit to agricultural enterprises or secured by agricultural commodities. The Board has determined that these activities are closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.23(b)(1), (3), (4), (8), and (15).

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Abbott Bank Group, Inc., Alliance, Nebraska	Anchor Banshares, Inc., Merriam, Nebraska Chadron Banshares, Inc., Chadron, Nebraska Gordon State Banshares, Inc., Gordon, Nebraska Mullen Banshares, Inc., Mullen, Nebraska Thedford Banshares, Inc., Thedford, Nebraska Valentine State Banshares, Inc., Valentine, Nebraska Bridgeport Banshares, Inc., Bridgeport, Nebraska	Kansas City	January 25, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
American Bancorporation, Wheeling, West Virginia	Wheeling National Bank, Wheeling, West Virginia	Cleveland	January 11, 1988
Apple Creek Banc Corp., Apple Creek, Ohio	Apple Creek Banking Company, Apple Creek, Ohio	Cleveland	January 27, 1988
Barnett Banks, Inc., Jacksonville, Florida	First Fulton Bancshares, Inc., Palmetto, Georgia	Atlanta	January 11, 1988
Central Bancshares of the South, Inc., Birmingham, Alabama	Weslayan Bancshares, Inc., Houston, Texas	Atlanta	January 15, 1988
Chemical Financial Corporation, Midland, Michigan	First National Bank & Trust, Big Rapids, Michigan	Chicago	January 26, 1988
Comm. Bancorp, Inc., Forest City, Pennsylvania	The First National Bank of Nicholson, Nicholson, Pennsylvania	Philadelphia	January 19, 1988
ComSouth Bankshares, Inc., Columbia, South Carolina	Commercial Bank of the South, N.A., Columbia, South Carolina	Richmond	January 26, 1988
Enterprise Bancorp., Houston, Texas	Enterprise Bank—West, N.A., Houston, Texas	Dallas	January 26, 1988
Exchange International Corporation, Chicago, Illinois	River Oaks Bancorp, Inc., Calumet City, Illinois	Chicago	January 13, 1988
Fentura Bancorp, Inc., Fenton, Michigan	State Savings Bank of Fenton, Fenton, Michigan	Chicago	January 20, 1988
First Community Bancshares, Inc., Rome, Georgia	First Rome Bank, Rome, Georgia	Atlanta	January 14, 1988
First Jones Bancorporation, Inc., Jones, Oklahoma	First State Bank, Jones, Oklahoma	Kansas City	January 28, 1988
First National Cincinnati Corporation, Cincinnati, Ohio	Peoples Liberty Bancorporation, Covington, Kentucky	Cleveland	December 31, 1987
First Nokomis Bancorp, Inc., Nokomis, Illinois	First National Bank of Nokomis, Nokomis, Illinois	St. Louis	January 15, 1988
First Security Bancorp, Inc., Baltimore, Maryland	Federal Savings Bank of Maryland, Baltimore, Maryland	Richmond	January 13, 1988
First Union Corporation, Charlotte, North Carolina	Florida Commercial Banks, Inc., Miami, Florida	Richmond	January 7, 1988
Franklin Financial Services Corporation, Chambersburg, Pennsylvania	The Mont Alto State Bank, Mont Alto, Pennsylvania	Philadelphia	January 15, 1988
Fulton Financial Corporation, Lancaster, Pennsylvania	Lafayette Trust Bank, Easton, Pennsylvania	Philadelphia	January 14, 1988
Inland Bancorp, Inc., Oak Brook, Illinois	American National Bank, Downers Grove, Illinois	Chicago	January 13, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, Kansas City, Kansas	Brotherhood Bank and Trust Co., Kansas City, Kansas	Kansas City	January 11, 1988
Landmark Bancshares Corporation, St. Louis, Missouri Landmark Acquisition Corporation, St. Louis, Missouri	Taney County Bancorporation, Kansas City, Missouri	St. Louis	December 31, 1987
Landmark Bancshares Corporation, St. Louis, Missouri Landmark Acquisition Corporation II, St. Louis, Missouri	Eagle Bancorporation, Inc., Highland, Illinois	St. Louis	December 31, 1987
Lincoln County Bancorp, Inc., Troy, Missouri	Commerce Bank of Louisiana, N.A., Louisiana, Missouri	St. Louis	January 8, 1988
Longview Capital Corporation, Newman, Illinois	Chrisman Bancshares, Inc., Chrisman, Illinois	Chicago	January 15, 1988
MetroBanCorp, Indianapolis, Indiana	MetroBank, Indianapolis, Indiana	Chicago	December 30, 1987
Metropolitan Bancshares, Inc., Washington, D.C.	Metropolitan Bank, National Association, Washington, D.C.	Richmond	January 28, 1988
Midlothian State Bank Employees Stock Ownership Plan, Midlothian, Illinois	Midlothian State Bank, Midlothian, Illinois	Chicago	December 30, 1987
NCNB Corporation, Charlotte, North Carolina	Charter Bancshares, Inc., Houston, Texas	Richmond	January 20, 1988
Orbisonia Community Bancorp, Inc., Orbisonia, Pennsylvania	Community State Bank of Orbisonia, Orbisonia, Pennsylvania	Philadelphia	January 4, 1988
Peoples Bancorp of Worcester, Inc., Worcester, Massachusetts	Peoples Savings Bank, Worcester, Massachusetts	Boston	January 28, 1988
Portsmouth Bank Shares, Inc., Portsmouth, New Hampshire	Portsmouth Savings Bank, Portsmouth, New Hampshire First Coastal Banks, Inc., Portsmouth, New Hampshire	Boston	January 11, 1988
Security Corporation, Duncan, Oklahoma	American National Bank of Duncan, Duncan, Oklahoma	Kansas City	January 12, 1988
SouthTrust Corporation, Birmingham, Alabama	First National Bancshares, Inc., Jacksonville, Florida	Atlanta	January 12, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Thomas Drilling Company, Duncan, Oklahoma	Exchange Financial Corporation, Ardmore, Oklahoma Charter Bancshares, Inc., Oklahoma City, Oklahoma American National Bank of Duncan, Duncan, Oklahoma	Kansas City	January 12, 1988
Trustcorp, Inc., Toledo, Ohio St. Joseph Bancorporation, Inc., South Bend, Indiana	Citizens Bank, Indianapolis, Indiana	Cleveland	January 11, 1988
Valley Bank Shares, Inc., Schuyler, Nebraska	Brainard Agency Company, Schuyler, Nebraska Platte Valley National Company, Schuyler, Nebraska Decatur Agency Company, Schuyler, Nebraska Emerson First National Company, Schuyler, Nebraska First National Stanton Corporation, Schuyler, Nebraska Arcadia Agency Company, Schuyler, Nebraska	Kansas City	December 29, 1987
Wes-Tenn Bancorp, Inc., Covington, Tennessee	Tipton County Bank, Covington, Tennessee	St. Louis	December 31, 1987
Whitaker Bancorp, Inc., Lexington, Kentucky	State National Bancorp of Frankfort, Inc., Frankfort, Kentucky	Cleveland	January 8, 1988
Will Bancorp, Inc., Williamsville, Illinois	Williamsville State Bank, Williamsville, Illinois	Chicago	January 12, 1988

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
Comerica Incorporated, Detroit, Michigan	engage *de novo* in the issuance and sale of variably denominated payment instruments with a face value of less than $10,000	Chicago	January 4, 1988
First Eastern Corporation, Wilkes-Barre, Pennsylvania	Dolphin and Bradbury, Inc., Philadelphia, Pennsylvania	Philadelphia	December 31, 1987
Home State Bancorp, Inc., Crystal Lake, Illinois	continue to engage in the extension of credit	Chicago	January 14, 1988
La Jolla Bancorp, La Jolla, California	H. D. McNee Realty Advisors, Inc., San Diego, California	San Francisco	December 30, 1987
Mason State Company, Mason City, Nebraska	continue to engage in general insurance activities in a town of less than 5,000 persons	Kansas City	January 12, 1988

Section 4—Continued

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
MCorp, Dallas, Texas MCorp Financial, Inc., Wilmington, Delaware	Management Information Resources, Inc., Lubbock, Texas	Dallas	January 27, 1988
Menomonie Financial Services, Inc., Menomonie, Wisconsin	engage *de novo* in data processing and management consulting activities	Minneapolis	January 22, 1988
Peoples Bancorporation, Rocky Mount, North Carolina	First Finance Company of East Point, Inc., Atlanta, Georgia Downtown Finance Company, Atlanta, Georgia Apex Investment, Thomasville, Georgia Sun States Finance Company, Athens, Georgia Sun States Finance Company of Orlando, Orlando, Florida	Richmond	December 31, 1987
Thomas Drilling Company, Duncan, Oklahoma	engage in making, acquiring, or servicing loans or other extensions of credit	Kansas City	January 12, 1988
Valley Bank Shares, Inc., Schuyler, Nebraska	First National Insurance Agency, Stanton, Nebraska the general insurance operations of the following: Brainard Agency Company, Schuyler, Nebraska Decatur Agency Company, Schuyler, Nebraska Arcadia Agency Company, Schuyler, Nebraska	Kansas City	December 29, 1987

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Royal Windsor Holding Corp., New Orleans, Louisiana	Jefferson Guaranty Bank, Metairie, Louisiana Jefferson Financial Services, Inc., Metairie, Louisiana	Atlanta	December 31, 1987

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
The ACB Bank, Apple Creek, Ohio	Apple Creek Banking Company, Apple Creek, Ohio	Cleveland	January 27, 1988
Chemical Bank and Trust Company, Midland, Michigan	Auburn Michigan Branch of Chemical Bank Bay Area, Bay City, Michigan	Chicago	January 15, 1988
First Nebraska Bank, Valley, Nebraska	First Nebraska Bank, Brainard, Nebraska First Nebraska Bank, N.A., Columbus, Nebraska First Nebraska Bank, Decatur, Nebraska First Nebraska Bank, N.A., Emerson, Nebraska First Nebraska Bank, N.A., Stanton, Nebraska	Kansas City	December 29, 1987
First of America Bank—Straits Area, Cheboygan, Michigan	First of America Bank—Sault Ste. Marie, National Association, Saulte Ste. Marie, Michigan	Chicago	January 20, 1988
The Toledo Trust Company, Toledo, Ohio	Trustcorp Company, National Association, Columbus, Ohio Trustcorp Company, Dayton, Dayton, Ohio	Cleveland	January 26, 1988

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Securities Industry Association v. Board of Governors, No. 87–4161 (2d Cir., filed Dec. 15, 1987).

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

National Association of Casualty and Surety Agents, et al., v. Board of Governors, Nos. 87–1644, 87–1801, 88–1001 (D.C. Cir., filed Nov. 4, Dec. 21, 1987, Jan. 4, 1988).

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

Securities Industry Association v. Board of Governors, No. 87–4135 (2d Cir., filed Oct. 8, 1987).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 87–4118 (2d Cir., filed-Sept. 17, 1987).

Citicorp v. Board of Governors, No. 87–1475 (D.C. Cir., filed Sept. 9, 1987).

Securities Industry Association v. Board of Governors, No. 87–4115 (2d Cir., filed Sept. 9, 1987).

Barrett v. Volcker, No. 87–2280 (D.D.C., filed Aug. 17, 1987).

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

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

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

Securities Industry Association v. Board of Governors, Nos. 87–4091, 87–4093, 87–4095 (2d Cir., filed July 1 and July 15, 1987).

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

Securities Industry Association v. Board of Governors, et al. No. 87–4041 and consolidated cases (2d Cir., filed May 1, 1987).

Securities Industry Association v. Board of Governors, et al., No. 87–1169 (D.C. Cir., filed April 17, 1987).

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

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

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

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

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

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

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

Melcher v. Federal Open Market Committee, No. 86–5692 (D.C. Cir., filed April 30, 1984).

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Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1987				1987				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.[r]	Dec.
Reserves of depository institutions[2]									
1 Total	16.4	8.0	−1.6	1.4	5.7	−1.0	13.9	−10.4	−11.4
2 Required	16.5	8.4	−.5	.3	.1	4.0	7.1	−6.4	−13.8
3 Nonborrowed	18.5	5.4	−.4	1.2	6.3	−7.2	14.1	−4.0	−14.7
4 Monetary base[3]	11.3	6.8	4.7	8.0	6.5	5.0	11.9	8.1	2.9
Concepts of money, liquid assets, and debt[4]									
5 M1	13.1	6.4	−.1[r]	3.7	5.5[r]	.3	15.2[r]	−6.5	−5.7
6 M2	6.4	2.3	3.0[r]	4.3	6.2[r]	5.5[r]	7.0[r]	−.6	1.9
7 M3	6.5	4.3	4.8[r]	5.7	6.9[r]	5.5[r]	7.8[r]	4.3	1.5
8 L	6.2	3.3[r]	4.1[r]	n.a.	7.4[r]	8.1[r]	10.1[r]	4.0	n.a.
9 Debt	10.5[r]	8.7[r]	8.1[r]	9.2	7.7	9.0[r]	9.7[r]	10.6	n.a.
Nontransaction components									
10 In M2[5]	4.1	.9	4.1[r]	4.6	6.6[r]	7.3[r]	4.1[r]	1.5	4.5
11 In M3 only[6]	6.6	12.2	11.8	11.1	9.3	5.7[r]	10.8[r]	23.0	.2
Time and savings deposits									
Commercial banks									
12 Savings[7]	37.3	24.1	7.8	−.5	9.5	.0	−3.4	−3.4	2.0
13 Small-denomination time[8]	−4.9	−4.6	8.0	15.4	6.6	6.2	18.6	25.1	12.3
14 Large-denomination time[9,10]	9.7	18.3	4.1	9.2	.0	−.4	13.0	21.6	.7
Thrift institutions									
15 Savings[7]	27.3	25.9	7.1	−8.8	8.5	−2.5	−9.9	−22.1	−8.2
16 Small-denomination time	−4.2	1.0	10.1[r]	16.2	12.1	9.8[r]	13.1[r]	25.2	21.9
17 Large-denomination time[9]	−9.5	−8.4	10.7	24.3	13.5	17.2	29.4	27.2	24.3
Debt components[4]									
18 Federal	12.2	8.8	5.9	7.4	8.8	6.5	3.9	12.6	n.a.
19 Nonfederal	10.0[r]	8.7[r]	8.8[r]	9.7	7.4	9.8[r]	11.5[r]	10.0	n.a.
20 Total loans and securities at commercial banks[11]	10.1	7.0	5.7	6.5[r]	10.8	9.7	10.2[r]	−1.1	−.3

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1987			1987						
	Oct.	Nov.	Dec.	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**241,841**	**240,088**	**245,975**	**241,638**	**239,081**	**243,387**	**244,787**	**245,050**	**244,657**	**247,325**
2 U.S. government securities[1]	214,787	214,695	219,761	215,319	215,088	217,842	219,734	219,006	219,179	220,447
3 Bought outright	210,822	213,706	218,734	214,381	215,088	215,207	219,312	219,006	219,179	218,704
4 Held under repurchase agreements	3,965	989	1,027	938	0	2,635	422	0	0	1,743
5 Federal agency obligations	8,747	7,956	8,062	8,090	7,567	8,901	7,623	7,558	7,556	8,529
6 Bought outright	7,601	7,567	7,559	7,567	7,567	7,567	7,567	7,558	7,556	7,555
7 Held under repurchase agreements	1,146	389	503	523	0	1,334	56	0	0	974
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	959	610	836	605	681	684	754	875	586	755
10 Float	751	866	1,545	1,595	686	674	913	1,942	1,123	1,580
11 Other Federal Reserve assets	16,597	15,961	15,771	16,029	15,059	15,287	15,764	15,668	16,212	16,013
12 Gold stock[2]	11,084	11,084	11,080	11,085	11,083	11,083	11,082	11,081	11,080	11,079
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	18,028	18,102	18,153	18,101	18,115	18,128	18,138	18,148	18,158	18,168
ABSORBING RESERVE FUNDS										
15 Currency in circulation	218,734	223,078	227,366	223,539	223,662	225,013	225,718	226,447	227,672	229,746
16 Treasury cash holdings[2]	470	471	455	474	472	465	455	454	454	454
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	8,828	3,755	4,209	3,836	3,325	3,403	3,792	4,817	4,219	3,719
18 Foreign	259	299	233	261	279	365	223	233	240	192
19 Service-related balances and adjustments	2,029	2,063	2,168	2,017	1,845	2,290	1,914	2,128	1,960	2,269
20 Other	402	374	366	346	336	484	328	321	326	377
21 Other Federal Reserve liabilities and capital	7,236	7,418	7,443	7,336	7,192	7,605	7,627	7,306	7,270	7,468
22 Reserve balances with Federal Reserve Banks[3]	38,014	36,834	37,986	38,033	36,187	37,991	38,969	37,591	36,772	37,366

Factors	End-of-month figures			Wednesday figures						
	1987			1987						
	Oct.	Nov.	Dec.	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**246,896**	**245,472**	**251,883**	**237,916**	**239,681**	**250,180**	**244,741**	**245,729**	**244,963**	**250,948**
24 U.S. government securities[1]	217,614	218,960	222,551	213,000	215,532	221,651	219,158	216,715	219,049	222,383
25 Bought outright	209,319	213,563	218,906	212,810	215,532	214,479	219,158	216,715	219,049	218,549
26 Held under repurchase agreements	8,295	5,397	3,645	190	0	7,172	0	0	0	3,834
27 Federal agency obligations	10,483	9,844	8,869	7,947	7,567	11,643	7,567	7,556	7,556	9,349
28 Bought outright	7,567	7,567	7,553	7,567	7,567	7,567	7,567	7,556	7,556	7,553
29 Held under repurchase agreements	2,916	2,277	1,316	380	0	4,076	0	0	0	1,796
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	587	790	3,815	662	602	630	817	836	492	951
32 Float	609	428	811	1,525	975	351	1,276	4,560	1,951	2,011
33 Other Federal Reserve assets	17,603	15,450	15,837	14,782	15,005	15,905	15,923	16,062	15,915	16,254
34 Gold stock[2]	11,085	11,082	11,078	11,083	11,083	11,083	11,082	11,081	11,079	11,078
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	18,058	18,127	18,177	18,113	18,127	18,137	18,147	18,157	18,167	18,177
ABSORBING RESERVE FUNDS										
37 Currency in circulation	219,842	225,090	230,205	223,545	224,677	225,542	226,316	226,880	229,224	230,400
38 Treasury cash holdings[2]	467	465	454	473	466	464	454	454	454	454
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	8,898	3,594	5,313	2,921	2,767	4,850	4,581	9,036	2,992	4,773
40 Foreign	236	352	244	194	261	502	210	270	215	207
41 Service-related balances and adjustments	1,733	1,717	1,687	1,735	1,718	1,717	1,706	1,699	1,697	1,699
42 Other	477	450	1,027	310	482	352	344	359	293	364
43 Other Federal Reserve liabilities and capital	7,950	7,968	7,129	7,039	7,068	7,877	7,122	7,095	7,096	7,453
44 Reserve balances with Federal Reserve Banks[3]	41,454	40,064	40,097	35,914	36,470	43,114	38,255	34,192	37,256	39,871

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* any securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Revised for periods between October 1986 and April 1987. At times during this interval, outstanding gold certificates were inadvertently in excess of the gold stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.
3. Excludes required clearing balances and adjustments to compensate for float.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages[8]									
	1984	1985	1986	1987						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[1]	21,738	27,620	37,360	36,466	36,309	36,110	35,616	36,685	37,249	37,249
2 Total vault cash[2]	22,313	22,953	24,071	23,693	24,380	24,631	24,649	24,860	25,596	25,596
3 Vault[3]	18,958	20,522	22,199	21,873	22,475	22,728	22,745	23,128	23,857	23,857
4 Surplus[4]	3,355	2,431	1,872	1,820	1,905	1,903	1,904	1,732	1,739	1,739
5 Total reserves[5]	40,696	48,142	59,560	58,339	58,784	58,838	58,361	59,813	61,106	61,106
6 Required reserves	39,843	47,085	58,191	57,260	57,594	58,078	57,329	59,020	59,977	59,977
7 Excess reserve balances at Reserve Banks[6]	853	1,058	1,369	1,079	1,190	761	1,032	793	1,128	1,129
8 Total borrowings at Reserve Banks	3,186	1,318	827	1,035	776	672	647	940	948	943
9 Seasonal borrowings at Reserve Banks	113	56	38	196	259	283	279	231	189	189
10 Extended credit at Reserve Banks[7]	2,604	499	303	288	273	194	132	409	449	449

Reserve classification	Biweekly averages of daily figures for weeks ending									
	1987									
	Aug. 26	Sept. 9	Sept. 23	Oct. 7	Oct. 21	Nov. 4	Nov. 18	Dec. 2	Dec. 16	Dec. 30
11 Reserve balances with Reserve Banks[1]	35,173	36,294	36,866	36,826	36,672	38,353	37,525	37,069	38,272	37,055
12 Total vault cash[2]	25,074	24,288	25,146	25,026	26,183	25,174	25,188	25,802	25,372	26,960
13 Vault[3]	23,115	22,446	23,475	23,313	24,410	23,464	23,622	23,999	23,824	25,105
14 Surplus[4]	1,959	1,842	1,672	1,713	1,773	1,710	1,566	1,803	1,549	1,855
15 Total reserves[5]	58,288	58,740	60,340	60,139	61,082	61,817	61,147	61,068r	62,095	62,160
16 Required reserves	57,116	57,546	59,825	59,306	60,115	60,256	60,665	59,855	60,890	61,354
17 Excess reserve balances at Reserve Banks[6]	1,173	1,194	515	833	967	1,561	492	1,213	1,206	806
18 Total borrowings at Reserve Banks	719	647	1,001	1,195	1,007	677	561	683	815	671
19 Seasonal borrowings at Reserve Banks	286	241	226	230	183	169	125	114	83	102
20 Extended credit at Reserve Banks[7]	128	173	531	469	482	390	334	465	653	316

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

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

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

Averages of daily figures, in millions of dollars

Maturity and source	1987 week ending Monday								
	July 20	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Sept. 7	Sept. 14
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	69,704	68,682	68,983	72,747	71,952	69,808	70,480	75,786	75,048
2 For all other maturities	8,626	8,829	9,624	9,252	8,970	9,098	9,442	9,171	8,848
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract	31,478	31,316	32,783	32,923	32,524	30,368	30,994	29,160	30,085
4 For all other maturities	7,384	7,122	7,206	6,753	6,517	6,387	6,622	6,160	6,560
Repurchase agreements on U.S. government and federal agency securities in immediately available funds									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	11,515	13,115	13,711	13,744	12,715	12,756	13,002	13,332	13,966
6 For all other maturities	10,797	11,725	12,209	12,363	12,546	13,455	13,619	13,880	13,827
All other customers									
7 For one day or under continuing contract	26,375	26,482	27,082	27,417	27,613	27,496	27,128	26,288	26,501
8 For all other maturities	8,373	8,363	8,123	8,165	8,550	9,188	9,657	9,120	9,036
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	31,101	28,293	29,247	30,410	29,547	28,622	29,053	30,568	28,193
10 To all other specified customers[2]	13,109	13,347	13,690	12,886	11,853	13,676	14,024	14,062	14,067

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment Credit and Seasonal Credit[1]			Extended Credit[2]						
				First 30 days of Borrowing			After 30 days of Borrowing[3]			
	On 1/27/88	Effective Date	Previous Rate	On 1/27/88	Effective Date	Previous Rate	On 1/27/88	Effective Date	Previous Rate	Effective Date
Boston	6	9/9/87	5½	6	9/9/87	5½	7.45	1/14/88	7.70	12/31/87
New York		9/4/87			9/4/87			1/14/88		12/31/87
Philadelphia		9/4/87			9/4/87			1/14/88		12/31/87
Cleveland		9/4/87			9/4/87			1/14/88		12/31/87
Richmond		9/5/87			9/5/87			1/14/88		12/31/87
Atlanta		9/4/87			9/4/87			1/14/88		12/31/87
Chicago		9/4/87			9/4/87			1/14/88		12/31/87
St. Louis		9/9/87			9/9/87			1/14/88		12/31/87
Minneapolis		9/8/87			9/8/87			1/14/88		12/31/87
Kansas City		9/4/87			9/4/87			1/14/88		12/31/87
Dallas		9/11/87			9/11/87			1/14/88		12/31/87
San Francisco	6	9/9/87	5½	6	9/9/87	5½	7.45	1/14/88	7.70	12/31/87

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1980—July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1984—Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985—May 20	7½–8	7½
24	7½	7½
1986—Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
July 11	6	6
Aug. 12	5½–6	5½
22	5½	5½
1987—Sept. 4	5½–6	6
11	6	6
In effect January 27, 1988	6	6

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

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval[2]	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
Net transaction accounts[3,4]		
\$0 million–\$40.5 million	3	12/30/86
More than \$40.5 million	12	12/30/86
Nonpersonal time deposits[5]		
By original maturity		
Less than 1½ years	3	10/6/86
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	11/13/80

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1984	1985	1986	1987						
				May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. Treasury Securities										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	20,036	22,214	22,602	1,697	575	575	499	4,528	1,095	3,388
2 Gross sales	8,557	4,118	2,502	0	22	912	0	0	300	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	7,700	3,500	1,000	0	0	4,572	0	3,657	0	0
Others within 1 year										
5 Gross purchases	1,126	1,349	190	0	535	0	0	443	300	670
6 Gross sales	0	0	0	0	0	0	0	300	0	0
7 Maturity shift	16,354	19,763	18,673	4,063	1,715	1,437	2,723	1,500	816	2,247
8 Exchange	-20,840	-17,717	-20,179	-1,336	-1,812	-613	-1,787	-917	-1,178	-3,728
9 Redemptions	0	0	0	0	0	0	0	*	0	70
1 to 5 years										
10 Gross purchases	1,638	2,185	893	0	1,394	0	5	2,551	0	50
11 Gross sales	0	0	0	0	0	200	0	0	0	0
12 Maturity shift	-13,709	-17,459	-17,058	-1,804	-1,715	-1,397	-2,122	-1,500	-761	-1,900
13 Exchange	16,039	13,853	16,984	1,111	1,812	613	1,612	917	1,178	3,278
5 to 10 years										
14 Gross purchases	536	458	236	0	312	0	0	619	0	0
15 Gross sales	300	100	0	0	0	0	0	0	0	0
16 Maturity shift	-2,371	-1,857	-1,620	-2,259	0	-40	-601	0	-55	-347
17 Exchange	2,750	2,184	2,050	150	0	0	100	0	0	300
Over 10 years										
18 Gross purchases	441	293	158	0	251	0	0	493	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-275	-447	0	0	0	0	0	0	0	0
21 Exchange	2,052	1,679	1,150	75	0	0	75	0	0	150
All maturities										
22 Gross purchases	23,776	26,499	24,078	1,697	3,066	575	504	8,633	1,395	4,108
23 Gross sales	8,857	4,218	2,502	0	22	1,112	0	300	300	0
24 Redemptions	7,700	3,500	1,000	0	0	4,572	0	3,657	0	70
Matched transactions										
25 Gross sales	808,986	866,175	927,997	91,642	87,228	80,304	60,731	61,321	77,497	85,288
26 Gross purchases	810,432	865,968	927,247	92,137	87,128	80,037	62,594	61,347	73,779	85,494
Repurchase agreements[2]										
27 Gross purchases	127,933	134,253	170,431	59,340	24,167	3,298	9,013	34,080	65,675	15,853
28 Gross sales	127,690	132,351	160,268	73,111	22,108	2,058	12,311	34,080	57,380	18,751
29 Net change in U.S. government securities	8,908	20,477	29,989	-11,580	5,002	-4,136	-931	4,702	5,673	1,346
Federal Agency Obligations										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	256	162	398	*	0	59	0	0	56	1
Repurchase agreements[2]										
33 Gross purchases	11,509	22,183	31,142	16,071	3,907	929	2,369	7,174	18,523	6,786
34 Gross sales	11,328	20,877	30,522	19,428	2,910	996	3,298	7,174	15,607	7,425
35 Net change in federal agency obligations	-76	1,144	222	-3,357	997	-126	-929	0	2,860	-640
Bankers Acceptances										
36 Repurchase agreements, net	-418	0	0	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	**8,414**	**21,621**	**30,211**	**-14,936**	**5,999**	**-4,262**	**-1,861**	**4,702**	**8,533**	**706**

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

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

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

Millions of dollars

Account	Wednesday 1987 Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30	End of month 1987 Oct.	Nov.	Dec.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,083	11,082	11,081	11,079	11,078	11,085	11,082	11,078
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	435	433	395	434	413	461	446	408
Loans								
4 To depository institutions	630	817	836	492	951	587	790	3,815
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,567	7,567	7,556	7,556	7,553	7,567	7,567	7,553
8 Held under repurchase agreements	4,076	0	0	0	1,796	2,916	2,277	1,316
U.S. Treasury securities								
Bought outright								
9 Bills	107,373	107,943	105,500	107,834	107,334	102,863	106,457	107,691
10 Notes	79,345	82,973	82,973	82,973	82,973	78,844	79,345	82,973
11 Bonds	27,761	28,242	28,242	28,242	28,242	27,612	27,761	28,242
12 Total bought outright[2]	214,479	219,158	216,715	219,049	218,549	209,319	213,563	218,906
13 Held under repurchase agreements	7,172	0	0	0	3,834	8,295	5,397	3,645
14 Total U.S. Treasury securities	221,651	219,158	216,715	219,049	222,383	217,614	218,960	222,551
15 Total loans and securities	**233,924**	**227,542**	**225,107**	**227,097**	**232,683**	**228,684**	**229,594**	**235,235**
16 Items in process of collection	6,313	6,871	12,261	8,839	7,973	7,197	4,901	7,990
17 Bank premises	698	699	699	698	704	698	698	705
Other assets								
18 Denominated in foreign currencies[3]	8,021	7,974	7,896	7,884	7,757	8,268	8,064	7,773
19 All other[4]	7,186	7,250	7,467	7,333	7,793	8,637	6,688	7,359
20 Total assets	**272,678**	**266,869**	**269,924**	**268,382**	**273,419**	**270,048**	**266,491**	**275,566**
LIABILITIES								
21 Federal Reserve notes	208,304	209,056	209,572	211,945	213,090	202,712	207,873	212,890
Deposits								
22 To depository institutions	44,831	39,961	35,891	38,953	41,570	43,187	41,781	41,784
23 U.S. Treasury—General account	4,850	4,581	9,036	2,992	4,773	8,898	3,594	5,313
24 Foreign—Official accounts	502	210	270	215	207	236	352	244
25 Other	352	344	359	293	364	477	450	1,027
26 Total deposits	**50,535**	**45,096**	**45,556**	**42,453**	**46,914**	**52,798**	**46,177**	**48,368**
27 Deferred credit items	5,962	5,595	7,701	6,888	5,962	6,588	4,473	7,179
28 Other liabilities and accrued dividends[5]	3,109	2,717	2,698	2,691	3,053	3,134	2,985	3,035
29 Total liabilities	**267,910**	**262,464**	**265,527**	**263,977**	**269,019**	**265,232**	**261,508**	**271,472**
CAPITAL ACCOUNTS								
30 Capital paid in	2,031	2,032	2,033	2,045	2,045	2,019	2,032	2,047
31 Surplus	1,873	1,873	1,873	1,873	1,873	1,873	1,873	2,047
32 Other capital accounts	864	500	491	487	482	924	1,078	0
33 Total liabilities and capital accounts	**272,678**	**266,869**	**269,924**	**268,382**	**273,419**	**270,048**	**266,491**	**275,566**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international account	193,393	195,037	198,508	197,382	198,823	188,928	193,044	198,288
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	254,833	255,573	255,395	254,294	253,508	253,538	254,499	253,313
36 LESS: Held by bank	46,529	46,517	45,823	42,349	40,418	50,826	46,626	40,423
37 Federal Reserve notes, net	208,304	209,056	209,572	211,945	213,090	202,712	207,873	212,890
Collateral held against notes net:								
38 Gold certificate account	11,083	11,082	11,081	11,079	11,078	11,085	11,082	11,078
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	192,203	192,956	193,473	195,848	196,994	186,609	191,773	196,794
42 Total collateral	**208,304**	**209,056**	**209,572**	**211,945**	**213,090**	**202,712**	**207,873**	**212,890**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1987					1987		
	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30	Oct. 30	Nov. 30	Dec. 31
1 Loans—Total	630	817	836	492	951	587	790	3,815
2 Within 15 days	592	776	809	472	943	525	765	3,806
3 16 days to 90 days	38	41	27	20	8	62	25	9
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	221,651	219,158	219,049	216,715	222,383	217,614	218,960	222,551
10 Within 15 days[1]	15,273	9,958	10,345	12,992	11,583	13,609	9,805	11,363
11 16 days to 90 days	50,098	48,842	51,229	43,444	50,901	51,679	52,165	46,112
12 91 days to 1 year	72,004	72,452	69,568	72,373	71,993	70,220	72,716	76,827
13 Over 1 year to 5 years	44,580	47,169	47,170	47,169	47,169	42,513	44,580	47,512
14 Over 5 years to 10 years	14,717	15,313	15,313	15,313	15,313	14,764	14,717	15,313
15 Over 10 years	24,979	25,424	25,424	25,424	25,424	24,829	24,977	25,424
16 Federal agency obligations—Total	11,643	7,567	7,556	7,556	9,349	10,483	9,843	8,868
17 Within 15 days[1]	4,087	11	3	208	2,041	3,056	2,527	1,560
18 16 days to 90 days	857	857	930	727	691	757	568	691
19 91 days to 1 year	1,572	1,572	1,581	1,578	1,653	1,474	1,621	1,653
20 Over 1 year to 5 years	3,524	3,524	3,495	3,495	3,416	3,574	3,524	3,416
21 Over 5 years to 10 years	1,387	1,387	1,358	1,358	1,358	1,407	1,387	1,358
22 Over 10 years	216	216	189	190	190	215	216	190

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	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1987 May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**39.91**	**46.06**	**56.17**	**57.44**	**58.35**	**57.71**	**57.60**	**57.88**	**57.83**	**58.50**	**57.99**	**57.44**
2 Nonborrowed reserves	36.72	44.74	55.34	56.66	57.32	56.93	56.93	57.23	56.89	57.55	57.36	56.66
3 Nonborrowed reserves plus extended credit[3]	39.33	45.24	55.64	57.14	57.60	57.20	57.12	57.36	57.29	58.00	57.76	57.14
4 Required reserves	39.06	45.00	54.80	56.41	57.27	56.52	56.84	56.84	57.03	57.37	57.06	56.41
5 Monetary base[4]	199.60	217.32	239.51	256.70	248.37	248.48	249.46	250.80	251.85	254.35	256.08	256.70
	Not seasonally adjusted											
6 **Total reserves[2]**	**40.94**	**47.24**	**57.64**	**58.97**	**57.30**	**57.63**	**57.74**	**57.39**	**57.50**	**58.04**	**58.09**	**58.97**
7 Nonborrowed reserves	37.75	45.92	56.81	58.19	56.26	56.85	57.07	56.74	56.56	57.09	57.47	58.19
8 Nonborrowed reserves plus extended credit[3]	40.35	46.42	57.11	58.67	56.55	57.12	57.27	56.88	56.96	57.54	57.86	58.67
9 Required reserves	40.08	46.18	56.27	57.94	56.22	56.43	56.98	56.36	56.70	56.91	57.17	57.94
10 Monetary base[4]	202.70	220.82	243.63	261.21	246.83	249.29	251.42	251.42	251.60	253.29	256.82	261.21
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**40.70**	**48.14**	**59.56**	**62.12**	**58.34**	**58.78**	**58.84**	**58.36**	**59.81**	**61.11**	**61.20**	**62.12**
12 Nonborrowed reserves	37.51	46.82	58.73	61.35	57.30	58.01	58.17	57.71	58.87	60.16	60.58	61.35
13 Nonborrowed reserves plus extended credit[3]	40.09	47.41	59.04	61.86	58.03	58.34	58.37	57.76	58.85	61.22	60.79	61.86
14 Required reserves	39.84	47.08	58.19	61.09	57.26	57.59	58.08	57.33	59.02	59.98	60.28	61.09
15 Monetary base[4]	204.18	223.53	247.71	266.16	249.94	252.54	254.67	254.36	255.69	258.08	261.67	266.16

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1987 Aug.	1987 Sept.	1987 Oct.r	1987 Nov.
				Seasonally adjusted				
1 M1	557.5	627.0	730.5	753.0r	751.2r	760.7	756.6	753.0
2 M2	2,369.1	2,569.5	2,801.2	2,895.6r	2,875.8r	2,892.5r	2,891.1	2,895.6
3 M3	2,985.4	3,204.7r	3,493.1r	3,662.3r	3,621.3r	3,644.7r	3,657.7	3,662.3
4 L	3,528.1	3,837.1r	4,140.7r	*	4,280.9r	4,316.9	4,331.4	n.a.
5 Debt	5,932.9	6,746.9	7,598.5	8,284.9	8,098.0	8,161.5	8,231.7	n.a.
M1 components								
6 Currency[2]	158.5	170.6	183.5	199.7	194.5	196.2	198.4	199.7
7 Travelers checks[3]	5.2	5.9	6.4	7.0	7.0	7.0	7.0	7.0
8 Demand deposits[4]	248.3	272.2	308.3	291.6	294.1	300.4	295.7	291.6
9 Other checkable deposits[5]	145.5	178.3	232.2	254.7	255.6	257.2	255.5	254.7
Nontransactions components								
10 In M2[6]	1,811.5	1,942.5	2,070.7	2,142.5	2,124.6r	2,131.8r	2,134.5	2,142.5
11 In M3 only[7]	616.3	635.2r	691.9r	766.7r	745.5r	752.2r	766.6	766.7
Savings deposits[8]								
12 Commercial Banks	122.2	124.6	154.5	177.3	178.0	177.5	177.0	177.3
13 Thrift institutions	166.6	179.0	211.8	233.3	241.3	239.3	234.9	233.3
Small denomination time deposits[9]								
14 Commercial Banks	386.6	383.9	364.7	384.7	367.3	373.0	380.8	384.7
15 Thrift institutions	498.6	500.3	488.7	529.9	504.2r	509.7r	520.4	529.9
Money market mutual funds								
16 General purpose and broker-dealer	167.5	176.5	207.6	221.5	215.5	218.1	220.2	221.5
17 Institution-only	62.7	65.1	84.1	88.6	80.7	81.6	88.5	88.6
Large denomination time deposits[10]								
18 Commercial Banks[11]	269.6	284.1	291.8	322.9	313.6	317.0	322.7	322.9
19 Thrift institutions	147.3	152.1	155.3	166.0	155.3	159.1	162.7	166.0
Debt components								
20 Federal debt	1,365.3	1,584.3	1,804.5	1,953.3	1,913.1	1,919.3	1,939.6	n.a.
21 Nonfederal debt	4,567.6	5,162.6	5,794.0	6,331.7	6,184.9	6,242.1	6,292.0	n.a.
				Not seasonally adjusted				
22 M1	570.3	641.0	746.5	769.1	749.4	757.7	759.7	769.1
23 M2	2,378.3	2,580.5	2,814.7	2,909.2	2,868.6r	2,888.5r	2,893.5	2,909.2
24 M3	2,997.2	3,217.9r	3,508.3r	3,677.2	3,616.0r	3,640.4r	3,662.0	3,677.2
25 L	3,538.8	3,848.9r	4,154.2r	*	4,275.6r	4,310.8r	4,334.4	n.a.
26 Debt	5,927.1	6,740.6	7,591.7	8,277.6	8,081.9	8,147.3	8,216.5	n.a.
M1 components								
27 Currency[2]	160.8	173.1	186.2	202.7	194.3	195.9	199.3	202.7
28 Travelers checks[3]	4.9	5.5	6.0	6.5	7.6	7.0	6.6	6.5
29 Demand deposits[4]	257.2	282.0	319.5	302.1	293.3	299.8	298.1	302.1
30 Other checkable deposits[5]	147.4	180.4	235.0	257.8	254.2r	255.0r	255.7	257.8
Nontransactions components								
31 M2[6]	1,808.0	1,939.5	2,068.2	2,140.1	2,119.2r	2,130.8r	2,133.7	2,140.1
32 M3 only[7]	618.9	637.5r	693.6r	768.1	747.4r	751.9r	768.6	768.1
Money market deposit accounts								
33 Commercial Banks	267.4	332.5	379.0	357.2	362.5	359.1	357.2	357.2
34 Thrift institutions	150.0	180.7	192.4	166.5	176.8	173.5	169.1	166.5
Savings deposits[8]								
35 Commercial Banks	121.4	123.9	153.8	176.5	177.9	178.3	177.3	176.5
36 Thrift institutions	166.2	178.8	211.8	233.4	239.2	239.4	235.8	233.4
Small denomination time deposits[9]								
37 Commercial Banks	386.7	383.8	364.4	384.1	369.0	374.0	381.4	384.1
38 Thrift institutions	499.6	501.5	489.8	531.0	503.4r	511.0r	521.8	531.0
Money market mutual funds								
39 General purpose and broker-dealer	167.5	176.5	207.6	221.5	215.5	218.1	220.2	221.5
40 Institution-only	62.7	65.1	84.1	88.6	80.7	81.6	88.5	88.6
Large denomination time deposits[10]								
41 Commercial Banks[11]	271.2	285.6	293.2	324.4	314.8r	318.2r	323.5	324.4
42 Thrift institutions	147.3	151.9	154.9	165.6	155.7	159.5	162.8	165.6
Debt components								
43 Federal debt	1,364.7	1,583.7	1,804.0	1,952.7	1,900.2	1,909.8	1,935.3	n.a.
44 Nonfederal debt	4,562.4	5,156.9	5,787.8	6,324.9	6,181.7	6,237.5	6,281.2	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.

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

4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities.

5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983.

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1984[2]	1985[2]	1986[2]	1987 May	1987 June	1987 July	1987 Aug.	1987 Sept.[r]	1987 Oct.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	131,463.1	156,091.6	188,345.8	217,397.2	212,414.4	219,501.3	221,729.0	219,182.9	234,398.3
2 Major New York City banks	57,327.3	70,585.8	91,397.3	107,724.1	103,027.6	106,428.9	109,062.5	105,149.4	110,833.6
3 Other banks	74,135.9	85,505.9	96,948.8	109,673.1	109,386.8	113,072.3	112,666.5	114,033.4	123,564.6
4 ATS-NOW accounts[4]	1,549.1	1,823.5	2,182.5	2,310.5	2,417.6	2,498.7	2,333.1	2,349.0	2,591.3
5 Savings deposits[5]	414.7	384.9	403.5	488.5	565.8	548.2	518.8	524.0	582.4
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	441.0	500.3	556.5	598.5	601.6	628.6	623.3	625.3	654.9
7 Major New York City banks	1,837.2	2,196.9	2,498.2	2,629.5	2,671.6	2,837.4	2,718.2	2,715.1	2,744.7
8 Other banks	277.8	305.7	321.2	340.3	347.8	362.8	357.0	365.7	389.1
9 ATS-NOW accounts[4]	15.3	15.8	15.6	13.3	13.9	14.3	13.2	13.2	14.4
10 Savings deposits[5]	3.3	3.2	3.0	2.8	3.3	3.1	3.0	3.0	3.3
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	131,450.6	156,052.3	188,506.4	208,310.0	221,038.4	228,764.2	214,145.9	216,728.0	233,999.8
12 Major New York City banks	57,282.4	70,559.2	91,500.0	101,203.2	106,171.3	111,157.7	103,822.8	104,234.0	111,398.9
13 Other banks	74,164.2	85,493.1	97,006.6	107,106.7	114,867.0	117,606.5	110,323.1	112,494.0	122,600.8
14 ATS-NOW accounts[4]	1,552.2	1,826.4	2,184.6	2,262.9	2,466.9	2,466.0	2,226.4	2,414.9	2,577.7
15 MMDA[6]	862.3	1,223.9	1,609.4	1,851.2	1,987.9	2,002.7	1,752.7	1,846.6	2,247.8
16 Savings deposits[5]	415.2	385.3	404.1	483.7	565.2	576.5	524.2	519.0	604.3
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	441.1	499.9	556.7	584.0	625.0	651.7	612.5	620.2	657.8
18 Major New York City banks	1,838.6	2,196.3	2,499.1	2,556.8	2,801.5	2,928.4	2,721.9	2,751.0	2,824.8
19 Other banks	277.9	305.6	321.2	337.8	363.8	375.7	354.2	361.1	387.6
20 ATS-NOW accounts[4]	15.4	15.8	15.6	13.2	14.3	14.3	12.8	13.7	14.6
21 MMDA[6]	3.5	4.0	4.5	5.1	5.4	5.5	4.8	5.1	6.3
22 Savings deposits[5]	3.3	3.2	3.0	2.8	3.3	3.3	3.0	3.0	3.5

1. These series have been revised to reflect new benchmark adjustments and revised seasonal factors as well as some revisions of reported data. Historical tables containing revised data for earlier periods may be obtained from the Banking Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

2. Annual averages of monthly figures.

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

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

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

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1987											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,118.3**	**2,119.7**	**2,126.2**	**2,147.3**	**2,160.6**	**2,167.1**	**2,169.5**	**2,189.0**	**2,206.7**	**2,225.5r**	**2,223.4**	**2,222.8**
2 U.S. government securities	316.3	315.2	314.3	315.8	320.1	316.9	319.8	328.6	331.7	332.2r	331.0	334.1
3 Other securities	190.2	193.8	195.5	197.2	197.6	198.5	196.9	194.9	194.6	194.3	196.4	196.3
4 Total loans and leases[2]	1,611.8	1,610.7	1,616.4	1,634.3	1,642.9	1,651.7	1,652.8	1,665.5	1,680.4	1,699.0r	1,696.0	1,692.4
5 Commercial and industrial	554.1	553.8	551.7	553.9	555.9	558.0	555.5	555.6	560.5	565.7	567.0	571.1
6 Bankers acceptances held[3]	6.8	6.8	6.2	6.5	6.8	6.8	6.7	7.5	7.5	7.7	7.1	7.0
7 Other commercial and industrial	547.2	546.9	545.5	547.4	549.0	551.2	548.9	548.1	553.1	558.0	559.9	564.1
8 U.S. addressees[4]	537.8	537.9	536.9	539.0	540.9	542.8	540.6	540.0	545.0	550.1r	552.2	554.8
9 Non-U.S. addressees[4]	9.4	9.0	8.6	8.4	8.1	8.4	8.3	8.1	8.1	7.9	7.7	9.3
10 Real estate	499.2	504.0	511.0	517.9	526.3	537.2	544.1	551.3	556.2	564.3	570.9	577.4
11 Individual	314.9	315.2	315.7	316.6	316.7	314.5	314.6	316.9	318.9	320.4	321.6	322.7
12 Security	37.7	38.5	38.3	43.6	42.0	42.2	41.7	44.0	45.2	46.4	38.8	33.5
13 Nonbank financial institutions	35.7	34.7	35.0	35.4	35.4	33.9	31.9	30.9	30.8	31.4r	31.6	31.8
14 Agricultural	31.4	30.8	30.0	29.8	29.9	29.9	30.0	30.2	30.2	30.4	30.8	31.3
15 State and political subdivisions	57.8	57.2	57.0	56.0	55.2	54.4	53.2	52.6	52.5	52.5	52.1	51.1
16 Foreign banks	10.6	10.3	9.7	9.9	9.9	10.3	9.4	9.5	9.8	10.3r	9.2	8.6
17 Foreign official institutions	5.9	6.1	6.7	6.7	5.8	5.3	5.2	5.1	5.1	5.2r	5.2	5.1
18 Lease financing receivables	22.1	22.2	22.3	22.6	22.9	23.1	23.2	23.3	23.8	23.8	24.1	24.1
19 All other loans	42.4	38.0	38.9	41.9	43.1	42.8	44.0	46.1	47.3	48.6r	45.0	35.7
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,123.7**	**2,121.6**	**2,127.8**	**2,148.4**	**2,157.9**	**2,166.8**	**2,164.5**	**2,180.5**	**2,204.2**	**2,215.8r**	**2,224.2**	**2,239.9**
21 U.S. government securities	314.6	318.9	317.2	317.7	319.7	317.4	321.0	327.5	330.4	328.3r	330.3	332.4
22 Other securities	193.7	194.1	194.4	195.2	196.8	197.1	194.8	195.3	195.5	194.8	196.9	197.6
23 Total loans and leases[2]	1,615.4	1,608.6	1,616.2	1,635.4	1,641.4	1,652.4	1,648.7	1,657.7	1,678.2	1,692.6r	1,697.0	1,709.9
24 Commercial and industrial	552.4	551.7	554.5	556.5	557.5	559.1	554.6	552.7	559.3	563.1r	566.6	574.7
25 Bankers acceptances held[3]	6.7	6.7	6.2	6.4	6.7	6.9	6.7	7.4	7.6	7.5	7.2	7.3
26 Other commercial and industrial	545.8	545.0	548.3	550.0	550.8	552.3	547.8	545.3	551.7	555.6r	559.4	567.4
27 U.S. addressees[4]	537.1	536.3	539.9	541.6	542.5	543.7	539.0	536.8	543.3	547.2	551.0	559.0
28 Non-U.S. addressees[4]	8.7	8.7	8.4	8.4	8.3	8.6	8.8	8.5	8.4	8.3	8.4	8.4
29 Real estate	499.3	503.1	509.8	516.7	525.4	536.8	544.3	551.5	557.3	565.3	572.1	578.4
30 Individual	317.9	314.7	313.3	314.4	314.8	313.2	313.5	316.7	319.8	321.4	322.7	326.3
31 Security	39.4	37.5	38.6	45.1	42.0	43.0	40.9	41.5	43.6	44.8	39.0	35.2
32 Nonbank financial institutions	35.7	33.8	33.8	34.8	34.9	34.0	31.9	31.1	31.5	31.5r	32.1	32.9
33 Agricultural	30.7	29.9	29.1	29.1	29.7	30.3	30.7	31.0	31.1	31.1	30.9	31.0
34 State and political subdivisions	57.8	57.2	57.0	56.0	55.2	54.4	53.2	52.6	52.5	52.5	52.1	51.1
35 Foreign banks	10.7	10.5	9.7	9.5	9.6	10.0	9.4	9.3	10.0	10.3r	9.3	9.0
36 Foreign official institutions	5.9	6.1	6.7	6.7	5.8	5.3	5.2	5.1	5.1	5.2r	5.2	5.1
37 Lease financing receivables	22.4	22.4	22.5	22.7	22.9	23.2	23.1	23.2	23.6	23.5	23.8	24.1
38 All other loans	43.1	41.5	41.2	43.9	43.6	43.2	42.0	42.9	44.4	43.8r	43.3	42.2

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1987											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.	Nov.	Dec.
Total nondeposit funds												
1 Seasonally adjusted[2]	155.2	159.6	164.1	160.9	169.6	166.0[r]	158.9[r]	165.5	177.0	175.9[r]	173.0	175.4
2 Not seasonally adjusted	154.7	162.3	166.5	161.0	170.4	163.2[r]	155.7[r]	165.6	176.4	174.9	174.6	175.6
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	171.0	171.6	170.4	171.3	169.6	167.7	166.5	166.9	165.9	165.5	166.3	162.3
4 Not seasonally adjusted	170.5	174.3	172.7	171.4	170.4	165.0	163.3	167.0	165.2	164.5	167.9	162.4
5 Net balances due to foreign-related institutions, not seasonally adjusted	−15.7	−12.0	−6.3	−10.4	0	−1.7[r]	−7.7[r]	−1.3[r]	11.2	10.4[r]	6.7	13.2
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−26.1	−23.8	−21.1	−23.0	−15.5	−15.5	−22.2	−17.7	−11.8	−14.7	−17.1[r]	−14.1
7 Gross due from balances	71.5	68.3	66.0	70.5	68.5	67.1	66.4	64.5	63.8	67.7[r]	70.4[r]	69.3
8 Gross due to balances	45.4	44.5	44.9	47.5	53.0	51.5	44.2	46.8	52.0	53.0[r]	53.3[r]	55.2
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	10.4	11.8	14.8	12.6	15.5	13.8[r]	14.6[r]	16.4[r]	22.9	25.1[r]	23.8[r]	27.3
10 Gross due from balances	75.1	72.9	71.1	72.7	75.5	77.2	77.2	77.5	77.1	79.6	83.1	79.7
11 Gross due to balances	85.5	84.7	85.9	85.3	91.0	91.0[r]	91.8[r]	93.8	100.0	104.7[r]	106.9	106.9
Security RP borrowings												
12 Seasonally adjusted[6]	101.1	97.7	95.1	98.6	99.2	101.4	102.5	105.2	108.6	108.6	107.6	107.0
13 Not seasonally adjusted	100.6	100.4	97.4	98.7	100.0	98.7	99.4	105.3	107.9	107.7	109.2	107.1
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	21.3	23.2	17.7	20.7	26.1	27.9	24.7	29.1	23.3	35.6	38.6	24.0
15 Not seasonally adjusted	27.5	28.6	17.1	21.6	30.8	25.5	26.6	21.6	25.5	30.7	25.8	22.4
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	350.1	351.1	354.1	359.8	366.2	372.9	371.8	370.9	370.5	377.8	385.0	386.7
17 Not seasonally adjusted	351.3	353.2	356.4	357.2	364.8	369.8	368.6	370.2	371.8	379.0	385.8	388.2

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.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.
4. Averages of daily figures for member and nonmember banks.
5. Averages of daily data.
6. Based on daily average data reported by 122 large banks.
7. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
8. Averages of Wednesday figures.

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

Billions of dollars

Account	1987										
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,279.4	2,279.2	2,306.2	2,318.9	2,313.4	2,324.3	2,342.2	2,368.8	2,396.9r	2,385.2	2,429.8
2 Investment securities	484.7	486.2	492.5	495.4	493.2	497.7	501.7	502.6	504.1r	508.6	515.0
3 U.S. government securities	298.8	299.5	305.1	307.0	303.4	308.2	312.7	312.7	314.9r	316.6	320.9
4 Other	185.9	186.7	187.5	188.4	189.8	189.4	189.0	189.9	189.2r	192.0	194.1
5 Trading account assets	29.0	25.2	23.3	21.4	20.2	20.4	20.0	19.5	19.7	20.3	16.9
6 Total loans	1,765.6	1,767.8	1,790.3	1,802.1	1,800.0	1,806.2	1,820.5	1,846.7	1,873.1r	1,856.3	1,897.9
7 Interbank loans	156.7	154.3	151.8	160.4	150.9	157.5	162.5	158.3	174.2r	163.0	175.8
8 Loans excluding interbank	1,608.9	1,613.5	1,638.5	1,641.7	1,649.1	1,648.7	1,658.0	1,688.3	1,698.9r	1,693.3	1,722.1
9 Commercial and industrial	551.5	555.3	555.5	558.2	558.0	551.8	551.6	564.6	564.1r	566.2	582.4
10 Real estate	503.5	510.7	519.0	527.4	539.1	547.3	552.7	559.1	566.6r	572.9	581.7
11 Individual	314.7	313.1	315.2	314.8	312.6	314.5	317.2	321.0	322.5	322.8	329.3
12 All other	239.2	234.4	248.9	241.3	239.5	235.2	236.6	243.6	245.6r	231.4	228.8
13 Total cash assets	206.3	203.8	209.7	230.8	213.1	207.1	209.3	221.6	222.0r	213.5	231.9
14 Reserves with Federal Reserve Banks	28.4	31.1	29.8	37.9	33.8	32.8	37.6	33.3	38.6r	34.1	36.6
15 Cash in vault	23.5	22.9	24.0	25.1	24.2	24.4	24.6	24.4	24.9	24.0	28.4
16 Cash items in process of collection	71.4	68.1	74.5	81.3	74.4	68.6	65.6	81.3	78.8r	75.8	80.0
17 Demand balances at U.S. depository institutions	33.0	32.7	33.9	37.2	31.1	31.6	31.4	32.6	32.9r	33.5	37.2
18 Other cash assets	50.1	49.0	47.5	49.3	49.7	49.6	50.0	50.0	46.8r	46.2	49.7
19 Other assets	201.1	202.1	204.0	208.7	203.8	189.0	190.7	200.6	192.4r	193.2	189.7
20 Total assets/total liabilities and capital	**2,686.8**	**2,685.2**	**2,719.9**	**2,758.3**	**2,730.4**	**2,720.4**	**2,742.2**	**2,791.0**	**2,811.2r**	**2,791.8**	**2,851.4**
21 Deposits	1,895.5	1,899.6	1,919.5	1,939.1	1,923.4	1,924.6	1,926.4	1,968.4	1,967.4r	1,970.1	2,012.2
22 Transaction deposits	569.2	568.8	590.7	596.9	578.2	573.7	572.6	610.7	596.5r	590.4	623.2
23 Savings deposits	535.9	539.7	535.1	538.6	535.0	536.0	535.2	532.7	529.2r	528.5	527.5
24 Time deposits	790.3	791.2	793.6	803.6	810.1	814.9	818.6	825.0	841.7r	851.2	861.5
25 Borrowings	425.6	414.9	422.7	435.6	428.3	424.0	435.1	424.6	443.6r	428.5	433.2
26 Other liabilities	184.6	188.7	195.2	200.3	201.3	201.1	209.2	225.0	226.9r	220.3	231.8
27 Residual (assets less liabilities)	181.2	181.9	182.5	183.3	177.4	170.7	171.4	172.9	173.3r	173.0	174.2
MEMO											
28 U.S. government securities (including trading account)	320.1	316.7	318.9	320.6	315.8	322.6	326.3	326.6	328.8r	331.0	332.0
29 Other securities (including trading account)	193.7	194.7	196.9	196.1	197.6	195.5	195.4	195.5	194.9r	197.9	199.9
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,130.3	2,121.7	2,146.9	2,156.2	2,151.9	2,157.7	2,174.9	2,191.8	2,215.2	2,210.7	2,239.7
31 Investment securities	463.3	463.6	470.0	471.5	469.8	473.8	478.1	478.2	480.4	484.6	490.6
32 U.S. Treasury securities	289.2	289.4	295.2	296.7	294.0	298.4	302.7	302.1	304.8	305.9	310.7
33 Other	174.1	174.2	174.8	174.8	175.9	175.4	175.3	176.1	175.6	178.7	179.8
34 Trading account assets	29.0	25.2	23.3	21.4	20.2	20.4	20.0	19.5	19.7	20.3	16.9
35 Total loans	1,638.0	1,632.9	1,653.6	1,663.3	1,661.8	1,663.5	1,676.9	1,694.1	1,715.1	1,705.8	1,732.2
36 Interbank loans	130.5	124.1	124.2	128.6	121.5	122.9	129.5	124.8	133.1	129.6	136.8
37 Loans excluding interbank	1,507.5	1,508.8	1,529.3	1,534.7	1,540.4	1,540.6	1,547.4	1,569.3	1,582.0	1,576.3	1,595.4
38 Commercial and industrial	474.1	474.6	473.5	475.3	471.7	466.0	464.7	471.1	471.9	473.4	481.6
39 Real estate	497.0	504.1	512.0	520.3	532.1	539.9	544.9	551.1	558.9	564.9	572.6
40 Individual	314.4	312.7	314.9	314.5	312.3	314.2	316.8	320.6	322.2	322.5	329.0
41 All other	221.9	217.4	229.0	224.7	224.3	220.6	221.0	226.4	229.0	215.6	212.3
42 Total cash assets	188.9	186.5	192.5	213.2	195.3	189.1	190.1	201.4	205.1	196.6	213.1
43 Reserves with Federal Reserve Banks	27.1	29.7	27.2	35.9	32.1	31.4	36.2	31.0	36.5	31.5	35.1
44 Cash in vault	23.5	22.8	24.0	25.0	24.1	24.4	24.6	24.4	24.9	23.9	28.4
45 Cash items in process of collection	71.0	67.7	74.0	80.9	73.9	68.1	65.1	80.7	78.2	75.4	79.5
46 Demand balances at U.S. depository institutions	31.1	31.1	31.9	35.1	29.3	29.8	29.8	30.6	31.1	31.8	35.2
47 Other cash assets	36.4	35.2	35.4	36.2	35.9	35.4	34.4	34.7	34.4	33.9	34.9
48 Other assets	144.0	143.4	144.4	143.1	134.4	121.8	121.5	135.9	131.1	124.4	127.8
49 Total assets/liabilities and capital	**2,463.2**	**2,451.5**	**2,483.8**	**2,512.5**	**2,481.5**	**2,468.7**	**2,486.5**	**2,529.1**	**2,551.3**	**2,531.7**	**2,580.6**
50 Deposits	1,838.2	1,840.7	1,857.1	1,876.5	1,861.5	1,863.9	1,864.7	1,906.3	1,905.3	1,908.5	1,947.7
51 Transaction deposits	561.3	560.5	582.2	588.4	569.7	565.6	564.3	602.0	587.8	581.9	614.6
52 Savings deposits	533.9	537.7	533.1	536.6	533.0	533.9	533.0	530.6	527.0	526.2	525.2
53 Time deposits	743.0	742.5	741.8	751.4	758.8	764.4	767.3	773.7	790.5	800.3	807.9
54 Borrowings	336.1	319.1	328.2	337.1	328.6	321.1	335.8	326.5	346.7	324.5	332.0
55 Other liabilities	110.8	113.0	119.1	118.8	117.1	116.1	117.6	126.5	129.1	128.8	129.8
56 Residual (assets less liabilities)	178.1	178.8	179.4	180.2	174.3	167.6	168.3	169.8	170.2	169.9	171.1

1. Data have been revised because of benchmarking to new Call Reports and new seasonal factors beginning July 1985. Back data are available from the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

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

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

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1.4 Billion or More on December 31, 1982, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1987								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
1 Cash and balances due from depository institutions	104,047	106,338	100,794	99,175	108,381	97,635	105,035	106,809	113,404
2 **Total loans, leases, and securities, net**	**1,028,725**	**1,019,353**	**1,019,935**	**1,013,391**	**1,023,082**	**1,012,108**	**1,024,093**	**1,015,369**	**1,023,761**
3 U.S. Treasury and government agency	116,718	115,659	118,856	117,548	119,362	119,090	118,434	118,237	116,677
4 Trading acount	14,666	13,988	15,399	14,452	15,383	14,787	13,483	12,242	11,022
5 Investment account, by maturity	102,052	101,671	103,457	103,096	103,979	104,303	104,951	105,994	105,656
6 One year or less	15,884	15,953	15,934	15,798	16,193	16,075	16,075	16,034	15,891
7 Over one through five years	44,412	44,332	44,997	44,952	45,854	46,142	46,773	46,730	46,705
8 Over five years	41,757	41,385	42,525	42,346	41,933	42,086	42,102	43,230	43,060
9 Other securities	68,571	68,499	68,772	69,038	68,362	68,158	68,297	68,444	69,372
10 Trading account	2,596	2,467	2,415	2,551	2,187	1,981	2,230	2,377	2,953
11 Investment account	65,975	66,031	66,357	66,486	66,175	66,177	66,068	66,066	66,419
12 States and political subdivisions, by maturity	47,846	47,797	47,598	47,541	47,256	47,201	47,083	46,982	47,012
13 One year or less	5,212	5,216	5,227	5,219	5,144	5,192	5,187	5,186	5,201
14 Over one year	42,633	42,580	42,370	42,322	42,112	42,008	41,896	41,796	41,811
15 Other bonds, corporate stocks, and securities	18,129	18,234	18,759	18,945	18,919	18,976	18,984	19,085	19,406
16 Other trading account assets	2,960	3,027	3,114	3,293	3,161	2,869	2,629	2,675	2,880
17 Federal funds sold[1]	74,436	69,181	66,010	61,422	67,365	59,129	66,172	56,107	63,563
18 To commercial banks	46,827	40,005	40,003	37,024	43,149	36,279	44,741	35,884	44,223
19 To nonbank brokers and dealers in securities	19,153	20,972	18,031	16,687	17,442	15,957	14,506	13,776	13,109
20 To others	8,455	8,204	7,976	7,712	6,774	6,893	6,925	6,447	6,231
21 Other loans and leases, gross	805,026	801,998	802,074	800,960	803,802	801,797	807,409	808,532	809,594
22 Other loans, gross	785,507	782,294	782,372	781,232	784,097	782,016	787,561	788,562	789,504
23 Commercial and industrial	276,798	276,231	276,438	275,525	276,545	275,818	277,537	278,260	279,476
24 Bankers acceptances and commercial paper	2,289	2,275	2,353	2,224	2,180	2,200	2,063	1,996	2,010
25 All other	274,509	273,956	274,085	273,301	274,365	273,618	275,474	276,264	277,466
26 U.S. addressees	271,479	270,881	271,134	270,342	271,375	270,556	272,429	273,175	274,484
27 Non-U.S. addressees	3,030	3,075	2,950	2,959	2,990	3,061	3,045	3,089	2,982
28 Real estate loans	241,075	241,832	242,598	242,971	243,439	243,640	244,607	245,278	245,746
29 Revolving, home equity	14,174	14,240	14,318	14,428	14,436	14,532	14,676	14,784	15,038
30 All other	226,901	227,592	228,280	228,543	229,002	229,107	229,931	230,494	230,708
31 To individuals for personal expenditures	142,706	142,753	142,430	142,419	142,547	142,995	144,043	145,052	144,711
32 To depository and financial institutions	51,281	50,954	50,673	49,692	50,579	50,421	50,504	50,306	49,943
33 Commercial banks in the United States	22,363	22,669	21,992	22,038	22,349	21,920	21,933	21,622	21,565
34 Banks in foreign countries	5,289	4,770	4,970	4,314	4,400	4,516	4,225	4,506	4,211
35 Nonbank depository and other financial institutions	23,628	23,514	23,711	23,341	23,829	23,985	24,346	24,178	24,168
36 For purchasing and carrying securities	14,679	12,650	12,407	12,488	12,898	12,507	13,002	12,708	12,748
37 To finance agricultural production	5,601	5,504	5,573	5,508	5,531	5,522	5,557	5,560	5,716
38 To states and political subdivisions	31,474	31,366	31,443	31,301	31,124	30,894	30,807	30,609	30,413
39 To foreign governments and official institutions	2,888	2,840	2,844	2,813	2,799	2,752	2,810	2,734	2,680
40 All other	19,004	18,164	17,965	18,514	18,634	17,467	18,694	18,055	18,071
41 Lease financing receivables	19,519	19,705	19,702	19,728	19,705	19,781	19,848	19,971	20,091
42 LESS: Unearned income	4,650	4,655	4,573	4,519	4,472	4,496	4,497	4,518	4,400
43 Loan and lease reserve	34,336	34,356	34,318	34,352	34,498	34,439	34,351	34,108	33,925
44 Other loans and leases, net	766,040	762,987	763,183	762,089	764,832	762,862	768,561	769,906	771,269
45 All other assets	127,920	125,569	124,223	119,818	122,167	120,093	124,260	121,581	121,907
46 **Total assets**	**1,260,693**	**1,251,260**	**1,244,952**	**1,232,384**	**1,253,630**	**1,229,836**	**1,253,388**	**1,243,758**	**1,259,072**
47 Demand deposits	234,023	223,223	224,965	217,809	225,664	213,083	237,816	230,209	239,169
48 Individuals, partnerships, and corporations	180,167	175,482	173,804	171,882	177,824	168,885	183,331	180,792	184,002
49 States and political subdivisions	5,493	5,140	5,344	5,601	5,658	5,193	6,192	6,096	5,887
50 U.S. government	4,581	1,460	3,852	2,190	1,474	1,364	3,716	3,427	3,139
51 Depository institutions in the United States	24,947	25,261	24,805	23,154	23,526	21,664	27,733	23,983	26,996
52 Banks in foreign countries	6,928	6,445	6,604	6,467	7,090	7,017	6,499	6,652	6,883
53 Foreign governments and official institutions	810	848	651	755	809	763	1,035	689	1,199
54 Certified and officers' checks	11,098	8,587	9,906	7,761	9,282	8,195	9,309	8,570	11,063
55 Transaction balances other than demand deposits	62,477	61,824	61,228	60,792	62,753	62,306	62,399	62,574	62,235
56 Nontransaction balances	535,335	535,904	536,595	535,801	536,090	536,826	536,098	536,529	534,985
57 Individuals, partnerships, and corporations	498,289	499,007	499,467	498,327	499,014	499,662	498,785	498,816	497,334
58 States and political subdivisions	25,345	25,159	25,088	25,357	25,022	25,292	25,381	25,425	25,370
59 U.S. government	773	748	764	832	779	763	910	898	892
60 Depository institutions in the United States	10,095	10,165	10,452	10,451	10,429	10,278	10,208	10,580	10,602
61 Foreign governments, official institutions, and banks	833	825	824	834	846	831	815	810	788
62 Liabilities for borrowed money	258,036	259,410	250,943	245,592	257,182	242,751	245,768	242,416	249,921
63 Borrowings from Federal Reserve Banks	345	260	369	330	415	630	565	185	430
64 Treasury tax-and-loan notes	14,033	20,490	16,626	16,895	16,117	5,382	12,394	22,168	23,170
65 All other liabilities for borrowed money[2]	243,658	238,660	233,948	228,366	240,650	236,739	232,809	220,063	226,320
66 Other liabilities and subordinated note and debentures	91,392	90,957	91,615	93,573	92,179	94,971	91,987	92,826	94,139
67 **Total liabilities**	**1,181,263**	**1,171,318**	**1,165,346**	**1,153,568**	**1,173,868**	**1,149,938**	**1,174,069**	**1,164,555**	**1,180,450**
68 Residual (total assets minus total liabilities)[3]	79,430	79,942	79,606	78,816	79,762	79,898	79,318	79,203	78,622
MEMO									
69 Total loans and leases (gross) and investments adjusted[4]	998,521	995,690	996,831	993,200	996,554	992,845	996,267	996,490	996,299
70 Total loans and leases (gross) adjusted[4]	810,272	808,504	806,089	803,321	805,669	802,728	806,907	807,134	807,370
71 Time deposits in amounts of $100,000 or more	172,558	172,597	172,906	172,866	171,172	172,264	172,002	173,729	173,501
72 Loans sold outright to affiliates—total[5]	1,708	1,718	1,778	1,812	1,731	1,699	1,557	1,500	1,366
73 Commercial and industrial	1,248	1,263	1,321	1,352	1,270	1,245	1,126	1,080	1,057
74 Other	459	455	456	460	461	454	431	420	309
75 Nontransaction savings deposits (including MMDAs)	224,976	224,971	225,070	224,050	225,674	225,236	224,754	223,278	222,410

1. Includes securities purchased under agreements to resell.
2. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
3. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.
4. Exclusive of loans and federal funds transactions with domestic commercial banks.
5. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

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

Millions of dollars, Wednesday figures except as noted

Account	1987								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
1 Cash balances due from depository institutions	25,488	26,426	23,107	22,068	25,598	25,475	24,132	25,476	29,583
2 Total loans, leases and securities, net[1]	**219,018**	**214,596**	**214,864**	**210,656**	**216,067**	**210,791**	**216,610**	**211,747**	**215,374**
Securities									
3 U.S. Treasury and government agency[2]	0	0	0	0	0	0	0	0	0
4 Trading account[2]	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity	14,141	13,821	14,368	13,718	14,311	14,224	14,451	14,333	14,553
6 One year or less	1,441	1,469	1,517	1,498	1,452	1,417	1,523	1,245	1,381
7 Over one through five years	4,216	4,122	4,640	4,663	4,681	4,608	4,609	4,643	4,707
8 Over five years	8,483	8,230	8,212	7,557	8,178	8,199	8,319	8,445	8,465
9 Other securities[2]	0	0	0	0	0	0	0	0	0
10 Trading account[2]	0	0	0	0	0	0	0	0	0
11 Investment account	16,572	16,657	16,736	16,753	16,926	16,953	17,029	16,927	17,144
12 States and political subdivisions, by maturity	13,482	13,453	13,355	13,291	13,262	13,258	13,262	13,274	13,302
13 One year or less	788	795	786	775	874	880	865	879	868
14 Over one year	12,694	12,659	12,568	12,515	12,387	12,379	12,397	12,395	12,434
15 Other bonds, corporate stocks and securities	3,090	3,203	3,381	3,462	3,664	3,694	3,766	3,653	3,842
16 Other trading account assets[2]	0	0	0	0	0	0	0	0	0
Loans and leases									
17 Federal funds sold[3]	31,439	29,539	30,165	26,826	30,182	26,163	28,858	24,645	26,753
18 To commercial banks	14,259	11,479	14,241	11,953	15,313	11,985	16,333	12,412	15,081
19 To nonbank brokers and dealers in securities	11,826	12,850	10,959	9,992	10,779	9,544	8,947	8,312	8,320
20 To others	5,354	5,209	4,965	4,881	4,090	4,635	3,578	3,921	3,352
21 Other loans and leases, gross	172,495	170,239	169,145	168,903	170,214	169,022	171,794	171,250	172,264
22 Other loans, gross	167,986	165,726	164,656	164,383	165,729	164,483	167,248	166,696	167,699
23 Commercial and industrial	59,181	58,562	57,841	56,954	57,463	57,105	58,195	58,010	58,447
24 Bankers acceptances and commercial paper	438	380	411	358	357	336	318	306	304
25 All other	2,313	2,329	2,353	2,373	2,389	2,407	2,424	2,441	2,463
26 U.S. addressees	42,188	42,315	42,497	42,568	42,834	43,070	43,529	44,059	44,559
27 Non-U.S. addressees	58,742	58,182	57,430	56,596	57,105	56,769	57,878	57,704	58,142
28 Real estate loans	58,214	57,635	56,957	56,142	56,655	56,277	57,406	57,244	57,743
29 Revolving, home equity	529	547	473	455	450	491	472	460	400
30 All other	44,501	44,644	44,850	44,940	45,222	45,478	45,953	46,500	47,022
31 To individuals for personal expenditures	21,522	21,596	21,139	21,266	21,282	21,356	21,552	21,682	21,849
32 To depository and financial institutions	21,852	21,738	21,475	21,306	21,576	21,654	21,926	21,824	21,631
33 Commercial banks in the United States	11,770	12,156	11,733	11,923	12,112	12,015	12,135	12,180	12,123
34 Banks in foreign countries	3,287	2,784	2,968	2,460	2,487	2,682	2,342	2,625	2,316
35 Nonbank depository and other financial institutions	6,795	6,798	6,774	6,923	6,978	6,957	7,449	7,020	7,193
36 For purchasing and carrying securities	5,882	4,394	4,794	5,037	5,560	4,824	5,291	4,944	4,724
37 To finance agricultural production	331	324	342	300	297	307	323	284	282
38 To states and political subdivisions	7,721	7,697	7,770	7,745	7,665	7,502	7,423	7,347	7,386
39 To foreign governments and official institutions	742	638	664	625	663	610	712	657	597
40 All other	6,254	6,132	5,781	6,210	6,000	5,646	5,871	5,448	5,760
41 Lease financing receivables	4,509	4,512	4,489	4,520	4,485	4,539	4,546	4,554	4,565
42 LESS: Unearned income	1,438	1,444	1,365	1,348	1,329	1,338	1,346	1,360	1,365
43 Loan and lease reserve	14,190	14,216	14,186	14,196	14,237	14,233	14,176	14,048	13,975
44 Other loans and leases, net	156,866	154,579	153,594	153,359	154,648	153,451	156,272	155,841	156,924
45 All other assets[4]	61,352	58,613	60,326	56,001	57,512	54,028	55,866	51,969	53,517
46 Total assets	**305,858**	**299,635**	**298,296**	**288,726**	**299,176**	**290,294**	**296,608**	**289,192**	**298,474**
Deposits									
47 Demand deposits	63,618	56,801	60,251	54,185	56,287	53,403	62,863	58,495	63,743
48 Individuals, partnerships, and corporations	44,225	39,952	40,612	38,671	39,683	37,296	43,119	41,654	42,692
49 States and political subdivisions	879	1,066	889	791	912	846	968	810	758
50 U.S. government	870	261	717	367	192	187	595	566	593
51 Depository institutions in the United States	6,118	5,871	7,116	5,715	5,292	5,434	7,680	5,999	7,573
52 Banks in foreign countries	5,623	5,226	5,303	5,223	5,846	5,759	5,337	5,277	5,640
53 Foreign governments and official institutions	671	703	517	587	678	626	889	553	1,061
54 Certified and officers' checks	5,232	3,722	5,098	2,831	3,684	3,255	4,274	3,636	5,424
55 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,073	8,094	8,002	7,932	8,171	8,062	8,163	8,249	8,337
56 Nontransaction balances	101,446	101,376	101,404	101,097	101,566	101,144	101,300	101,225	101,540
57 Individuals, partnerships, and corporations	92,300	92,527	92,574	92,342	93,046	92,551	92,737	92,647	92,979
58 States and political subdivisions	6,794	6,530	6,542	6,481	6,238	6,326	6,248	6,127	6,122
59 U.S. government	67	55	57	56	57	60	59	50	50
60 Depository institutions in the United States	1,870	1,876	1,844	1,833	1,829	1,833	1,886	2,015	2,015
61 Foreign governments, official institutions, and banks	415	388	388	385	395	373	370	386	373
62 Liabilities for borrowed money	70,652	73,380	69,556	64,759	73,560	65,077	63,327	58,880	61,299
63 Borrowings from Federal Reserve Banks	0	0	0	0	0	0	0	0	0
64 Treasury tax-and-loan notes	3,283	5,007	4,222	4,327	4,173	1,269	3,602	5,570	5,642
65 All other liabilities for borrowed money[5]	67,369	68,372	65,334	60,432	69,387	63,808	59,726	53,310	55,656
66 Other liabilities and subordinated note and debentures	38,767	36,398	35,763	37,632	36,196	39,044	37,553	38,953	40,347
67 Total liabilities	**282,557**	**276,049**	**274,976**	**265,606**	**275,780**	**266,731**	**273,208**	**265,802**	**275,266**
68 Residual (total assets minus total liabilities)[6]	23,301	23,586	23,321	23,120	23,396	23,562	23,401	23,390	23,208
MEMO									
69 Total loans and leases (gross) and investments adjusted[1,7]	208,618	206,620	204,441	202,325	204,208	202,361	203,663	202,563	203,510
70 Total loans and leases (gross) adjusted[7]	177,905	176,142	173,336	171,854	172,971	171,185	172,184	171,303	171,813
71 Time deposits in amounts of $100,000 or more	38,448	38,397	38,361	38,016	37,776	37,761	37,476	37,881	37,437

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Includes trading account securities.
5. Includes federal funds purchased and securities sold under agreements to repurchase.
6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
7. Exclusive of loans and federal funds transactions with domestic commercial banks.

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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

Millions of dollars, Wednesday figures

Account	1987								
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
1 Cash and due from depository institutions	10,434	10,013	10,922	9,970	11,801	9,920	10,326	10,150	10,878
2 Total loans and securities	97,204	96,081	98,486	96,156	96,785	99,280	100,996	102,108	106,201
3 U.S. Treasury and government agency securities	7,466	7,290	7,558	7,328	7,681	7,626	7,511	7,370	7,056
4 Other securities	7,402	7,516	7,456	7,450	7,394	7,299	7,341	7,474	7,811
5 Federal funds sold[2]	8,474	8,073	10,615	7,679	6,947	8,988	10,272	9,364	11,688
6 To commercial banks in the United States	6,730	6,081	8,191	5,663	4,174	6,354	8,152	7,490	10,136
7 To others	1,744	1,992	2,423	2,016	2,772	2,634	2,120	1,874	1,552
8 Other loans, gross	73,860	73,202	72,857	73,698	74,763	75,367	75,872	77,899	79,645
9 Commercial and industrial	49,111	47,548	48,072	47,700	48,231	49,280	49,217	50,530	52,377
10 Bankers acceptances and commercial paper	3,361	1,553	1,448	1,501	1,488	1,524	1,457	1,528	1,668
11 All other	45,751	45,995	46,624	46,199	46,744	47,756	47,760	49,002	50,709
12 U.S. addressees	43,421	43,597	44,234	43,743	44,400	45,281	45,192	46,751	48,526
13 Non-U.S. addressees	2,330	2,398	2,391	2,456	2,344	2,475	2,568	2,251	2,183
14 To financial institutions	15,597	15,815	15,605	16,805	16,618	16,237	16,279	16,901	16,766
15 Commercial banks in the United States	11,644	11,872	11,437	12,688	12,218	11,806	11,924	12,429	12,153
16 Banks in foreign countries	1,012	913	1,133	1,093	1,288	1,272	1,223	1,208	1,245
17 Nonbank financial institutions	2,940	3,029	3,035	3,024	3,112	3,159	3,132	3,264	3,368
18 To foreign governments and official institutions	388	400	407	403	401	411	398	400	418
19 For purchasing and carrying securities	2,062	2,339	1,655	1,738	1,991	1,971	2,200	2,201	2,121
20 All other	6,701	7,100	7,118	7,052	7,522	7,468	7,777	7,866	7,962
21 Other assets (claims on nonrelated parties)	28,927	31,776r	31,619	31,805	31,787	31,798	31,264	31,427	31,500
22 Net due from related institutions	15,953	14,071	13,816	16,081	14,182	13,879	12,498	13,256	12,676
23 Total assets	152,517	151,942r	154,844	154,012	154,555	154,877	155,084	156,942	161,255
24 Deposits or credit balances due to other than directly related institutions	42,747r	42,397r	41,917r	41,849	41,773	42,366	43,088	43,349	44,244
25 Transaction accounts and credit balances[3]	3,527r	3,341r	3,221r	2,918	2,841	3,092	3,206	3,033	3,461
26 Individuals, partnerships, and corporations	1,865	1,908r	1,932	1,714	1,709	1,969	1,876	1,909	1,895
27 Other	1,662r	1,432r	1,289r	1,204r	1,132	1,123	1,330	1,124	1,566
28 Nontransaction accounts[4]	39,219	39,056	38,696	38,931	38,932	39,274	39,882	40,315	40,783
29 Individuals, partnerships, and corporations	31,889	31,954	31,655	31,912	31,234	31,430	32,290	32,718	33,190
30 Other	7,330	7,102	7,042	7,018	7,699	7,844	7,592	7,597	7,593
31 Borrowings from other than directly related institutions	56,494	54,297r	57,873r	58,464r	58,777	56,187	56,865	54,285	56,753
32 Federal funds purchased[5]	27,448	25,598	28,195	27,249	28,495	25,886	25,380	22,167	24,201
33 From commercial banks in the United States	17,568	15,592	17,030	16,924	16,373	13,943	15,256	12,413	15,115
34 From others	9,880	10,007	11,166	10,326	12,122	11,943	10,124	9,754	9,086
35 Other liabilities for borrowed money	29,046r	28,699r	29,678r	31,215r	30,282	30,302	31,486	32,118	32,552
36 To commercial banks in the United States	22,743r	22,672	23,826	24,299r	23,841	23,081	24,295	24,359	25,128
37 To others	6,303	6,027	5,851	6,916	6,441	7,221	7,190	7,759	7,424
38 Other liabilities to nonrelated parties	33,004	32,830	32,928	33,016	33,304	33,338	32,544	32,639	32,557
39 Net due to related institutions	20,272	22,417	22,124	20,683	20,701	22,986	22,587	26,668	27,701
40 Total liabilities	152,517	151,942r	154,844	154,012	154,555	154,877	155,084	156,942	161,255
MEMO									
41 Total loans (gross) and securities adjusted[6]	78,829	78,128	78,857	77,804	80,393	81,121	80,920	82,189	83,912
42 Total loans (gross) adjusted[6]	63,960	63,322	63,843	63,026	65,317	66,195	66,068	67,344	69,044

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984.
2. Includes securities purchased under agreements to resell.
3. Includes credit balances, demand deposits, and other checkable deposits.
4. Includes savings deposits, money market deposit accounts, and time deposits.
5. Includes securities sold under agreements to repurchase.
6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	Commercial banks									
	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.[3,4]	1986 June	1986 Sept.	1986 Dec.	1987 Mar.	1987 June	1987 Sept.
1 **All holders—Individuals, partnerships, and corporations**	**291.8**	**293.5**	**302.7**	**321.0**	**322.4**	**333.6**	**363.6**	**335.9**	**340.2**	**339.0**
2 Financial business	35.4	32.8	31.7	32.3	32.3	35.9	41.4	35.9	36.6	36.5[r]
3 Nonfinancial business	150.5	161.1	166.3	178.5	180.0	185.9	202.0	183.0	187.2	188.2
4 Consumer	85.9	78.5	81.5	85.5	86.4	86.3	91.1	88.9	90.1	88.7
5 Foreign	3.0	3.3	3.6	3.5	3.0	3.3	3.3	2.9	3.2	3.2
6 Other	17.0	17.8	19.7	21.2	20.7	22.2	25.8	25.2	23.1	22.4
	Weekly reporting banks									
	1982 Dec.	1983 Dec.	1984 Dec.[2]	1985 Dec.[3,4]	1986 June	1986 Sept.	1986 Dec.	1987 Mar.	1987 June	1987 Sept.
7 **All holders—Individuals, partnerships, and corporations**	**144.2**	**146.2**	**157.1**	**168.6**	**168.5**	**174.7**	**195.1**	**178.1**	**179.3**	**179.1**
8 Financial business	26.7	24.2	25.3	25.9	25.7	28.9	32.5	28.7	29.3	29.3
9 Nonfinancial business	74.3	79.8	87.1	94.5	93.1	94.8	106.4	94.4	94.8	96.0
10 Consumer	31.9	29.7	30.5	33.2	34.9	35.0	37.5	36.8	37.5	37.2
11 Foreign	2.9	3.1	3.4	3.1	2.9	3.2	3.3	2.8	3.1	3.1
12 Other	8.4	9.3	10.9	12.0	11.9	12.8	15.4	15.5	14.6	13.5

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1987 June	1987 July	1987 Aug.	1987 Sept.	1987 Oct.	1987 Nov.[1]
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 All issuers	**187,658**	**237,586**	**300,899**	**331,016**	**n.a.**	**348,741**	**348,247**	**352,737**	**358,828**	**360,013**	**349,678**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	44,455	56,485	78,443	100,207	n.a.	108,691	107,709	110,714	115,570	111,098	103,539
3 Bank-related (not seasonally adjusted)	2,441	2,035	1,602	2,265	n.a.	2,430	2,311	2,404	2,590	2,689	1,893
Directly placed paper[4]											
4 Total	97,042	110,543	135,504	152,385	n.a.	161,921	162,185	163,620	166,169	171,392	168,676
5 Bank-related (not seasonally adjusted)	35,566	42,105	44,778	40,860	n.a.	47,862	46,354	45,487	46,815	46,249	45,353
6 Nonfinancial companies[5]	46,161	70,558	86,952	78,424	n.a.	78,129	78,353	78,403	77,089	77,523	77,463
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 Total	**78,309**	**78,364**	**68,413**	**64,974**	**72,581**	**69,622**	**68,495**	**68,645**	**68,771**	**71,891**	**71,091**
Holder											
8 Accepting banks	9,355	9,811	11,197	13,423	10,924	11,234	10,664	10,870	10,521	10,856	10,701
9 Own bills	8,125	8,621	9,471	11,707	9,445	9,661	9,630	9,905	9,400	9,742	9,714
10 Bills bought	1,230	1,191	1,726	1,716	1,479	1,573	1,035	965	1,121	1,114	987
Federal Reserve Banks											
11 Own account	418	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	729	671	937	1,317	965	1,717	1,463	1,397	1,467	1,400	1,134
13 Others	67,807	67,881	56,279	50,234	58,692	56,671	56,367	56,379	56,784	59,635	59,257
Basis											
14 Imports into United States	15,649	17,845	15,147	14,670	16,513	16,179	17,431	17,087	17,198	17,814	17,026
15 Exports from United States	16,880	16,305	13,204	12,960	15,221	14,161	14,659	14,967	15,046	15,949	15,435
16 All other	45,781	44,214	40,062	37,344	38,847	39,281	36,405	36,590	36,526r	38,122	38,630

1. A change in the reporting panel in November resulted in a slight understatement of outstanding volume.
2. Institutions engaged primarily in activities such as, but not limited to, commercial savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Beginning October 1984, the number of respondents in the bankers acceptance survey were reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per year

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1985—Jan. 15	10.50	1987—Apr. 1	7.75	1985—Jan.	10.61	1986—July	8.16
May 20	10.00	May 1	8.00	Feb.	10.50	Aug.	7.90
June 18	9.50	15	8.25	Mar.	10.50	Sept.	7.50
		Sept. 4	8.75	Apr.	10.50	Oct.	7.50
1986—Mar. 7	9.00	Oct. 7	9.25	May	10.31	Nov.	7.50
Apr. 21	8.50	22	9.00	June	9.78	Dec.	7.50
July 11	8.00	Nov. 5	8.75	July	9.50		
Aug. 27	7.50			Aug.	9.50	1987—Jan.	7.50
				Sept.	9.50	Feb.	7.50
				Oct.	9.50	Mar.	7.50
				Nov.	9.50	Apr.	7.75
				Dec.	9.50	May	8.14
						June	8.25
				1986—Jan.	9.50	July	8.25
				Feb.	9.50	Aug.	8.25
				Mar.	9.10	Sept.	8.70
				Apr.	8.83	Oct.	9.07
				May	8.50	Nov.	8.78
				June	8.50	Dec.	8.75

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1985	1986	1987	1987				1987, week ending				
				Sept.	Oct.	Nov.	Dec.	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
Money Market Rates												
1 Federal funds[1,2]	8.10	6.80	6.66	7.22	7.29	6.69	6.77	6.78	6.89	6.84	6.58	6.75
2 Discount widow borrowing[1,2,3]	7.69	6.33	5.66	5.95	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Commercial paper[4,5]												
3 1-month	7.94	6.62	6.74	7.26	7.38	6.77	7.76	6.75	7.28	7.77	8.18	7.90
4 3-month	7.95	6.49	6.82	7.37	7.89	7.17	7.61	7.20	7.47	7.64	7.93	7.64
5 6-month	8.01	6.39	6.85	7.55	7.96	7.17	7.49	7.21	7.42	7.56	7.72	7.46
Finance paper, directly placed[4,5]												
6 1-month	7.91	6.58	6.61	7.20	7.28	6.63	7.23	6.60	6.67	7.48	7.62	7.24
7 3-month	7.77	6.38	6.54	7.08	7.40	6.91	6.97	7.03	7.17	6.95	6.99	6.95
8 6-month	7.75	6.31	6.37	6.90	7.17	6.69	6.64	6.61	6.59	6.60	6.68	6.69
Bankers acceptances[5,6]												
9 3-month	7.92	6.39	6.75	7.31	7.85	7.07	7.48	7.14	7.41	7.64	7.69	7.41
10 6-month	7.96	6.29	6.78	7.48	7.92	7.07	7.41	7.14	7.37	7.56	7.59	7.31
Certificates of deposit, secondary market[7]												
11 1-month	7.97	6.61	6.75	7.25	7.39	6.80	7.86	6.77	7.72	7.88	8.16	7.93
12 3-month	8.05	6.52	6.87	7.37	8.02	7.24	7.66	7.26	7.61	7.75	7.88	7.61
13 6-month	8.25	6.51	7.01	7.74	8.19	7.31	7.67	7.33	7.62	7.78	7.88	7.61
14 Eurodollar deposits, 3-month[8]	8.28	6.71	7.06	7.51	8.29	7.41	7.86	7.38	7.71	7.84	8.13	7.90
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	7.48	5.98	5.78	6.40	6.13	5.69	5.77	5.72	5.41	5.86	5.90	5.83
16 6-month	7.65	6.03	6.03	6.64	6.69	6.19	6.36	6.17	6.15	6.44	6.43	6.44
17 1-year	7.81	6.08	6.32	7.11	7.05	6.50	6.69	6.56	6.55	6.74	6.73	6.71
Auction average[10]												
18 3-month	7.49	5.97	5.82	6.32	6.40	5.81	5.80	5.70	5.49	5.81	6.00	5.96
19 6-month	7.66	6.02	6.05	6.57	6.86	6.23	6.36	6.11	6.12	6.42	6.45	6.48
20 1-year	7.81	6.07	6.33	6.74	6.89	6.48	6.74	6.48	n.a.	n.a.	n.a.	6.74
Capital Market Rates												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	8.43	6.46	6.77	7.67	7.59	6.96	7.17	7.02	7.02	7.24	7.23	7.19
22 2-year	9.27	6.87	7.42	8.34	8.40	7.69	7.86	7.76	7.75	7.93	7.91	7.85
23 3-year	9.64	7.06	7.68	8.67	8.75	7.99	8.13	8.05	8.04	8.21	8.17	8.12
24 5-year	10.13	7.31	7.94	8.94	9.08	8.35	8.45	8.41	8.40	8.54	8.50	8.41
25 7-year	10.51	7.55	8.23	9.26	9.37	8.69	8.82	8.77	8.80	8.96	8.88	8.72
26 10-year	10.62	7.68	8.39	9.42	9.52	8.86	8.99	8.95	8.98	9.14	9.05	8.87
27 20-year	10.97	7.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	10.79	7.80	8.59	9.59	9.61	8.95	9.12	9.03	9.12	9.31	9.18	8.97
Composite[13]												
29 Over 10 years (long-term)	10.75	8.14	8.64	9.58	9.61	8.99	9.12	9.06	9.14	9.31	9.18	8.95
State and local notes and bonds												
Moody's series[14]												
30 Aaa	8.60	6.95	7.14	7.66	7.90	7.50	7.45	7.45	7.45	7.50	7.50	7.40
31 Baa	9.58	7.76	8.17	8.67	8.85	8.47	8.42	8.40	8.40	8.45	8.45	8.40
32 *Bond Buyer* series[15]	9.11	7.32	7.64	8.26	8.70	7.95	7.96	7.96	7.90	8.10	8.01	7.95
Corporate bonds												
Seasoned issues[16]												
33 All industries	12.05	9.71	9.92	10.64	10.97	10.54	10.59	10.51	10.55	10.61	10.65	10.59
34 Aaa	11.37	9.02	9.38	10.18	10.52	10.01	10.11	10.01	10.06	10.14	10.19	10.08
35 Aa	11.82	9.47	9.68	10.35	10.74	10.27	10.33	10.21	10.28	10.36	10.40	10.31
36 A	12.28	9.95	9.99	10.72	10.98	10.63	10.62	10.61	10.62	10.64	10.65	10.59
37 Baa	12.72	10.39	10.58	11.31	11.62	11.23	11.29	11.22	11.23	11.30	11.36	11.28
38 A-rated, recently-offered utility bonds[17]	12.06	9.61	9.95	10.84	11.07	10.39	10.42	10.40	10.42	10.70	10.41	10.21
Memo: Dividend/price ratio[18]												
39 Preferred stocks	10.49	8.76	8.37	8.64	8.99	9.11	9.08	9.02	8.99	9.02	9.10	9.07
40 Common stocks	4.25	3.48	3.08	2.78	3.25	3.66	3.71	3.69	3.86	3.78	3.66	3.59

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1985	1986	1987	1987 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	108.09	136.00	161.70	163.88	163.00	169.58	174.28	184.18	178.39	157.13	137.21	134.88
2 Industrial	123.79	155.85	195.31	199.03	198.78	206.61	214.12	226.49	219.52	189.86	163.42	162.19
3 Transportation	104.11	119.87	140.39	137.91	141.30	150.39	157.49	164.02	158.58	140.95	117.57	115.85
4 Utility	56.75	71.36	74.29	72.74	71.64	74.25	74.18	78.20	76.13	73.27	69.86	67.39
5 Finance	114.21	147.19	146.48	150.52	145.97	152.73	152.27	160.94	154.08	137.35	118.30	111.47
6 Standard & Poor's Corporation (1941–43 = 10)[1]	186.84	236.34	286.83	289.32	289.12	301.36	310.09	329.36	318.66	280.16	245.01	240.96
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	229.10	264.38	316.61	330.65	328.77	334.49	348.68	361.52	353.72	306.34	249.42	248.52
Volume of trading (thousands of shares)												
8 New York Stock Exchange	109,191	141,385	188,642	187,135	170,898	163,380	180,356	193,477	177,319	277,026	179,481	178,517
9 American Stock Exchange	8,355	11,846	13,832	14,420	11,655	12,813	12,857	13,604	12,381	18,173	11,268	13,422
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**28,390**	**36,840**	**31,990**	**39,820**	**38,890**	**38,420**	**40,250**	**41,640**	**44,170**	**38,250**	**34,180**	**31,990**
Free credit balances at brokers[4]												
11 Margin-account[5]	2,715	4,880	4,750	4,660	4,355	3,680	4,095	4,240	4,270	8,415	6,700	4,750
12 Cash-account	12,840	19,000	15,640	17,285	16,985	15,405	15,930	16,195	15,895	18,455	15,360	15,640

Margin requirements (percent of market value and effective date)[6]

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

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1984	1985	1986	1987									
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Savings and loan associations												
1 **Assets**	**903,488**	**948,781**	**963,316**	**935,516**	**936,877**	**939,722**	**944,291**	**952,686r**	**949,100r**	**949,266r**	**955,253r**	**956,744r**	**973,992**
2 Mortgage-backed securities	.. ....	97,303	123,257	129,340	128,856	129,279	134,743	141,032	140,643r	140,894	144,058	146,247r	150,230
3 Cash and investment securities[1]	124,801	126,712	142,700	132,733	135,884	138,727	136,370	138,295	138,126r	138,521	137,323	131,729r	139,675
4 Other	223,396	238,833	251,769	261,869	263,782	266,407	274,834	283,661	285,438r	287,517r	292,737	295,225r	301,229
5 **Liabilities and net worth**	**903,488**	**948,781**	**963,316**	**935,516**	**936,877**	**939,722**	**944,291**	**952,686r**	**949,100r**	**949,266r**	**955,253r**	**956,744r**	**973,992**
6 Savings capital	725,045	750,071	741,081	721,759	722,276	722,548	716,798	718,633	715,662	716,389	717,259	721,409	727,274
7 Borrowed money	125,666	138,798	159,742	153,373	152,173	158,175	165,881	171,278	175,393r	174,357	178,642	180,360	190,706
8 FHLBB	64,207	73,888	80,194	75,552	75,671	76,469	77,857	78,583	79,188	78,888	79,546	80,848	83,303
9 Other	61,459	64,910	79,548	77,821	76,502	81,706	88,024	92,695	96,205r	95,469	99,096	99,512	107,403
10 Other	17,944	19,045	20,071	19,773	21,823	18,958	20,870	22,621	19,566r	20,679r	21,941r	19,158r	20,996
11 Net worth[2]	34,833	41,064	42,423	40,606	40,601	40,040	40,741	40,144r	38,472r	37,836r	37,406r	35,814r	35,003
	FSLIC-insured federal savings banks												
12 **Assets**	**98,559**	**131,868**	**210,562**	**235,428**	**235,763**	**241,418**	**246,277**	**253,006r**	**264,106r**	**268,813r**	**272,088r**	**272,789r**	**276,490**
13 Mortgages	57,429	72,355	113,638	136,770	136,489	138,882	140,854	144,581	150,421	152,885	154,058	154,658r	156,460
14 Mortgage-backed securities	9,949	15,676	29,766	33,570	34,634	36,088	37,500	39,371	40,969r	42,712	43,531	44,422r	45,132
15 Other	10,971	11,723	19,034	15,769	16,060	16,605	17,034	17,200	17,924r	17,546r	17,779	17,559r	17,383
16 **Liabilities and net worth**	**98,559**	**131,868**	**210,562**	**235,428**	**235,763**	**241,418**	**246,277**	**253,006r**	**264,106r**	**268,813r**	**272,088r**	**272,789r**	**276,490**
17 Savings capital	79,572	103,462	157,872	176,741	178,676	178,672	180,637	182,802	189,998	193,890	194,853	195,213	197,296
18 Borrowed money	12,798	19,323	37,329	40,614	39,777	43,919	46,125	49,896	53,255r	53,652	55,660	56,540	57,551
19 FHLBB	7,515	10,510	19,897	20,730	20,226	21,104	21,718	22,788	24,486	24,981	25,546	26,287	27,350
20 Other	5,283	8,813	17,432	19,884	19,551	22,815	24,407	27,108	28,769r	28,671	30,114	30,253	30,201
21 Other	1,903	2,732	4,263	5,304	5,480	5,265	5,547	6,044	5,988r	6,141r	6,454r	5,630r	6,308
22 Net worth	4,286	6,351	11,098	12,774	13,151	13,564	13,978	14,272	14,871r	15,134	15,123	15,408	15,348
	Savings banks												
23 **Assets**	**203,898**	**216,776**	**236,866**	**235,603**	**238,074**	**240,739**	**243,454**	**245,906**	**244,760**	**246,833**	**249,888**	**251,472**	**255,989**
Loans													
24 Mortgage	102,895	110,448	118,323	119,199	119,737	121,178	122,769	124,936	128,217	129,624	130,721	133,298	135,317
25 Other	24,954	30,876	35,167	36,122	37,207	38,012	37,136	37,313	35,200	35,591	36,793	36,134	36,471
Securities													
26 U.S. government	14,643	13,111	14,209	13,332	13,525	13,631	13,743	13,650	13,549	13,498	13,720	13,122	13,817
27 Mortgage-backed securities	19,215	19,481	25,836	26,220	26,893	27,463	28,700	28,739	27,785	28,252	28,913	29,655	30,202
28 State and local government	2,077	2,323	2,185	2,180	2,168	2,041	2,063	2,053	2,059	2,050	2,038	2,023	2,034
29 Corporate and other	23,747	21,199	20,459	19,795	19,770	19,598	19,768	19,956	18,803	18,821	18,573	18,431	18,062
30 Cash	4,954	6,225	6,894	5,239	5,143	5,703	5,308	5,176	4,939	4,806	4,823	4,484	5,529
31 Other assets	11,413	13,113	13,793	13,516	13,631	13,713	13,967	14,083	14,208	14,191	14,307	14,325	14,557
32 **Liabilities**	**203,898**	**216,776**	**236,866**	**235,603**	**238,074**	**240,739**	**243,454**	**245,906**	**244,760**	**246,833**	**249,888**	**251,472**	**255,989**
33 Deposits	180,616	185,972	192,194	191,441	192,559	193,693	193,347	194,742	193,274	194,549	195,895	196,824	199,336
34 Regular[3]	177,418	181,921	186,345	186,385	187,597	188,432	187,791	189,048	187,669	188,783	190,335	191,376	193,777
35 Ordinary savings	33,739	33,018	37,717	38,467	39,370	40,558	41,326	41,967	42,178	41,928	41,767	41,773	42,045
36 Time	104,732	103,311	100,809	100,604	100,922	100,896	100,308	100,607	100,604	102,603	105,133	107,063	109,486
37 Other	3,198	4,051	5,849	5,056	4,962	5,261	5,556	5,694	5,605	5,766	5,560	5,448	5,559
38 Other liabilities	12,504	17,414	25,274	24,710	25,663	27,003	29,105	30,436	30,515	31,655	32,467	32,827	34,226
39 General reserve accounts	10,510	12,823	18,105	18,236	18,486	18,830	19,423	19,603	19,549	19,718	20,471	20,407	20,365

1.37—Continued

Account	1984	1985	1986	1987									
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Credit unions[4]												
40 **Total assets/liabilities and capital**	**93,036**	**118,010**	**147,726**	**149,383**	**149,751**	**153,253**	**154,549**	**156,086**	**160,644**				
41 Federal	63,205	77,861	95,483	96,801	96,753	98,799	99,751	100,153	104,150				
42 State	29,831	40,149	52,243	52,586	52,998	54,454	54,798	55,933	56,494				
43 Loans outstanding	62,561	73,513	86,137	85,984	85,651	86,101	87,089	87,765	90,912	n.a.	n.a.	n.a.	n.a.
44 Federal	42,337	47,933	55,304	55,313	54,912	55,118	55,740	55,952	58,432				
45 State	20,224	25,580	30,833	30,671	30,739	30,983	31,349	31,813	32,480				
46 Savings	84,348	105,963	134,327	135,907	136,441	138,810	140,014	141,635	148,283				
47 Federal	57,539	70,926	87,954	89,717	89,485	91,042	92,012	97,189	96,137				
48 State	26,809	35,037	46,373	46,130	46,956	47,768	48,002	49,248	52,146				
	Life insurance companies												
49 **Assets**	**722,979**	**825,901**	**937,551**	**948,665**	**961,937**	**978,455**	**978,455**	**985,942**	**995,576**	**1,005,592**	**1,017,018**	**1,026,919**	
Securities													
50 Government	63,899	75,230	84,640	84,923	88,003	90,337	89,711	89,554	87,279	88,199	89,924	89,408	
51 United States[5]	42,204	51,700	59,033	59,596	62,724	65,661	64,621	64,201	61,405	62,461	64,150	63,352	
52 State and local	8,713	9,708	11,659	11,245	11,315	10,860	11,068	11,208	11,485	11,277	11,190	11,087	
53 Foreign[6]	12,982	13,822	13,948	14,082	13,964	13,816	14,022	14,145	14,389	14,461	14,584	14,969	
54 Business	359,333	423,712	492,807	504,582	514,328	519,766	522,097	528,789	537,507	555,423	551,701	558,787	n.a.
55 Bonds	295,998	346,216	401,943	408,788	415,004	417,933	420,474	425,788	432,095	448,146	442,604	451,453	
56 Stocks	63,335	77,496	90,864	95,794	99,324	101,833	101,623	103,001	105,412	107,277	109,097	107,334	
57 Mortgages	156,699	171,797	193,842	194,213	194,935	195,743	197,315	198,760	200,382	201,297	202,241	204,264	
58 Real estate	25,767	28,822	31,615	31,718	32,003	31,834	32,011	32,149	32,357	32,699	32,992	33,048	
59 Policy loans	54,505	54,369	54,055	53,832	53,806	53,652	53,572	53,468	53,378	53,338	53,330	53,422	
60 Other assets	63,776	71,971	80,592	79,397	78,842	82,105	83,749	83,222	84,390	85,420	86,830r	87,991	

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. Excludes checking, club, and school accounts.
4. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
5. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
6. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1985	Fiscal year 1986	Fiscal year 1987	Calendar year 1987 July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. budget[1]									
1 Receipts, total	734,057	769,091	854,143	64,223	60,213	92,410	62,354	56,987	85,525
2 On-budget	547,886	568,862	640,741	47,880	43,511	73,755	45,992	40,630	67,645
3 Off-budget	186,171	200,228	213,402	16,343	16,703	18,656	16,362	13,357	17,880
4 Outlays, total	946,316	990,231	1,002,147	86,491	81,940	77,140	93,095	82,756	109,401
5 On-budget	769,509	806,733	808,315	70,806	65,071	60,497	76,910	65,986	77,505
6 Off-budget	176,807	183,498	193,832	15,685	16,869	16,643	16,185	16,770	31,896
7 Surplus, or deficit (−), total	−212,260	−221,140	−148,005	−22,268	−21,727	15,270	−30,741	−25,769	−23,876
8 On-budget	−221,623	−237,871	−167,575	−22,926	−21,561	13,257	−30,918	−25,356	−9,860
9 Off-budget	9,363	16,731	19,570	658	−166	2,013	176	−414	−14,016
Source of financing (total)									
10 Borrowing from the public	197,269	236,187	150,070	−3,103	33,060	−8,060	27,282	23,603	9,766
11 Operating cash (decrease, or increase (−))	13,367	−14,324	−5,052	20,655	−3,219	−13,800	−1,879	17,164	−1,218
12 Other[2]	1,630	−723	2,986	4,716	−8,115	6,590	5,338	−14,998	15,328
MEMO									
13 Treasury operating balance (level, end of period)	17,060	31,384	36,436	19,417	22,635	36,436	38,315	21,151	22,369
14 Federal Reserve Banks	4,174	7,514	9,120	5,365	3,764	9,120	8,898	3,595	5,313
15 Tax and loan accounts	12,886	23,870	27,316	14,052	18,872	27,316	29,416	17,556	17,056

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1986	Fiscal year 1987	Calendar year						
			1986		1987		1987		
			H1	H2	H1	H2	Oct.	Nov.	Dec.
RECEIPTS									
1 **All sources**	**769,091**	**854,143**	**394,345**	**387,524**	**447,282**	**421,712**	**62,354**	**56,987**	**85,525**
2 Individual income taxes, net	348,959	392,557	169,444	183,156	205,157	192,575	32,429	25,039	36,537
3 Withheld	314,803	322,463	153,919	164,071	156,760	170,203	30,122	24,888	34,020
4 Presidential Election Campaign Fund	36	33	31	4	30	4	1	0	0
5 Nonwithheld	105,994	142,957	78,981	27,733	112,421	31,223	3,563	1,664	3,309
6 Refunds	71,873	72,896	63,488	8,652	64,052	8,853	1,256	1,512	793
Corporation income taxes									
7 Gross receipts	80,442	102,859	41,946	42,108	52,396	52,821	3,633	2,558	18,633
8 Refunds	17,298	18,933	9,557	8,230	10,881	7,119	1,778	891	884
9 Social insurance taxes and contributions, net	283,901	303,318	156,714	134,006	163,519	143,755	22,177	23,756	23,361
10 Employment taxes and contributions[1]	255,062	273,185	139,706	122,246	146,696	130,388	20,797	20,731	22,735
11 Self-employment taxes and contributions[2]	11,840	13,987	10,581	1,338	12,020	1,889	0	144	0
12 Unemployment insurance	24,098	25,418	14,674	9,328	14,514	10,977	950	2,661	170
13 Other net receipts[3]	4,742	4,715	2,333	2,429	2,310	2,390	430	364	457
14 Excise taxes	32,919	32,510	15,944	15,947	15,845	17,680	2,574	2,854	3,838
15 Customs deposits	13,327	15,032	6,369	7,282	7,129	7,993	1,317	1,247	1,361
16 Estate and gift taxes	6,958	7,493	3,487	3,649	3,818	3,610	608	617	540
17 Miscellaneous receipts[4]	19,884	19,307	10,002	9,605	10,299	10,399	1,392	1,807	2,141
OUTLAYS									
18 **All types**	**990,231**	**1,002,147**	**486,058**	**505,448**	**502,983**	**530,763**	**93,095**	**82,756**	**109,401**
19 National defense	273,375	282,016	135,367	138,544	142,886	147,009	25,928	21,366	29,070
20 International affairs	14,152	11,761	5,384	8,876	4,374	4,589	1,004	65	517
21 General science, space, and technology	8,976	9,188	12,519	4,594	4,324	5,441	1,118	867	937
22 Energy	4,735	4,176	2,484	2,735	2,335	1,531	499	316	316
23 Natural resources and environment	13,639	13,225	6,245	7,141	6,175	7,452	1,336	1,121	1,371
24 Agriculture	31,449	26,493	14,482	16,160	11,824	13,775	5,177	3,139	1,278
25 Commerce and housing credit	4,823	5,235	860	3,647	4,893	1,402	1,625	585	−688
26 Transportation	28,117	26,228	12,658	14,745	12,113	14,096	2,306	2,304	2,287
27 Community and regional development	7,233	5,334	3,169	3,494	3,108	2,358	742	450	701
28 Education, training, employment, and social services	30,585	28,721	14,712	15,287	14,182	14,590	2,455	3,045	2,301
29 Health	35,935	39,968	17,872	18,795	20,318	20,750	3,613	3,744	3,176
30 Social security and medicare	268,921	282,473	135,214	138,299	142,864	158,469	23,979	23,153	40,992
31 Income security	119,796	123,499	60,786	60,628	62,248	61,449	10,241	9,595	11,485
32 Veterans benefits and services	26,356	26,801	12,193	14,447	12,264	14,974	3,645	899	3,773
33 Administration of justice	6,603	7,507	3,352	3,360	3,626	4,251	674	649	774
34 General government	6,104	6,005	3,566	2,786	3,344	3,617	−231	1,085	1,577
35 General-purpose fiscal assistance	6,431	1,621	2,179	2,886	337	1,175	241	148	129
36 Net interest[5]	136,008	138,519	68,054	65,816	70,110	71,882	11,431	13,215	12,177
37 Undistributed offsetting receipts[6]	−33,007	−36,622	−17,193	−17,376	−18,104	−18,149	−2,688	−2,990	−2,770

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Net interest function includes interest received by trust funds.
6. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1985 Sept. 30	1985 Dec. 31	1986 Mar. 31	1986 June 30	1986 Sept. 30	1986 Dec. 31	1987 Mar. 31	1987 June 30	1987 Sept. 30
1 **Federal debt outstanding**	**1,827.5**	**1,950.3**	**1,991.1**	**2,063.6**	**2,129.5**	**2,218.9**	**2,250.7**	**2,313.1**	**2,354.3**
2 Public debt securities	1,823.1	1,945.9	1,986.8	2,059.3	2,125.3	2,214.8	2,246.7	2,309.3	2,350.3
3 Held by public	1,506.6	1,597.1	1,634.3	1,684.9	1,742.4	1,811.7	1,839.3	1,871.1	1,893.1
4 Held by agencies	316.5	348.9	352.6	374.4	382.9	403.1	407.5	438.1	457.2
5 Agency securities	4.4	4.4	4.3	4.3	4.2	4.0	4.0	3.8	4.0
6 Held by public	3.3	3.3	3.2	3.2	3.2	3.0	2.9	2.8.	3.0
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0
8 **Debt subject to statutory limit**	**1,823.8**	**1,932.4**	**1,973.3**	**2,060.0**	**2,111.0**	**2,200.5**	**2,232.4**	**2,295.0**	**2,336.0**
9 Public debt securities	1,822.5	1,931.1	1,972.0	2,058.7	2,109.7	2,199.3	2,231.1	2,293.7	2,334.7
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,823.8	2,078.7	2,078.7	2,078.7	2,111.0	2,300.0	2,300.0	2,320.0	2,800.0

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

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

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

Billions of dollars, end of period

Type and holder	1983	1984	1985	1986	1986 Q4	1987 Q1	1987 Q2	1987 Q3
1 **Total gross public debt**	**1,410.7**	**1,663.0**	**1,945.9**	**2,214.8**	**2,214.8**	**2,246.7**	**2,309.3**	**2,350.3**
By type								
2 Interest-bearing debt	1,400.9	1,660.6	1,943.4	2,212.0	2,212.0	2,244.0	2,306.7	2,347.8
3 Marketable	1,050.9	1,247.4	1,437.7	1,619.0	1,619.0	1,635.7	1,659.0	1,676.0
4 Bills	343.8	374.4	399.9	426.7	426.7	406.2	391.0	378.3
5 Notes	573.4	705.1	812.5	927.5	927.5	955.3	984.4	1,005.1
6 Bonds	133.7	167.9	211.1	249.8	249.8	259.3	268.6	277.6
7 Nonmarketable[1]	350.0	413.2	505.7	593.1	593.1	608.3	647.7	671.8
8 State and local government series	36.7	44.4	87.5	110.5	110.5	118.5	125.4	129.0
9 Foreign issues[2]	10.4	9.1	7.5	4.7	4.7	4.9	5.1	4.4
10 Government	10.4	9.1	7.5	4.7	4.7	4.9	5.1	4.4
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	70.7	73.1	78.1	90.6	90.6	93.0	95.2	97.0
13 Government account series[3]	231.9	286.2	332.2	386.9	386.9	391.4	421.6	440.7
14 Non-interest-bearing debt	9.8	2.3	2.5	2.8	2.8	2.7	2.6	2.5
By holder[4]								
15 U.S. government agencies and trust funds	236.3	289.6	348.9	403.1	403.1	407.5	438.1	457.2
16 Federal Reserve Banks	151.9	160.9	181.3	211.3	211.3	196.4	212.3	211.9
17 Private investors	1,022.6	1,212.5	1,417.2	1,602.0	1,602.0	1,641.4	1,657.7	1,682.6
18 Commercial banks	188.8	183.4	192.2	232.1	232.1	232.0	237.1	250.5
19 Money market funds	22.8	25.9	25.1	28.6	28.6	18.8	20.6	n.a.
20 Insurance companies	56.7	76.4	95.8	106.9	106.9	n.a.	n.a.	n.a.
21 Other companies	39.7	50.1	59.0	68.8	68.8	73.4	78.7	80.2
22 State and local Treasurys	155.1	179.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	71.5	74.5	79.8	92.3	92.3	94.7	96.8	98.5
24 Other securities	61.9	69.3	75.0	70.5	70.5	68.3	68.6	70.4
25 Foreign and international[5]	166.3	192.9	212.5	251.5	251.5	250.7	270.1	268.4
26 Other miscellaneous investors[6]	259.8	360.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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

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

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

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

Item	1985	1986	1987	1987 Oct.	1987 Nov.	1987 Dec.	1987 Nov. 25	1987 Dec. 2	1987 Dec. 9	1987 Dec. 16	1987 Dec. 23	1987 Dec. 30
Immediate delivery[2]												
1 U.S. Treasury securities	**75,331**	**95,445**	**109,809**	**138,937**	**95,689**	**74,468**	**86,651**	**83,095**	**80,831**	**82,626**	**79,999**	**52,945**
By maturity												
2 Bills	32,900	34,247	37,853	41,000	30,259	24,987	29,467	28,953	29,637	24,987	25,355	19,134
3 Other within 1 year	1,811	2,115	3,264	4,405	4,070	2,941	4,199	4,082	3,044	2,941	2,405	3,002
4 1–5 years	18,361	24,667	27,836	41,107	28,364	20,559	25,372	21,649	21,484	20,950	23,682	16,469
5 5–10 years	12,703	20,456	23,941	34,061	19,153	15,699	18,208	17,383	16,395	19,673	17,311	9,094
6 Over 10 years	9,556	13,961	16,915	18,365	13,844	10,283	9,405	11,027	10,272	14,075	11,246	5,247
By type of customer												
7 U.S. government securities dealers	3,336	3,670	2,920	2,750	1,894	2,053	2,308	2,070	1,792	2,052	2,752	1,732
8 U.S. government securities brokers	36,222	49,558	61,459	82,101	55,448	43,045	47,509	47,290	49,031	48,978	45,440	27,557
9 All others[3]	35,773	42,218	45,429	54,085	38,346	29,369	36,834	33,735	30,008	31,595	31,807	23,654
10 Federal agency securities	11,640	16,748	18,872	18,586	17,919	14,276	18,085	15,820	15,952	16,123	12,032	11,426
11 Certificates of deposit	4,016	4,355	4,106	4,927	3,392	3,010	3,329	3,475	3,130	2,945	2,857	2,798
12 Bankers acceptances	3,242	3,272	2,964	3,362	2,727	2,245	2,997	2,409	2,664	2,185	1,935	1,752
13 Commercial paper	12,717	16,660	17,102	19,394	16,007	15,138	15,776	15,373	16,216	16,732	14,594	11,145
Futures contracts[4]												
14 Treasury bills	5,561	3,311	3,224	4,056	2,774	2,335	3,226	3,570	2,652	3,363	1,451	1,670
15 Treasury coupons	6,085	7,175	8,954	11,462	8,489	7,335	7,719	8,427	8,357	9,157	7,459	3,910
16 Federal agency securities	252	16	5	8	2	5	0	0	1	1	*	25
Forward transactions[5]												
17 U.S. Treasury securities	1,283	1,876	2,061	2,653	2,167	1,097	1,450	1,262	934	1,183	1,630	359
18 Federal agency securities	3,857	7,831	9,824	7,676	7,191	5,704	5,885	4,023	6,031	8,136	6,268	3,364

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

	Item	1985	1986	1987	1987 Oct.	1987 Nov.	1987 Dec.	1987 Dec. 2	1987 Dec. 9	1987 Dec. 16	1987 Dec. 23	1987 Dec. 30
						Positions						
	Net immediate[2]											
1	**U.S. Treasury securities**	**7,391**	**12,912**	**−6,258**	**−15,440**	**−6,865**[r]	**−8,582**	**−5,291**	**−7,220**	**−11,341**	**−9,863**	**−7,155**
2	Bills	10,075	12,761	4,325	7,260	5,702	2,580	4,287	3,146	1,555	2,826	1,719
3	Other within 1 year	1,050	3,706	1,556	−620	−565	−556	−1,022	−310	83	−441	−1,231
4	1–5 years	5,154	9,146	592	−4,938	1,750[r]	746	711	55	−1,439	−877	5,353
5	5–10 years	−6,202	−9,505	−6,560	−8,724	−6,214	−3,547	−2,773	−2,748	−3,374	−3,608	−4,635
6	Over 10 years	−2,686	−3,197	−6,172	−8,418	−7,538	−7,805	−6,493	−7,363	−8,166	−7,762	−8,361
7	Federal agency securities	22,860	32,984	31,900	34,002	29,108	25,308	27,026	28,341	26,485	23,466	22,173
8	Certificates of deposit	9,192	10,485	8,187	7,537	6,821	6,799	6,089	6,056	6,460	7,094	7,782
9	Bankers acceptances	4,586	5,526	3,661	2,879	3,151	2,399	2,649	2,546	1,984	2,226	2,821
10	Commercial paper	5,570	8,089	7,492	7,426	7,729	7,904	7,166	7,586	7,514	7,755	8,931
	Futures positions											
11	Treasury bills	−7,322	−18,059	−3,372	2,492	1,158	448	1,837	1,627	829	141	−1,367
12	Treasury coupons	4,465	3,473	5,989	8,809	9,170	8,184	8,574	8,260	9,351	7,134	7,738
13	Federal agency securities	−722	−153	−95	−100	−90	−84	−88	−88	−93	−97	−72
	Forward positions											
14	U.S. Treasury securities	−911	−2,144	−1,190	229	145	−1,639	−2,202	−1,851	−2,225	−1,729	−313
15	Federal agency securities	−9,420	−11,840	−18,817	−22,780	−18,489	−15,033	−16,176	−17,173	−16,088	−13,583	−12,499
						Financing[3]						
	Reverse repurchase agreements[4]											
16	Overnight and continuing	68,035	98,954	n.a.	131,194	117,696	n.a.	123,520	115,152	118,765	104,065	121,267
17	Term	80,509	108,693	n.a.	164,441	164,332	n.a.	157,236	155,434	149,986	152,707	130,567
	Repurchase agreements[5]											
18	Overnight and continuing	101,410	141,735	n.a.	177,013	152,504	n.a.	169,401	155,276	160,361	139,139	149,481
19	Term	70,076	102,640	n.a.	123,372	138,724	n.a.	121,414	120,004	115,304	127,296	108,767

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987					
				June	July	Aug.	Sept.	Oct.	Nov.
1 **Federal and federally sponsored agencies**	**271,220**	**293,905**	**307,361**	**310,854**	**313,859**	**316,940**	**320,789**	**328,990**	
2 Federal agencies	35,145	36,390	36,958	36,968	36,963	37,845	37,177	37,207	
3 Defense Department[1]	142	71	33	20	18	16	15	15	
4 Export-Import Bank[2,3]	15,882	15,678	14,211	13,416	13,416	13,416	12,650	12,470	
5 Federal Housing Administration[4]	133	115	138	169	175	174	178	182	n.a.
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	1,965	1,965	1,965	1,965	1,965	
7 Postal Service[6]	1,337	1,940	3,104	3,718	3,718	4,603	4,603	4,603	
8 Tennessee Valley Authority	15,435	16,347	17,222	17,595	17,586	17,586	17,766	17,972	
9 United States Railway Association[6]	51	74	85	85	85	85	0	0	
10 Federally sponsored agencies[7]	237,012	257,515	270,553	273,886	276,896	279,095	283,612	291,783	297,375
11 Federal Home Loan Banks	65,085	74,447	88,752	99,680	100,976	102,422	104,380	108,108	111,185
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	12,097	12,309	14,150	14,949	16,703	17,762
13 Federal National Mortgage Association	83,720	93,896	93,563	91,039	91,637	91,568	92,618	94,298	95,096
14 Farm Credit Banks	72,192	68,851	62,478	56,648	55,715	55,408	55,276	55,854	55,629
15 Student Loan Marketing Association[8]	5,745	8,395	12,171	14,422	16,259	15,547	16,389	16,220	16,503
16 Financing Corporation[9]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	600	1,200
MEMO									
17 **Federal Financing Bank debt[10]**	**145,217**	**153,373**	**157,510**	**157,506**	**157,302**	**158,117**	**157,252**	**156,919**	n.a.
Lending to federal and federally sponsored agencies									
18 Export-Import Bank[3]	15,852	15,670	14,205	13,410	13,410	13,410	12,644	12,464	
19 Postal Service[6]	1,087	1,690	2,854	3,468	3,468	4,353	4,353	4,353	
20 Student Loan Marketing Association	5,000	5,000	4,970	4,970	4,970	4,970	4,970	4,940	
21 Tennessee Valley Authority	13,710	14,622	15,797	16,215	16,206	16,206	16,386	16,592	n.a.
22 United States Railway Association[6]	51	74	85	85	85	85	0	0	
Other Lending[11]									
23 Farmers Home Administration	58,971	64,234	65,374	65,199	65,049	65,069	65,009	64,934	
24 Rural Electrification Administration	20,693	20,654	21,680	21,539	21,529	21,503	21,197	21,226	
25 Other	29,853	31,429	32,545	32,620	32,585	32,521	32,693	32,410	

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB).
9. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
10. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
11. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1987							
				May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
1 All issues, new and refunding[1]	**106,641**	**214,189**	**147,011**	**6,037**	**10,718**	**6,967**	**6,500**	**5,510**	**6,257**	**7,758**	**6,812**
Type of issue											
2 General obligation	26,485	52,622	46,346	2,872	3,329	2,238	1,975	1,755	1,127	2,449	1,754
3 Revenue	80,156	161,567	100,664	3,165	7,389	4,729	4,525	3,755	5,130	5,309	5,058
Type of issuer											
4 State	9,129	13,004	14,474	1,002	1,138	834	398	535	385	431	538
5 Special district and statutory authority[2]	63,550	134,363	89,997	3,019	6,453	3,951	4,508	3,712	4,668	4,103	4,335
6 Municipalities, counties, and townships	33,962	66,822	42,541	2,017	3,127	2,182	1,594	1,263	1,204	2,579	1,939
7 Issues for new capital, total	**94,050**	**156,050**	**83,490**	**3,848**	**7,552**	**4,478**	**5,084**	**4,340**	**4,095**	**6,628**	**4,850**
Use of proceeds											
8 Education	7,553	12,307	12,307	789	1,554	773	869	653	480	1,006	588
9 Transportation	7,552	7,246	7,246	194	705	647	226	311	168	329	441
10 Utilities and conservation	17,844	12,280	12,280	518	1,313	823	424	491	590	1,042	290
11 Social welfare	29,928	11,353	11,353	454	1,082	465	903	647	896	1,784	878
12 Industrial aid	15,415	8,502	8,502	204	498	469	1,630	412	683	229	1,095
13 Other purposes	15,758	31,801	31,801	1,689	2,399	1,301	1,033	1,826	1,278	2,238	1,558

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1987							
				Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 All issues[1]	**155,741**	**239,015**	**423,726**	**23,735**	**19,969**	**28,446**	**27,411**	**21,888**	**29,363[r]**	**20,657**	**13,700**
2 Bonds[2]	**133,113**	**203,500**	**355,293**	**19,518**	**13,431**	**22,094**	**22,071**	**17,685**	**23,705[r]**	**17,578**	**13,005**
Type of offering											
3 Public, domestic	74,175	119,559	231,936	17,634	11,394	20,564	19,045	14,852	22,045[r]	16,082	12,272
4 Private placement, domestic[3]	36,324	46,195	80,761	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Sold abroad	22,613	37,781	42,596	1,884	2,037	1,530	3,026	2,833	1,660	1,496	733
Industry group											
6 Manufacturing	32,804	63,973	91,548	2,734	5,035	4,104	5,552	3,343	3,506	2,699	1,224
7 Commercial and miscellaneous	14,792	17,066	40,124	1,683	754	2,061	1,037	1,281	1,479	1,165	483
8 Transportation	4,784	6,020	9,971	168	21	0	343	296	25	263	0
9 Public utility	10,996	13,649	31,426	1,370	572	2,091	1,654	1,533	1,702	997	893
10 Communication	3,400	10,832	16,659	175	138	205	119	856	930	1,384	270
11 Real estate and financial	66,336	91,958	165,564	13,389	6,912	13,632	13,366	10,377	16,063[r]	11,071	10,134
12 Stocks[3]	**22,628**	**35,515**	**68,433**	**4,217**	**6,538**	**6,352**	**5,340**	**4,203**	**5,658**	**3,079**	**695**
Type											
13 Preferred	4,118	6,505	11,514	526	1,170	1,202	1,157	906	1,112	236	162
14 Common	18,510	29,010	50,316	3,691	5,368	5,150	4,183	3,297	4,546	2,843	533
15 Private placement[3]	....	....	6,603	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	4,054	5,700	15,027	653	1,066	1,438	1,046	370	858	703	237
17 Commercial and miscellaneous	6,277	9,149	10,617	2,203	1,516	1,353	879	996	807	656	86
18 Transportation	589	1,544	2,427	230	3	492	379	0	11	40	149
19 Public utility	1,624	1,966	4,020	297	374	329	472	85	529	75	25
20 Communication	419	978	1,825	18	200	199	294	277	75	107	1
21 Real estate and financial	9,665	16,178	34,517	816	3,379	2,541	2,270	2,475	3,378	1,498	197

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1985	1986	1987							
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares[2]**	**222,670**	**411,751**	**42,857**	**28,295**	**28,637**	**27,970**	**26,455**	**24,834**	**25,990**	**21,927**
2 Redemptions of own shares[3]	132,440	239,394	37,448	23,453	23,693	22,807	22,561	28,323	34,597	20,400
3 Net sales	90,230	172,357	5,409	4,842	4,944	5,763	3,894	-3,489	-8,607	1,507
4 **Assets[4]**	**251,695**	**424,156**	**502,487**	**500,634**	**516,866**	**531,022**	**539,171**	**521,007**	**456,422**	**446,106**
5 Cash position[5]	20,607	30,716	43,009	39,158	41,467	41,587	40,802	42,397	40,929	41,428
6 Other	231,088	393,440	459,478	461,476	475,099	489,435	498,369	478,610	415,493	404,678

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	1984	1985	1986	1985	1986				1987		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	266.9	277.6	284.4	277.8	288.0	282.3	286.4	281.1	294.0	296.8	314.9
2 Profits before tax	239.9	224.8	231.9	233.5	218.9	224.4	236.3	247.9	257.0	268.7	284.9
3 Profits tax liability	93.9	96.7	105.0	99.1	98.1	102.1	106.1	113.9	128.0	134.2	143.0
4 Profits after tax	146.1	128.1	126.8	134.4	120.9	122.3	130.2	134.0	129.0	134.5	141.9
5 Dividends	79.0	81.3	86.8	81.7	84.3	86.6	87.7	88.6	90.3	92.4	95.2
6 Undistributed profits	67.0	46.8	40.0	52.7	36.6	35.7	42.5	45.4	38.7	42.1	46.7
7 Inventory valuation	-5.8	-.8	6.5	-9.8	17.8	11.3	6.0	-8.9	-11.3	-20.0	-17.6
8 Capital consumption adjustment	32.8	53.5	46.0	54.2	51.3	46.7	44.0	42.1	48.2	48.0	47.7

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities[1]

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**1,328.3**	**1,419.6**	**1,437.1**	**1,565.9**	**1,703.0**	**1,722.7**	**1,734.6**	**1,763.0**	**1,784.6**	**1,795.7**
2 Cash	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.5	663.4
5 Inventories	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
7 **Current liabilities**	**890.6**	**971.3**	**986.0**	**1,059.6**	**1,163.6**	**1,174.1**	**1,182.9**	**1,211.9**	**1,233.6**	**1,222.3**
8 Notes and accounts payable	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
10 **Net working capital**	**437.8**	**448.3**	**451.1**	**516.3**	**539.5**	**548.6**	**551.7**	**551.1**	**551.0**	**573.4**
11 MEMO: Current ratio[2]	1.492	1.462	1.459	1.487	1.464	1.467	1.466	1.455	1.447	1.469

1. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37. Data are not currently available after 1986:1.

2. Ratio of total current assets to total current liabilities.

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	1985	1986	1987[1]	1986			1987				1988
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]	Q1[2]
1 **Total nonfarm business**	**387.13**	**379.47**	**390.57**	**376.21**	**375.50**	**386.09**	**374.23**	**377.65**	**393.13**	**417.25**	**427.97**
Manufacturing											
2 Durable goods industries	73.27	69.14	71.85	68.56	69.42	69.87	70.47	68.76	71.78	76.40	78.41
3 Nondurable goods industries	80.21	73.56	76.01	73.62	70.01	74.20	70.18	72.03	75.78	86.05	86.27
Nonmanufacturing											
4 Mining	15.88	11.22	11.18	11.29	10.14	10.31	10.31	11.02	11.64	11.74	11.86
Transportation											
5 Railroad	7.08	6.66	6.15	6.70	7.02	6.41	5.55	5.77	6.21	7.08	7.66
6 Air	4.79	6.26	6.53	5.87	5.78	6.84	7.46	5.72	5.91	7.03	8.35
7 Other	6.15	5.89	6.42	5.83	6.01	6.25	5.97	6.19	7.05	6.48	6.92
Public utilities											
8 Electric	36.11	33.91	31.65	33.77	33.81	33.78	30.85	31.13	31.31	33.32	31.65
9 Gas and other	12.71	12.47	12.88	12.66	12.00	12.34	12.75	12.35	13.58	12.84	13.72
10 Commercial and other[2]	150.94	160.38	167.89	157.91	161.31	166.08	160.70	164.69	169.87	176.29	183.15

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

1. Anticipated by business.

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1983	1984	1985	1986				1987		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Assets										
Accounts receivable, gross										
1 Consumer	83.3	89.9	113.4	117.2	125.1	137.1	136.5	133.9	138.0	144.4
2 Business	113.4	137.8	158.3	165.9	167.7	161.0	174.8	182.8	189.0	188.7
3 Real estate	20.5	23.8	28.9	29.9	30.8	32.1	33.7	35.1	36.9	38.3
4 Total	217.3	251.5	300.6	312.9	323.6	330.2	345.0	351.8	363.9	371.5
Less:										
5 Reserves for unearned income	30.3	33.8	39.2	40.0	40.7	42.4	41.4	40.4	41.2	42.8
6 Reserves for losses	3.7	4.2	4.9	5.0	5.1	5.4	5.8	5.9	6.2	6.6
7 Accounts receivable, net	183.2	213.5	256.5	268.0	277.8	282.4	297.8	305.5	316.5	322.1
8 All other	34.4	35.7	45.3	48.8	48.8	59.9	57.9	59.0	57.7	65.0
9 **Total assets**	**217.6**	**249.2**	**301.9**	**316.8**	**326.6**	**342.3**	**355.6**	**364.5**	**374.2**	**387.1**
Liabilities										
10 Bank loans	18.3	20.0	20.6	19.0	19.2	20.2	22.2	17.3	17.2	16.2
11 Commercial paper	60.5	73.1	99.2	104.3	108.4	112.8	117.8	119.1	120.4	123.5
Debt										
12 Other short-term	11.1	12.9	12.5	13.4	15.4	16.0	17.2	21.6	24.4	26.9
13 Long-term	67.7	77.2	93.1	101.0	105.2	109.8	115.6	118.4	121.5	128.0
14 All other liabilities	31.2	34.5	40.9	42.3	40.1	44.1	43.4	46.3	48.3	48.7
15 Capital, surplus, and undivided profits	28.9	31.5	35.7	36.7	38.4	39.4	39.4	41.8	42.3	43.8
16 **Total liabilities and capital**	**217.6**	**249.2**	**301.9**	**316.8**	**326.6**	**342.3**	**355.6**	**364.5**	**374.2**	**387.1**

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30 1987[1]	Changes in accounts receivable			Extensions			Repayments		
		1987			1987			1987		
		Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
1 **Total**	**197,881**	**1,754**	**4,337**	**1,250**	**30,294**	**30,929**	**30,336**	**28,540**	**26,592**	**29,087**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	33,481	−16	735	447	1,365	1,159	1,283	1,382	424	836
3 Business, industrial, and farm equipment	24,554	529	258	−25	1,688	1,526	1,395	1,158	1,268	1,420
Wholesale financing										
4 Automotive	29,638	−1,029	3,485	261	10,810	12,557	12,662	11,839	9,072	12,401
5 Equipment	5,611	−1	249	61	710	886	623	711	637	562
6 All other	7,904	223	−1,455	121	3,251	2,983	3,043	3,028	4,437	2,921
Leasing										
7 Automotive	21,065	561	−197	211	1,340	1,117	1,117	779	1,314	906
8 Equipment	40,815	422	188	−92	952	1,245	881	530	1,057	973
9 Loans on commercial accounts receivable and factored commercial accounts receivable	18,632	248	704	331	8,488	8,241	8,005	8,240	7,537	7,674
10 All other business credit	16,181	817	369	−67	1,690	1,215	1,326	873	846	1,393

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

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1985	1986	1987	1987 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	104.1	118.1	136.9	131.8	134.6	141.2	140.2	145.3	135.9r	145.7
2 Amount of loan (thousands of dollars)	77.4	86.2	100.4	97.5	99.4	102.6	100.8	106.1	100.2r	106.4
3 Loan/price ratio (percent)	77.1	75.2	75.2	75.9	75.4	75.0	74.6	75.0	75.4r	74.9
4 Maturity (years)	26.9	26.6	27.8	28.0	27.9	27.8	27.3	28.3	28.3r	28.1
5 Fees and charges (percent of loan amount)[2]	2.53	2.48	2.26	2.40	2.42	2.19	2.08	2.34	2.33r	2.25
6 Contract rate (percent per year)	11.12	9.82	8.94	9.05	9.01	9.01	9.03	8.86	8.92r	8.80
Yield (percent per year)										
7 FHLBB series[3]	11.58	10.25	9.32	9.45	9.41	9.38	9.37	9.25	9.30r	9.17
8 HUD series[4]	12.28	10.07	n.a.	10.29	10.22	10.37	10.86	10.87	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	12.24	9.91	n.a.	10.33	10.38	10.55	10.71	10.90	n.a.	n.a.
10 GNMA securities[6]	11.61	9.30	9.42	9.50	9.59	9.77	10.40	10.53	9.96	10.18
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	94,574	98,048	n.a.	94,064	94,154	94,600	94,884	95,097	95,411	n.a.
12 FHA/VA-insured	34,244	29,683	n.a.	21,892	21,730	21,555	21,620	21,481	21,510	n.a.
13 Conventional	60,331	68,365	n.a.	72,173	72,424	73,045	73,264	73,617	73,902	n.a.
Mortgage transactions (during period)										
14 Purchases	21,510	30,826	n.a.	1,690	1,569	1,613	1,743	1,278	1,297	n.a.
Mortgage commitments[7]										
15 Contracted (during period)	20,155	32,987	n.a.	1,745	2,373	2,276	1,842	1,566	2,899	n.a.
16 Outstanding (end of period)	3,402	3,386	n.a.	4,448	5,071	5,690	5,627	5,046	5,845	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	12,399	13,517	n.a.	12,598	12,834	12,924	12,940	12,782		
18 FHA/VA	841	746	n.a.	694r	684	679	672	666		
19 Conventional	11,559	12,771	n.a.	11,903	12,150	12,245	12,269	12,115		
Mortgage transactions (during period)										
20 Purchases	44,012	103,474	n.a.	7,864	7,252	5,031	4,297	3,079	n.a.	n.a.
21 Sales	38,905	100,236	n.a.	7,447	6,831	4,723	4,160	3,111		
Mortgage commitments[9]										
22 Contracted (during period)	48,989	110,855	n.a.	7,330	5,611	4,506	3,507	3,011		

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder, and type of property	1984	1985	1986	1986 Q3	1986 Q4	1987 Q1	1987 Q2	1987 Q3
1 **All holders**	**2,035,238**	**2,269,173**	**2,566,734**	**2,472,285**	**2,566,734**	**2,662,331**	**2,754,471**	**2,827,622**
2 1- to 4-family	1,318,545	1,467,409	1,666,421	1,607,857	1,666,421	1,712,109	1,778,306	1,830,432
3 Multifamily	185,604	214,045	246,984	237,754	246,984	257,286	266,383	272,757
4 Commercial	419,444	482,029	556,569	527,163	556,569	599,384	617,627	633,167
5 Farm	111,645	105,690	96,760	99,511	96,760	93,552	92,155	91,266
6 Selected financial institutions	1,269,702	1,390,394	1,507,289	1,464,924	1,507,289	1,560,403	1,607,771	1,646,764
7 Commercial banks[2]	379,498	429,196	502,534	474,658	502,534	519,474	544,381	563,553
8 1- to 4-family	196,163	213,434	235,814	228,593	235,814	243,518	255,672	264,983
9 Multifamily	20,264	23,373	31,173	28,623	31,173	29,515	30,496	30,995
10 Commercial	152,894	181,032	222,799	204,996	222,799	233,234	244,385	253,261
11 Farm	10,177	11,357	12,748	12,446	12,748	13,207	13,828	14,314
12 Savings institutions[3]	709,718	760,499	777,312	772,175	777,312	810,099	826,110	840,251
13 1- to 4-family	528,791	554,301	558,412	557,938	558,412	557,234	569,594	580,605
14 Multifamily	75,567	89,739	97,059	94,227	97,059	103,791	105,871	107,629
15 Commercial	104,896	115,771	121,236	119,406	121,236	148,274	149,842	151,213
16 Farm	464	688	605	604	605	800	803	804
17 Life insurance companies	156,699	171,797	193,842	185,980	193,842	195,743	200,382	204,632
18 1- to 4-family	14,120	12,381	12,827	12,985	12,827	12,903	12,745	12,745
19 Multifamily	18,938	19,894	20,952	20,802	20,952	20,934	21,663	21,863
20 Commercial	111,175	127,670	149,111	140,841	149,111	151,420	155,611	159,811
21 Farm	12,466	11,852	10,952	11,352	10,952	10,486	10,363	10,213
22 Finance companies[4]	23,787	28,902	33,601	32,111	33,601	35,087	36,898	38,328
23 Federal and related agencies	158,993	166,928	203,800	159,505	203,800	199,509	196,514	191,561
24 Government National Mortgage Association	2,301	1,473	889	887	889	687	667	654
25 1- to 4-family	585	539	47	48	47	46	45	44
26 Multifamily	1,716	934	842	839	842	641	622	610
27 Farmers Home Administration[5]	1,276	733	48,421	457	48,421	48,203	48,085	42,978
28 1- to 4-family	213	183	21,625	132	21,625	21,390	21,157	18,111
29 Multifamily	119	113	7,608	57	7,608	7,710	7,808	7,903
30 Commercial	497	159	8,446	115	8,446	8,463	8,553	6,592
31 Farm	447	278	10,742	153	10,742	10,640	10,567	10,372
32 Federal Housing and Veterans Administration	4,816	4,920	5,047	4,966	5,047	5,177	5,268	5,175
33 1- to 4-family	2,048	2,254	2,386	2,331	2,386	2,447	2,531	2,435
34 Multifamily	2,768	2,666	2,661	2,635	2,661	2,730	2,737	2,740
35 Federal National Mortgage Association	87,940	98,282	97,895	97,717	97,895	95,140	94,064	94,884
36 1- to 4-family	82,175	91,966	90,718	90,508	90,718	88,106	87,013	87,901
37 Multifamily	5,765	6,316	7,177	7,209	7,177	7,034	7,051	6,983
38 Federal Land Banks	52,261	47,498	39,984	42,119	39,984	37,362	35,833	34,930
39 1- to 4-family	3,074	2,798	2,353	2,478	2,353	2,198	2,108	2,055
40 Farm	49,187	44,700	37,631	39,641	37,631	35,164	33,725	32,875
41 Federal Home Loan Mortgage Corporation	10,399	14,022	11,564	13,359	11,564	12,940	12,597	12,940
42 1- to 4-family	9,654	11,881	10,010	11,127	10,010	11,774	11,172	11,570
43 Multifamily	745	2,141	1,554	2,232	1,554	1,166	1,425	1,370
44 Mortgage pools or trusts[6]	332,057	415,042	529,763	522,721	529,763	571,705	612,340	641,239
45 Government National Mortgage Association	179,981	212,145	260,869	241,230	260,869	277,386	290,444	302,016
46 1- to 4-family	175,589	207,198	255,132	235,664	255,132	271,065	283,357	294,647
47 Multifamily	4,392	4,947	5,737	5,566	5,737	6,321	7,087	7,369
48 Federal Home Loan Mortgage Corporation	70,822	100,387	171,372	146,871	171,372	186,295	200,284	208,350
49 1- to 4-family	70,253	99,515	166,667	143,734	166,667	180,602	194,238	201,786
50 Multifamily	569	872	4,705	3,137	4,705	5,693	6,046	6,564
51 Federal National Mortgage Association	36,215	54,987	97,174	86,359	97,174	107,673	121,270	130,540
52 1- to 4-family	35,965	54,036	95,791	85,171	95,791	106,068	119,617	128,770
53 Multifamily	250	951	1,383	1,188	1,383	1,605	1,653	1,770
54 Farmers Home Administration[5]	45,039	47,523	348	48,261	348	351	342	333
55 1- to 4-family	21,813	22,186	142	21,782	142	154	149	144
56 Multifamily	5,841	6,675	0	0	0	0	0	0
57 Commercial	7,559	8,190	132	8,409	132	127	126	124
58 Farm	9,826	10,472	74	10,717	74	70	67	65
59 Individuals and others[7]	274,486	296,809	325,882	325,135	325,882	330,714	337,846	348,058
60 1- to 4-family	154,315	165,835	180,896	183,255	180,896	179,517	182,010	186,308
61 Multifamily	48,670	55,424	66,133	63,886	66,133	70,146	73,924	76,961
62 Commercial	42,423	49,207	54,845	53,396	54,845	57,866	59,110	62,166
63 Farm	29,078	26,343	24,008	24,598	24,008	23,185	22,802	22,623

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not bank trust departments.
3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets.
4. Assumed to be entirely 1- to 4-family loans.
5. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.
6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

1.55 CONSUMER INSTALLMENT CREDIT[1,4] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1985	1986	1987 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
			Amounts outstanding (end of period)								
1 **Total**	**522,805**	**577,784**	**579,913**	**583,595**	**583,276**	**587,821**	**591,175**	**596,182**	**602,607**	**605,488**	**607,707**
By major holder											
2 Commercial banks	242,084	261,604	261,933	263,433	263,463	264,396	265,085	265,893	269,155	270,836	272,240
3 Finance companies[2]	113,070	136,494	136,050	137,091	136,398	138,038	138,745	140,689	142,648	143,118	142,767
4 Credit unions	72,119	77,857	78,569	79,255	79,476	80,585	81,492	82,486	83,340	83,639	84,343
5 Retailers[3]	38,864	40,586	40,469	40,467	40,318	40,287	40,364	40,391	40,482	40,678	40,559
6 Savings institutions	52,433	58,037	59,488	59,826	60,045	60,983	61,910	63,080	63,279	63,525	64,198
7 Gasoline companies	4,235	3,205	3,405	3,522	3,576	3,532	3,580	3,643	3,703	3,691	3,600
By major type of credit											
8 Automobile	208,057	245,055	246,290	247,663	247,578	250,130	250,980	254,013	257,470	258,710	258,907
9 Commercial banks	93,003	100,709	101,528	101,781	102,189	102,810	102,829	103,382	104,662	105,382	105,910
10 Credit unions	35,635	39,029	39,386	39,730	39,841	40,396	40,851	41,349	41,777	41,927	42,280
11 Finance companies	70,091	93,274	93,032	93,738	93,089	94,270	94,455	96,193	97,900	98,219	97,395
12 Savings institutions	9,328	12,043	12,344	12,414	12,459	12,654	12,846	13,089	13,130	13,182	13,321
13 Revolving	122,021	134,938	135,166	136,706	136,869	137,401	138,741	139,837	141,704	143,142	143,599
14 Commercial banks	75,866	85,652	85,567	86,929	87,133	87,590	88,685	89,535	91,226	92,459	93,014
15 Retailers	34,695	36,240	36,141	36,139	36,009	35,971	36,021	36,022	36,087	36,264	36,148
16 Gasoline companies	4,235	3,205	3,405	3,522	3,576	3,532	3,580	3,643	3,703	3,691	3,600
17 Savings institutions	5,705	7,713	7,906	7,951	7,980	8,105	8,228	8,383	8,410	8,443	8,532
18 Credit unions	1,520	2,128	2,147	2,166	2,172	2,202	2,227	2,254	2,278	2,286	2,305
19 Mobile home	25,488	25,710	25,614	25,626	25,542	25,685	25,860	25,695	25,699	25,677	25,689
20 Commercial banks	9,538	8,812	8,725	8,698	8,615	8,609	8,626	8,518	8,538	8,453	8,406
21 Finance companies	9,391	9,028	8,823	8,816	8,785	8,807	8,839	8,623	8,580	8,610	8,578
22 Savings institutions	6,559	7,870	8,067	8,112	8,142	8,269	8,395	8,554	8,581	8,614	8,705
23 Other	167,239	172,081	172,844	173,600	173,287	174,605	175,594	176,637	177,733	177,959	179,513
24 Commercial banks	63,677	66,431	66,113	66,026	65,527	65,387	64,945	64,458	64,728	64,542	64,910
25 Finance companies	33,588	34,192	34,196	34,537	34,524	34,962	35,452	35,874	36,168	36,289	36,794
26 Credit unions	34,964	36,700	37,036	37,359	37,463	37,986	38,413	38,882	39,285	39,426	39,757
27 Retailers	4,169	4,346	4,327	4,328	4,310	4,315	4,343	4,369	4,395	4,415	4,411
28 Savings institutions	30,841	30,412	31,172	31,349	31,463	31,955	32,441	33,054	33,158	33,287	33,640
			Net change (during period)								
29 **Total**	**76,622**	**54,979**	**322**	**3,682**	**−319**	**4,545**	**3,354**	**5,007**	**6,425**	**2,881**	**2,219**
By major holder											
30 Commercial banks	32,926	19,520	−172	1,500	30	933	689	808	3,262	1,681	1,404
31 Finance companies[2]	23,566	23,424	41	1,041	−693	1,640	707	1,944	1,959	470	−351
32 Credit unions	6,493	5,738	77	686	221	1,109	907	994	854	299	704
33 Retailers[3]	1,660	1,722	−175	−2	−149	−31	77	27	91	196	−119
34 Savings institutions	12,103	5,604	457	338	219	938	927	1,170	199	246	673
35 Gasoline companies	−126	−1,030	94	117	54	−44	48	63	60	−12	−91
By major type of credit											
36 Automobile	35,705	36,998	226	1,373	−85	2,552	850	3,033	3,457	1,240	197
37 Commercial banks	9,103	7,706	−160	253	408	621	19	553	1,280	720	528
38 Credit unions	5,330	3,394	39	344	111	555	455	498	428	150	353
39 Finance companies	17,840	23,183	252	706	−649	1,181	185	1,738	1,707	319	−824
40 Savings institutions	3,432	2,715	95	70	45	195	192	243	41	52	139
41 Revolving	22,401	12,917	−497	1,540	163	532	1,340	1,096	1,867	1,438	457
42 Commercial banks	17,721	9,786	−486	1,362	204	457	1,095	850	1,691	1,233	555
43 Retailers	1,488	1,545	−167	−2	−130	−38	50	1	65	177	−116
44 Gasoline companies	−126	−1,030	94	117	54	−44	48	63	60	−12	−91
45 Savings institutions	2,771	2,008	61	45	29	125	123	155	27	33	89
46 Credit unions	547	608	2	19	6	30	25	27	24	8	19
47 Mobile home	778	222	−175	12	−84	143	175	−165	4	−22	12
48 Commercial banks	−85	−726	−14	−27	−83	−6	17	−108	20	−85	−47
49 Finance companies	−405	−363	−222	−7	−31	22	32	−216	−43	30	−32
50 Savings institutions	1,268	1,311	62	45	30	127	126	159	27	33	91
51 Other	17,738	4,842	768	756	−313	1,318	989	1,043	1,096	226	1,554
52 Commercial banks	6,187	2,754	488	−87	−499	−140	−442	−487	270	−186	368
53 Finance companies	6,131	604	13	341	−13	438	490	422	294	121	505
54 Credit unions	616	1,736	37	323	104	523	427	469	403	141	331
55 Retailers	172	177	−9	1	−18	5	28	26	26	20	−4
56 Savings institutions	4,632	−429	240	177	114	492	486	613	104	129	353

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

2. More detail for finance companies is available in the G.20 statistical release.

3. Excludes 30-day charge credit held by travel and entertainment companies.

4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1984	1985	1986	1987 May	1987 June	1987 July	1987 Aug.	1987 Sept.	1987 Oct.	1987 Nov.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	13.71	12.91	11.33	10.23	n.a.	n.a.	10.37	n.a.	n.a.	10.86
2 24-month personal	16.47	15.94	14.82	14.00	n.a.	n.a.	14.22	n.a.	n.a.	14.58
3 120-month mobile home[2]	15.58	14.96	13.99	13.23	n.a.	n.a.	13.24	n.a.	n.a.	13.62
4 Credit card	18.77	18.69	18.26	17.92	n.a.	n.a.	17.85	n.a.	n.a.	17.82
Auto finance companies										
5 New car	14.62	11.98	9.44	10.69	10.64	10.52	9.63	8.71	10.31	12.24
6 Used car	17.85	17.59	15.95	14.45	14.47	14.53	14.53	14.58	14.76	14.90
OTHER TERMS[3]										
Maturity (months)										
7 New car	48.3	51.5	50.0	53.5	53.6	53.4	52.1	50.7	52.8	55.4
8 Used car	39.7	41.4	42.6	45.2	45.4	45.5	45.4	45.2	45.2	45.3
Loan-to-value ratio										
9 New car	88	91	91	93	93	93	93	93	93	94
10 Used car	92	94	97	98	98	98	98	98	99	99
Amount financed (dollars)										
11 New car	9,333	9,915	10,665	11,176	11,214	11,267	11,374	11,455	11,585	11,630
12 Used car	5,691	6,089	6,555	7,373	7,479	7,527	7,763	7,476	7,537	7,646

1. Data for midmonth of quarter only.
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
3. At auto finance companies.

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1982	1983	1984	1985	1986	1984 H1	1984 H2	1985 H1	1985 H2	1986 H1	1986 H2	1987 H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**388.9**	**550.2**	**753.9**	**854.8**	**833.4**	**717.3**	**790.4**	**722.7**	**986.8**	**676.9**	**989.9**	**568.3**
By sector and instrument												
2 U.S. government	161.3	186.6	198.8	223.6	214.3	190.4	207.2	204.8	242.5	207.2	221.5	151.4
3 Treasury securities	162.1	186.7	199.0	223.7	214.7	190.7	207.3	204.9	242.5	207.4	222.0	151.7
4 Agency issues and mortgages	−.9	−.1	−.2	−.1	−.3	−.2	−.1	−.1	−.1	−.1	−.5	−.4
5 Private domestic nonfinancial sectors	227.6	363.6	555.1	631.1	619.0	526.9	583.3	518.0	744.3	469.6	768.4	417.0
6 Debt capital instruments	148.3	253.4	313.6	447.8	445.0	284.7	342.5	350.4	545.2	363.4	546.7	407.1
7 Tax-exempt obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	−16.9	87.7	20.0
8 Corporate bonds	18.7	16.0	46.1	73.8	121.7	22.5	69.8	62.2	85.3	135.3	108.1	89.0
9 Mortgages	85.4	183.6	217.1	237.7	298.0	228.5	205.7	221.2	254.2	245.0	350.9	298.1
10 Home mortgages	50.5	117.5	129.7	151.9	199.4	139.5	119.9	139.2	164.7	163.8	234.9	217.5
11 Multifamily residential	5.4	14.2	25.1	29.2	33.0	27.8	22.4	25.0	33.4	31.2	34.8	27.7
12 Commercial	25.2	49.3	63.2	62.5	73.9	62.6	63.8	59.5	65.5	58.9	88.9	62.5
13 Farm	4.2	2.6	−.9	−6.0	−8.3	−1.4	−.4	−2.5	−9.5	−8.9	−7.7	−9.6
14 Other debt instruments	79.3	110.2	241.5	183.3	164.0	242.2	240.8	167.5	199.1	106.2	221.8	9.9
15 Consumer credit	19.3	56.6	90.4	94.6	65.8	94.7	86.2	95.3	93.9	71.0	60.6	15.7
16 Bank loans n.e.c.	50.4	23.2	67.1	38.6	66.5	71.2	63.0	21.0	56.2	12.2	120.8	−40.2
17 Open market paper	−6.1	−.8	21.7	14.6	−9.3	26.6	16.8	14.4	14.8	−13.1	−5.5	4.5
18 Other	15.8	31.3	62.2	35.5	41.0	49.7	74.7	36.8	34.2	36.2	45.9	29.9
19 By borrowing sector	227.6	363.6	555.1	631.1	619.0	526.9	583.3	518.0	744.3	469.6	768.4	417.0
20 State and local governments	21.5	34.0	27.4	91.8	46.4	16.2	38.6	56.3	127.2	3.1	89.7	28.6
21 Households	90.0	188.2	234.6	293.4	279.9	235.0	234.2	259.8	327.1	232.8	326.9	224.0
22 Farm	6.8	4.1	−.1	−13.9	−15.1	−.5	.4	−7.0	−20.8	−16.8	−13.3	−19.5
23 Nonfarm noncorporate	40.2	77.0	97.0	93.1	115.9	101.8	92.2	85.7	100.5	96.2	135.5	92.8
24 Corporate	69.0	60.3	196.0	166.7	192.0	174.3	217.8	123.2	210.3	154.3	229.7	91.2
25 Foreign net borrowing in United States	16.0	17.3	8.3	1.2	9.0	36.1	−19.4	−5.8	8.2	21.5	−3.5	−12.6
26 Bonds	6.6	3.1	3.8	3.8	2.6	1.3	6.3	5.5	2.1	6.2	−1.1	−1.1
27 Bank loans n.e.c.	−5.5	3.6	−6.6	−2.8	−1.0	−1.3	−11.9	−5.8	.1	1.5	−3.5	−3.5
28 Open market paper	1.9	6.5	6.2	6.2	11.5	16.6	−4.3	2.8	9.6	19.1	3.9	−5.3
29 U.S. government loans	13.0	4.1	5.0	−6.0	−4.0	19.5	−9.6	−8.2	−3.7	−5.3	−2.7	−2.8
30 **Total domestic plus foreign**	**404.8**	**567.5**	**762.2**	**856.0**	**842.4**	**753.4**	**771.0**	**716.9**	**995.0**	**698.3**	**986.4**	**555.7**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**90.3**	**99.3**	**151.9**	**199.0**	**291.1**	**153.0**	**150.7**	**175.1**	**222.8**	**238.8**	**343.4**	**317.5**
By instrument												
32 U.S. government related	64.9	67.8	74.9	101.5	174.3	72.5	77.3	96.8	106.3	133.8	214.8	180.2
33 Sponsored credit agency securities	14.9	1.4	30.4	20.6	13.2	29.4	31.5	26.6	14.6	6.4	20.0	7.8
34 Mortgage pool securities	49.5	66.4	44.4	79.9	161.4	43.1	45.8	70.3	89.5	126.6	196.3	171.8
35 Loans from U.S. government	.4	.....	.....	1.1	−.4	.....	.....	.....	2.2	.8	−1.5	.5
36 Private financial sectors	25.4	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
37 Corporate bonds	12.7	17.4	36.2	48.6	68.7	30.8	41.5	48.9	48.3	70.9	66.5	92.5
38 Mortgages	.1	*	.4	.1	.1	.4	.4	*	.1	.6	−.5	.2
39 Bank loans n.e.c.	1.9	−.1	.7	2.6	4.0	.6	.7	2.3	2.9	4.0	4.0	−7.4
40 Open market paper	9.9	21.3	24.1	32.0	24.2	32.1	16.0	14.6	49.4	15.1	33.4	38.3
41 Loans from Federal Home Loan Banks	.8	−7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
By sector												
42 Sponsored credit agencies	15.3	1.4	30.4	21.7	12.9	29.4	31.5	26.6	16.8	7.2	18.5	8.3
43 Mortgage pools	49.5	66.4	44.4	79.9	161.4	43.1	45.8	70.3	89.5	126.6	196.3	171.8
44 Private financial sectors	25.4	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
45 Commercial banks	11.7	5.0	7.3	−4.9	−3.6	19.8	−5.3	−4.7	−5.0	−2.7	−4.6	4.4
46 Bank affiliates	6.8	12.1	15.6	14.5	4.6	20.4	10.8	10.2	18.9	−1.7	10.9	21.6
47 Savings and loan associations	2.5	−2.1	22.7	22.3	29.3	22.0	23.3	14.2	30.4	25.5	33.1	30.7
48 Finance companies	4.5	12.9	18.9	53.9	50.2	8.2	29.6	49.7	58.1	53.1	47.2	27.2
49 REITs	−.2	−.1	.1	−.7	−.3	.2	.1	−.6	−.8	.6	−1.3	−.2
50 CMO Issuers	.2	3.7	12.4	12.2	36.7	9.8	15.0	9.5	14.9	30.2	43.3	53.7
	All sectors											
51 **Total net borrowing**	**495.1**	**666.8**	**914.1**	**1,054.9**	**1,133.5**	**906.4**	**921.8**	**892.1**	**1,217.8**	**937.1**	**1,329.8**	**873.2**
52 U.S. government securities	225.9	254.4	273.8	324.2	389.0	263.1	284.5	301.7	346.6	340.2	437.8	331.0
53 State and local obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	−16.9	87.7	20.0
54 Corporate and foreign bonds	38.0	36.5	86.1	126.1	192.9	54.6	117.6	116.6	135.7	212.4	173.5	180.5
55 Mortgages	85.4	183.6	217.4	237.7	298.0	228.8	206.0	221.2	254.2	245.6	350.4	298.3
56 Consumer credit	19.3	56.6	90.4	94.6	65.8	94.7	86.2	95.3	93.9	71.0	60.6	15.7
57 Bank loans n.e.c.	46.7	26.7	61.1	38.3	69.5	70.4	51.8	17.5	59.2	17.7	121.3	−51.0
58 Open market paper	5.7	26.9	52.0	52.8	26.4	75.4	28.6	31.8	73.7	21.0	31.7	37.5
59 Other loans	30.0	28.4	82.9	44.8	56.5	85.7	80.0	41.1	48.6	46.1	66.9	41.1
	External corporate equity funds raised in United States											
60 **Total new share issues**	**25.8**	**61.8**	**−36.4**	**19.9**	**91.6**	**−47.9**	**−24.9**	**3.0**	**36.7**	**100.8**	**82.3**	**61.8**
61 Mutual funds	8.8	27.2	29.3	85.7	163.3	26.5	32.2	64.2	107.1	155.5	171.1	123.3
62 All other	17.0	34.6	−65.7	−65.8	−71.7	−74.4	−57.1	−61.2	−70.4	−54.7	−88.7	−61.5
63 Nonfinancial corporations	11.4	28.3	−74.5	−81.5	−80.8	−79.5	−69.4	−75.5	−87.5	−68.7	−92.7	−70.0
64 Financial corporations	4.2	2.6	7.8	12.0	8.3	6.8	8.8	11.2	12.8	7.5	9.1	6.7
65 Foreign shares purchased in United States	1.4	3.7	.9	3.7	.7	−1.6	3.5	3.1	4.3	6.6	−5.1	1.9

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	1982	1983	1984	1985	1986	1984		1985		1986		1987
							H1	H2	H1	H2	H1	H2	H1
1	**Total funds advanced in credit markets to domestic nonfinancial sectors**	**388.9**	**550.2**	**753.9**	**854.8**	**833.4**	**717.3**	**790.4**	**722.7**	**986.8**	**676.9**	**989.9**	**568.3**
	By public agencies and foreign												
2	Total net advances	114.9	114.0	157.6	202.3	317.3	132.7	182.5	195.8	208.7	264.1	370.6	241.3
3	U.S. government securities	22.3	26.3	39.3	47.1	84.8	27.6	51.0	50.3	43.9	74.0	95.6	46.3
4	Residential mortgages	61.0	76.1	56.5	94.6	158.5	55.5	57.4	88.6	100.7	123.8	193.2	164.9
5	FHLB advances to savings and loans	.8	−7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
6	Other loans and securities	30.8	18.6	46.2	46.3	54.2	33.2	59.2	44.4	48.2	52.0	56.5	16.5
	Total advanced, by sector												
7	U.S. government	15.9	9.7	17.1	16.8	9.5	7.5	26.6	25.1	8.4	10.8	8.2	−4.1
8	Sponsored credit agencies	65.5	69.8	74.3	101.5	175.5	73.3	75.2	96.4	106.7	128.2	222.8	167.7
9	Monetary authorities	9.8	10.9	8.4	21.6	30.2	12.0	4.8	27.5	15.8	13.2	47.2	10.8
10	Foreign	23.7	23.7	57.9	62.3	102.1	39.8	75.9	46.8	77.8	111.9	92.3	66.9
	Agency and foreign borrowing not in line 1												
11	Sponsored credit agencies and mortgage pools	64.9	67.8	74.9	101.5	174.3	72.5	77.3	96.8	106.3	133.8	214.8	180.2
12	Foreign	16.0	17.3	8.3	1.2	9.0	36.1	−19.4	−5.8	8.2	21.5	−3.5	−12.6
	Private domestic funds advanced												
13	Total net advances	354.8	521.3	679.5	755.2	699.3	693.2	665.7	618.0	892.5	568.0	830.6	494.6
14	U.S. government securities	203.6	228.1	234.5	277.0	304.2	235.5	233.5	251.3	302.7	266.3	342.2	284.7
15	State and local obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	−16.9	87.7	20.0
16	Corporate and foreign bonds	14.7	14.5	35.1	40.8	84.3	17.3	53.0	39.7	42.0	100.8	67.8	61.6
17	Residential mortgages	−5.3	55.0	98.2	86.4	73.8	111.7	84.8	75.5	97.4	71.3	76.4	80.3
18	Other mortgages and loans	98.3	162.4	276.9	228.8	221.4	311.5	242.3	197.0	260.6	161.0	281.8	61.6
19	LESS: Federal Home Loan Bank advances	.8	−7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
	Private financial intermediation												
20	Credit market funds advanced by private financial institutions	274.2	395.8	559.8	579.5	726.1	587.5	532.1	483.8	675.2	638.9	813.2	485.1
21	Commercial banking	110.2	144.3	168.9	186.3	194.7	192.2	145.5	143.3	229.4	117.2	272.3	49.9
22	Savings institutions	22.9	135.6	150.2	83.0	105.8	167.0	133.5	54.5	111.4	94.5	117.2	85.7
23	Insurance and pension funds	96.6	100.1	121.8	156.0	175.9	148.3	95.3	139.4	172.5	170.6	181.2	213.3
24	Other finance	44.5	15.8	118.9	154.2	249.6	80.0	157.8	146.5	161.9	256.7	242.4	136.2
25	Sources of funds	274.2	395.8	559.8	579.5	726.1	587.5	532.1	483.8	675.2	638.9	813.2	485.1
26	Private domestic deposits and RPs	196.2	215.4	316.9	213.2	272.8	280.2	353.5	191.4	235.0	252.2	293.4	15.1
27	Credit market borrowing	25.4	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
28	Other sources	52.6	148.9	165.9	268.9	336.4	226.8	105.1	214.1	323.6	281.7	391.1	332.6
29	Foreign funds	−31.4	16.3	5.4	17.7	12.4	10.9	−.1	21.3	14.2	12.3	12.5	41.8
30	Treasury balances	6.1	−5.3	4.0	10.3	1.7	−2.8	10.8	13.9	6.6	−4.2	7.6	−4.4
31	Insurance and pension reserves	106.0	109.7	118.6	141.0	152.5	162.5	74.6	118.6	163.4	138.6	166.4	234.4
32	Other, net	−28.1	28.2	37.9	99.9	169.8	56.1	19.7	60.3	139.4	134.9	204.6	60.8
	Private domestic nonfinancial investors												
33	Direct lending in credit markets	106.0	157.0	196.7	273.2	90.1	186.2	207.1	212.5	333.9	34.1	146.1	146.9
34	U.S. government securities	68.5	99.3	123.6	145.3	43.4	162.8	84.3	156.2	134.5	37.4	49.4	69.9
35	State and local obligations	25.0	40.3	30.4	47.6	−.8	10.4	50.4	14.8	80.4	−68.7	67.2	21.7
36	Corporate and foreign bonds	*	−11.6	5.2	11.8	34.4	−26.4	36.9	15.4	8.2	68.1	.8	39.0
37	Open market paper	−5.7	12.0	9.3	43.9	−4.8	15.6	3.0	3.5	84.2	−16.3	6.7	7.7
38	Other	18.2	17.0	28.1	24.6	17.9	23.8	32.5	22.6	26.6	13.6	22.1	8.5
39	Deposits and currency	205.5	232.8	320.4	223.5	293.2	286.8	354.0	198.3	248.7	262.0	324.4	10.2
40	Currency	9.7	14.3	8.6	12.4	14.4	13.7	3.6	15.9	8.8	10.7	18.2	10.0
41	Checkable deposits	18.0	28.6	27.9	41.4	97.7	26.0	29.8	14.6	68.2	79.9	115.5	−28.5
42	Small time and savings accounts	136.0	215.7	150.1	139.1	122.5	129.0	171.2	161.5	116.7	115.4	129.5	33.9
43	Money market fund shares	33.5	−39.0	49.0	8.9	43.8	24.5	73.4	10.6	7.1	46.9	40.6	−4.6
44	Large time deposits	−2.4	−8.4	84.9	7.2	−9.3	92.0	77.9	−7.6	21.9	*	−18.7	1.5
45	Security RPs	11.1	18.5	5.0	16.6	18.3	8.7	1.2	12.2	21.1	10.0	26.5	12.7
46	Deposits in foreign countries	−.4	3.1	−5.1	−2.1	5.9	−7.1	−3.1	−9.0	4.9	−.9	12.8	−14.9
47	**Total of credit market instruments, deposits and currency**	**311.5**	**389.9**	**517.1**	**496.7**	**383.3**	**473.0**	**561.1**	**410.7**	**582.6**	**296.0**	**470.5**	**157.1**
48	Public holdings as percent of total	28.4	20.1	20.7	23.6	37.7	17.6	23.7	27.3	21.0	37.8	37.6	43.4
49	Private financial intermediation (in percent)	77.3	75.9	82.4	76.7	103.8	84.7	79.9	78.3	75.6	112.5	97.9	98.1
50	Total foreign funds	−7.7	40.0	63.3	80.1	114.5	50.7	75.8	68.1	92.0	124.2	104.9	108.7
	MEMO: Corporate equities not included above												
51	**Total net issues**	**25.8**	**61.8**	**−36.4**	**19.9**	**91.6**	**−47.9**	**−24.9**	**3.0**	**36.7**	**100.8**	**82.3**	**61.8**
52	Mutual fund shares	8.8	27.2	29.3	85.7	163.5	26.5	32.2	64.2	107.1	155.5	171.1	123.3
53	Other equities	17.0	34.6	−65.7	−65.8	−71.7	−74.4	−57.1	−61.2	−70.4	−54.7	−88.7	−61.5
54	Acquisitions by financial institutions	25.9	51.1	19.7	42.8	48.2	−.2	39.7	58.8	26.8	56.6	39.7	65.5
55	Other net purchases	−.1	10.7	−56.1	−22.9	43.4	−47.7	−64.6	−55.8	10.0	44.2	42.6	−3.6

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

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1984	1985	1986	1987 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.
1 **Industrial production**	**121.4**	**123.8**	**125.1**	**127.4**	**128.2**	**129.1**	**130.6**	**131.2**	**131.0r**	**132.5r**	**133.1**	**133.3**
Market groupings												
2 Products, total	126.7	130.8	133.2	135.8	136.9	137.8	139.5	139.9	139.4r	141.0r	141.2	141.3
3 Final, total	127.3	131.1	132.3	134.5	135.5	136.2	137.9	138.4	137.8r	139.5r	139.5	139.4
4 Consumer goods	118.0	120.2	124.5	125.5	127.3	127.2	128.9	129.4	127.7r	129.3	129.5	129.7
5 Equipment	139.6	145.4	142.7	146.4	146.3	148.1	149.7	150.2	151.2r	153.1r	152.8	152.4
6 Intermediate	124.7	130.0	136.4	140.3	141.8	143.3	145.0	145.3	144.9r	146.0r	146.9	147.5
7 Materials	114.2	114.2	113.9	115.9	116.3	117.2	118.5	119.4	119.7r	121.0r	122.0	122.5
Industry groupings												
8 Manufacturing	123.4	126.4	129.1	132.4	133.2	134.0	135.6	135.9	135.7	137.4r	138.0	138.3
Capacity utilization (percent)[2]												
9 Manufacturing	80.5	80.1	79.8	80.2	80.4	80.8	81.5	81.5	81.3	82.1	82.3	82.2
10 Industrial materials industries	82.0	80.2	78.5	79.1	79.3	79.8	80.6	81.1	81.2	82.0	82.6	82.8
11 Construction contracts (1982 = 100)[3]	135.0	148.0	155.0	162.0	149.0	161.0	163.0	171.0	157.0	166.0	153.0	159.0
12 Nonagricultural employment, total[4]	114.6	118.3	120.8	123.2	123.3	123.5	123.8	124.0	124.2	124.9	125.2	125.6
13 Goods-producing, total	101.6	102.4	102.4	101.7	101.7	101.7	102.1	102.2	102.4	103.0r	103.4	103.8
14 Manufacturing, total	98.4	97.8	96.5	96.6	96.6	96.6	97.0	97.2	97.4	97.8	98.2	98.4
15 Manufacturing, production-worker	94.1	92.6	91.2	91.5	91.6	91.6	92.1	92.2	92.5	92.9	93.4	93.7
16 Service-producing	120.0	125.0	128.9	132.2	132.4	132.6	132.9	133.1	133.4	134.1	134.3	134.7
17 Personal income, total	193.4	207.0	219.9	230.3	230.7	231.1	232.6	233.9	235.3	239.7r	238.6	240.4
18 Wages and salary disbursements	185.0	198.7	210.2	219.5	220.7	221.2	222.3	224.2	225.4	227.1	228.6	229.5
19 Manufacturing	164.6	172.8	176.4	178.9	179.9	180.0	180.1	182.0	183.7	184.7r	185.7	186.2
20 Disposable personal income[5]	193.5	206.0	219.1	222.5	229.6	228.9	230.4	231.6	232.9	237.7r	236.1	237.9
21 Retail sales[6]	179.0	190.6	199.9	207.4	207.3	209.6	210.9	214.0	210.5	208.5	208.8	210.3
Prices[7]												
22 Consumer (1967 = 100)	311.1	322.2	328.4	337.7	338.7	340.1	340.8	342.7	344.4	345.3	345.8	345.7
23 Producer finished goods (1967 = 100)	291.1	293.7	289.7	294.9	295.8	296.2	297.4	297.3	296.7	298.2	298.1	296.8

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

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

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

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1985	1986	1987	1987							
				May	June	July	Aug.	Sept.	Oct.^r	Nov.^r	Dec.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**180,440**	**182,822**	**185,010**	**184,777**	**184,941**	**185,127**	**185,264**	**185,428**	**185,575**	**185,737**	**185,882**
2 Labor force (including Armed Forces)[1]	117,695	120,078	122,122	122,151^r	121,846^r	122,132^r	122,568^r	122,230^r	122,651	122,861	122,984
3 Civilian labor force	115,461	117,834	119,865	119,907^r	119,608^r	119,890^r	120,306^r	119,963^r	120,387	120,594	120,722
Employment											
4 Nonagricultural industries[2]	103,971	106,434	109,232	109,065^r	109,108^r	109,427^r	109,907^r	109,688^r	109,961	110,332	110,529
5 Agriculture	3,179	3,163	3,208	3,269^r	3,192^r	3,212^r	3,143^r	3,184^r	3,249	3,172	3,215
Unemployment											
6 Number	8,312	8,237	7,425	7,573^r	7,308^r	7,251^r	7,256^r	7,091^r	7,177	7,090	6,978
7 Rate (percent of civilian labor force)	7.2	7.0	6.2	6.3	6.1	6.0	6.0	5.9	6.0	5.9	5.8
8 Not in labor force	62,745	62,744	62,888	62,626^r	63,095^r	62,995^r	62,696^r	63,198^r	62,924	62,876^r	62,898
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**97,519**	**99,610**	**102,105**	**101,708**	**101,818**	**102,126**	**102,275**	**102,434**	**102,983**	**103,246**	**103,572**
10 Manufacturing	19,260	18,994	19,112	19,018	19,015	19,104	19,129	19,169	19,247	19,336	19,376
11 Mining	927	783	742	735	738	744	751	759	764	760	762
12 Contract construction	4,673	4,904	5,032	4,999	5,008	5,002	5,006	4,989	5,053	5,077	5,132
13 Transportation and public utilities	5,238	5,244	5,377	5,344	5,350	5,363	5,377	5,416	5,436	5,460	5,458
14 Trade	23,073	23,580	24,056	23,980	24,007	24,071	24,063	24,129	24,239	24,275	24,291
15 Finance	5,955	6,297	6,588	6,576	6,586	6,608	6,624	6,629	6,650	6,658	6,660
16 Service	22,000	23,099	24,136	24,025	24,083	24,214	24,279	24,295	24,406	24,472	24,615
17 Government	16,394	16,710	17,063	17,031	17,031	17,020	17,046	17,048	17,188	17,208	17,278

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1987				1987				1987			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**126.9**	**128.2**	**130.9**	**133.0**	**159.5**	**160.4**	**161.3**	**162.2**	**79.5**	**79.9**	**81.2**	**82.0**
2 Mining	98.8	99.0	100.6	103.2	130.4	129.7	129.0	128.4	75.8	76.3	78.0	80.3
3 Utilities	108.1	108.3	111.6	112.5	137.7	138.3	138.8	139.4	78.5	78.3	80.5r	80.7
4 **Manufacturing**	**131.6**	**133.2**	**135.7**	**137.9**	**164.5**	**165.6**	**166.7**	**167.7**	**80.0**	**80.5**	**81.4**	**82.2**
5 Primary processing	114.3	116.1	119.2	122.1	138.2	139.0	139.8	140.6	82.7	83.5	85.3r	86.9
6 Advanced processing	142.0	143.5	145.8	147.5	180.3	181.6	182.9	184.1	78.7	79.0	79.7r	80.1
7 **Materials**	**115.0**	**116.5**	**119.1**	**121.9**	**146.1**	**146.7**	**147.2**	**147.8**	**78.7**	**79.4**	**81.0r**	**82.5**
8 Durable goods	121.4	122.9	125.5	129.6	162.3	163.1	163.9	164.7	74.8	75.4	76.7r	78.7
9 Metal materials	74.7	77.0	83.6	91.1	110.6	110.0	109.4	108.8	67.5	70.0	76.5r	83.8
10 Nondurable goods	121.2	124.0	128.2	129.3	145.6	143.8	144.7	145.6	84.8	86.2	88.6	91.0
11 Textile, paper, and chemical	122.3	125.1	130.5	132.3	142.4	143.4	144.4	145.4	85.9	87.2	90.4	......
12 Paper	136.4	137.7	144.5	......	142.8	143.9	145.1	......	95.5	95.7	......	......
13 Chemical	122.9	125.3	130.7	......	148.8	149.8	150.9	......	82.6	83.6	......	......
14 Energy materials	98.3	98.7	100.0	101.8	120.3	120.2	120.1	119.9	81.7	82.1	83.3	84.9

Series	Previous cycle[1]		Latest cycle[2]		1986	1987								
	High	Low	High	Low	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.r	Nov.r	Dec.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**79.7**	**79.6**	**79.9**	**80.3**	**81.1**	**81.4**	**81.1r**	**81.9**	**82.0**	**82.1**
16 Mining	92.8	87.8	95.2	76.9	74.2	75.9	76.5	76.6	76.8	78.2	79.1r	80.2	80.2	80.6
17 Utilities	95.6	82.9	88.5	78.0	79.3	76.8	79.2	79.0	80.2	81.3	80.0r	80.5	81.0	80.5
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**80.2**	**80.2**	**80.4**	**80.8**	**81.5**	**81.5**	**81.3**	**82.1**	**82.3**	**82.2**
19 Primary processing	91.9	68.3	89.1	65.1	83.1	83.5	83.2	84.0	85.4	85.3	85.1	86.1	87.0	87.4
20 Advanced processing	86.0	71.1	85.1	69.5	78.7	78.7	79.2	79.2	79.8	79.9	79.5	80.2	80.2	80.0
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**79.1**	**79.1**	**79.3**	**79.8**	**80.6**	**81.1**	**81.2r**	**82.0**	**82.6**	**82.8**
22 Durable goods	91.8	64.4	89.8	60.9	75.2	75.0	75.1	75.9	76.5	76.6	77.0r	78.2	78.8	79.1
23 Metal materials	99.2	67.1	93.6	45.7	68.5	68.8	69.7	71.5	73.9	77.5	78.3r	82.4	83.8	85.1
24 Nondurable goods	91.1	66.7	88.1	70.7	86.0	86.5	86.2	86.1	88.4	88.6	88.7	88.2	88.8	89.3
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	87.0	87.5	87.1	87.1	90.0	90.5	90.7	90.3	91.1	91.5
26 Paper	98.4	70.6	97.3	79.9	98.7	95.1	95.7	96.3	100.5	99.9	98.5r	97.3	98.8	......
27 Chemical	92.5	64.4	87.9	63.5	83.0	83.9	83.9	83.1	85.1	86.4	87.4	88.0	88.4	......
28 Energy materials	94.6	86.9	94.0	82.3	81.1	81.3	82.1	82.8	82.4	84.0	83.5	84.6	85.2	84.9

1. Monthly high 1973; monthly low 1975.
2. Monthly highs 1978 through 1980; monthly lows 1982.

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Groups	1977 proportion	1986 avg.	1986 Dec.	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.	Nov.p	Dec.e
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**125.0**	**126.7**	**126.5**	**127.2**	**127.3**	**127.4**	**128.4**	**129.1**	**130.6**	**131.2**	**131.0**	**132.5**	**133.1**	**133.3**
2 Products	57.72	133.2	135.0	134.9	136.1	136.2	137.2	137.2	137.8	139.5	139.9	139.4	141.0	141.2	141.3
3 Final products	44.77	132.3	133.7	133.6	135.0	135.0	134.5	135.8	136.2	137.9	138.4	137.8	139.5	139.5	139.4
4 Consumer goods	25.52	124.5	127.2	126.8	127.5	127.5	126.6	128.2	127.2	128.9	129.4	127.7	129.3	129.5	129.7
5 Equipment	19.25	142.7	142.2	142.8	144.9	145.0	144.9	145.8	148.1	149.7	150.2	151.2	153.1	152.8	152.4
6 Intermediate products	12.94	136.4	139.7	139.1	139.7	140.4	139.9	142.1	143.3	145.0	145.3	144.9	146.0	146.9	147.5
7 Materials	42.28	113.9	115.2	115.2	115.1	115.2	116.2	116.3	117.2	118.5	119.4	119.7	121.0	122.0	122.5
Consumer goods															
8 Durable consumer goods	6.89	116.2	121.5	120.0	122.4	121.2	118.1	120.2	117.4	120.4	121.2	118.6	124.4	124.5	123.1
9 Automotive products	2.98	115.1	117.7	117.6	123.5	121.2	115.7	118.0	114.9	117.5	118.0	114.2	124.3	121.3	115.8
10 Autos and trucks	1.79	112.9	115.6	117.9	125.2	121.6	111.5	113.1	107.9	112.3	112.4	107.2	122.2	118.7	110.2
11 Autos, consumer	1.16	97.3	99.5	94.3	105.3	100.9	91.8	91.0	87.4	86.4	76.8	79.1	94.7	91.9	83.7
12 Trucks, consumer	.63	141.8	145.6	161.9	162.1	159.9	148.1	154.2	146.0	160.4	178.4	159.4	173.2	....	....
13 Auto parts and allied goods	1.19	118.4	120.8	117.1	121.0	120.5	121.9	125.3	125.4	125.3	126.6	124.8	127.5	125.1	124.2
14 Home goods	3.91	117.1	124.4	121.9	121.6	121.2	119.9	121.8	119.3	122.5	123.6	121.9	124.6	126.9	128.7
15 Appliances, A/C and TV	1.24	139.5	153.2	146.9	145.2	142.9	137.7	142.2	133.4	141.7	147.1	141.8	145.7	149.9	152.7
16 Appliances and TV	1.19	141.6	155.1	148.9	146.7	143.8	139.2	142.3	133.4	142.6	145.5	140.6	146.1	150.6	....
17 Carpeting and furniture	.96	125.8	132.0	129.1	130.8	131.3	133.5	133.3	132.3	134.1	132.0	131.6	132.9	134.2	....
18 Miscellaneous home goods	1.71	96.0	99.4	99.8	99.3	99.8	99.4	100.7	101.8	102.2	102.0	102.2	104.6	106.2	....
19 Nondurable consumer goods	18.63	127.5	129.4	129.2	129.4	129.8	129.8	131.1	130.9	132.1	132.5	131.0	131.1	131.4	132.1
20 Consumer staples	15.29	97.0	136.0	135.9	135.9	136.5	136.4	137.7	137.6	138.9	139.2	137.8	137.7	138.0	138.7
21 Consumer foods and tobacco	7.80	134.1	133.9	132.9	134.0	134.8	134.4	135.6	136.0	137.2	137.4	137.0	137.9	137.9	....
22 Nonfood staples	7.49	131.9	138.2	139.0	137.9	138.2	138.5	139.9	139.2	140.6	141.2	138.6	137.5	138.2	139.4
23 Consumer chemical products	2.75	136.5	163.1	165.9	164.7	165.7	164.7	165.9	164.4	165.7	167.4	163.6	160.8	162.3	....
24 Consumer paper products	1.88	161.2	150.1	149.4	147.8	147.5	148.9	152.9	153.1	153.8	153.9	153.2	151.8	152.9	....
25 Consumer energy	2.86	147.4	106.4	106.3	105.7	105.8	106.5	106.4	105.9	108.0	107.7	105.0	105.8	105.4	....
26 Consumer fuel	1.44	105.7	92.2	95.0	92.5	94.1	94.5	92.1	91.9	92.7	91.4	91.6	92.4	92.0	....
27 Residential utilities	1.42	92.8	120.8	117.8	119.2	117.7	118.7	121.0	120.2	123.6	124.3	118.7	119.4	....	....
Equipment															
28 Business and defense equipment	18.01	147.1	147.0	147.7	150.1	150.1	150.0	150.8	153.2	154.4	154.5	155.2	157.2	157.1	156.9
29 Business equipment	14.34	138.6	137.1	138.1	140.8	140.8	140.8	141.7	144.2	145.6	145.6	146.3	148.7	148.7	148.2
30 Construction, mining, and farm	2.08	59.8	58.2	57.2	56.8	58.1	58.6	61.2	63.0	65.0	66.4	66.1	67.3	66.7	66.2
31 Manufacturing	3.27	112.0	108.8	110.1	111.5	110.9	111.1	111.5	117.2	120.4	120.9	122.0	120.5	122.0	122.4
32 Power	1.27	81.6	80.2	79.6	81.2	81.7	82.4	84.0	84.0	81.8	82.8	81.1	83.0	83.0	82.9
33 Commercial	5.22	214.6	213.7	215.9	218.4	219.7	220.9	222.0	226.7	227.9	227.7	229.1	232.4	232.3	231.7
34 Transit	2.49	109.2	108.9	109.5	117.4	114.0	110.4	110.1	105.4	106.1	104.7	105.1	112.1	110.9	109.2
35 Defense and space equipment	3.67	180.3	185.8	185.2	186.5	186.6	186.1	186.5	188.6	188.7	189.1	189.8	190.2	190.0	191.1
Intermediate products															
36 Construction supplies	5.95	124.7	127.9	128.3	128.4	128.5	127.3	128.3	131.5	133.1	132.5	132.3	133.1	134.0	134.5
37 Business supplies	6.99	146.4	149.8	148.3	149.4	150.5	150.5	153.8	153.4	155.2	156.3	155.6	157.0	157.8	....
38 General business supplies	5.67	150.6	154.3	153.3	154.1	155.2	155.5	158.2	158.5	160.5	161.0	160.9	162.2	163.5	....
39 Commercial energy products	1.31	128.3	130.3	126.8	128.8	130.3	129.0	135.0	131.1	132.3	135.8	132.7	134.6	133.2	....
Materials															
40 Durable goods materials	20.50	119.7	120.7	120.5	121.5	121.8	122.2	121.6	124.0	125.2	125.5	126.4	128.7	129.7	130.5
41 Durable consumer parts	4.92	98.5	98.8	99.0	100.0	98.9	96.2	95.2	99.2	98.5	99.6	99.0	102.0	101.8	101.7
42 Equipment parts	5.94	153.9	154.2	154.0	155.6	155.8	157.1	156.0	158.3	159.3	159.5	161.1	162.2	163.7	164.6
43 Durable materials n.e.c.	9.64	109.4	111.2	110.8	111.5	112.6	114.1	113.9	115.5	117.7	117.9	118.9	121.6	123.1	124.3
44 Basic metal materials	4.64	80.0	80.3	79.2	80.3	80.8	81.8	81.9	83.6	86.6	90.4	91.3	95.3	97.1	98.7
45 Nondurable goods materials	10.09	118.3	123.2	123.2	122.5	122.8	125.4	125.3	124.1	127.6	128.3	128.6	128.2	129.3	130.3
46 Textile, paper, and chemical materials	7.53	118.9	124.7	125.0	123.6	124.0	126.9	126.5	125.1	129.6	130.6	131.2	131.0	132.4	133.4
47 Textile materials	1.52	110.6	116.1	116.5	115.8	118.5	125.0	....	111.9	117.8	116.7	116.0	113.0	114.0	....
48 Pulp and paper materials	1.55	132.1	140.2	137.9	136.7	134.7	137.4	137.4	139.0	145.4	145.0	143.3	141.9	144.5	....
49 Chemical materials	4.46	117.1	122.3	123.4	121.8	122.1	125.0	125.0	124.9	128.1	130.4	132.2	133.4	134.4	....
50 Miscellaneous nondurable materials	2.57	116.5	118.5	118.0	119.0	119.2	121.1	122.0	120.9	122.0	121.4	120.9	119.8	....	....
51 Energy materials	11.69	99.9	98.8	98.9	97.6	97.0	97.5	99.3	99.4	99.0	100.9	100.2	101.5	102.1	101.7
52 Primary energy	7.57	105.5	105.1	104.1	102.6	101.5	102.3	103.6	104.0	102.5	104.6	104.6	106.3	107.2	....
53 Converted fuel materials	4.12	89.6	87.3	89.4	88.5	88.9	88.7	91.4	91.0	92.5	94.1	92.2	92.7	92.8	....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Groups	SIC code	1977 proportion	1986 avg.	1986	1987											
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.	Nov.[p]	Dec.[e]
				Index (1977 = 100)												
Major Industry																
1 Mining and utilities	.....	15.79	103.4	101.6	102.6	102.4	101.9	101.4	103.1	103.0	103.7	105.4	105.4	106.5	106.7	106.7
2 Mining	.....	9.83	99.6	97.1	99.4	98.8	98.3	98.6	99.2	99.2	99.2	100.9	101.9	103.2	103.0	103.3
3 Utilities	.....	5.96	109.6	109.0	108.0	108.5	107.9	106.0	109.6	109.4	111.2	112.9	111.2	112.1	112.9	112.4
4 Manufacturing	.....	84.21	129.1	131.3	130.7	131.6	132.4	132.4	133.2	134.0	135.6	135.9	135.7	137.4	138.0	138.3
5 Nondurable	.....	35.11	130.9	133.4	132.7	132.9	133.7	134.6	135.7	136.9	138.5	138.8	138.6	138.3	139.5	140.3
6 Durable	.....	49.10	127.9	129.7	129.3	130.8	131.5	130.9	131.4	132.0	133.5	133.8	133.7	136.7	137.0	136.8
Mining																
7 Metal	10	.50	.....	76.2	74.1	73.6	71.2	65.7	71.7	70.7	71.4	79.3	86.5	85.6	.....	.....
8 Coal	11.12	1.60	124.2	125.4	136.4	131.7	122.3	121.9	127.2	128.8	127.9	130.5	133.3	140.3	141.5	142.0
9 Oil and gas extraction	13	7.07	94.7	89.8	91.2	90.9	92.4	93.1	92.1	91.8	91.8	93.0	93.3	93.4	92.9	92.9
10 Stone and earth minerals	14	.66	113.9	122.5	116.1	122.1	123.8	125.4	127.6	128.5	130.7	130.3	130.0	131.0	132.6	.....
Nondurable manufactures																
11 Foods	20	7.96	133.6	136.7	134.6	136.4	137.3	136.0	137.4	137.7	138.5	138.8	139.5	138.4	139.2	.....
12 Tobacco products	21	.62	96.6	93.4	89.9	99.9	101.1	99.6	106.6	107.0	.....	110.4	101.7	103.4	.....	.....
13 Textile mill products	22	2.29	113.2	113.4	109.2	110.8	112.6	116.6	115.7	117.2	118.3	119.8	118.2	117.3	119.3	.....
14 Apparel products	23	2.79	103.6	104.9	106.1	106.5	105.4	105.3	106.4	107.7	109.7	108.4	107.6	108.0	.....	.....
15 Paper and products	26	3.15	136.4	141.1	139.7	139.9	139.9	140.5	141.3	142.6	148.8	148.9	147.4	145.7	149.2	.....
16 Printing and publishing	27	4.54	163.4	166.4	166.3	164.4	167.6	169.2	171.4	174.1	174.0	174.7	174.9	175.2	175.7	176.4
17 Chemicals and products	28	8.05	133.0	135.7	136.4	135.7	135.3	137.3	138.1	139.3	140.8	142.3	142.4	141.8	143.4	.....
18 Petroleum products	29	2.40	92.1	93.5	95.6	91.6	92.1	94.0	92.6	92.3	94.1	92.9	93.5	94.6	94.2	95.5
19 Rubber and plastic products	30	2.80	153.3	157.1	155.3	156.2	158.6	160.5	162.2	165.4	167.2	164.8	165.2	166.7	168.2	.....
20 Leather and products	31	.53	61.3	60.2	58.9	59.8	59.4	60.2	61.4	60.8	59.2	61.3	60.7	60.2	58.6	.....
Durable manufactures																
21 Lumber and products	24	2.30	123.4	133.5	128.5	129.6	128.9	127.8	130.3	131.1	132.8	131.1	126.9	129.4	134.0	.....
22 Furniture and fixtures	25	1.27	146.7	148.8	143.5	145.0	149.9	148.2	150.5	153.9	156.2	155.2	155.9	156.0	157.0	.....
23 Clay, glass, stone products	32	2.72	120.2	119.4	121.9	118.8	119.8	120.6	117.2	117.9	118.8	116.5	118.6	118.9	118.6	.....
24 Primary metals	33	5.33	75.8	73.4	72.8	75.1	77.0	76.1	77.0	78.8	81.4	85.1	84.5	90.5	91.3	90.6
25 Iron and steel	331.2	3.49	63.4	61.3	59.5	62.3	65.4	65.0	65.7	68.3	70.9	76.0	74.6	82.0	81.8	.....
26 Fabricated metal products	34	6.46	107.4	109.6	108.4	108.3	110.5	109.9	108.5	111.1	111.1	110.1	111.1	113.1	113.5	114.0
27 Nonelectrical machinery	35	9.54	141.9	144.8	143.4	145.5	148.5	150.4	149.7	151.8	155.3	154.3	156.6	158.0	157.6	156.5
28 Electrical machinery	36	7.15	166.5	170.4	170.4	171.0	168.5	168.4	171.1	170.5	172.5	174.3	173.4	175.5	176.4	177.6
29 Transportation equipment	37	9.13	125.8	126.8	129.0	132.7	132.2	127.8	129.4	126.5	127.6	128.1	125.5	131.8	130.6	128.6
30 Motor vehicles and parts	371	5.25	110.9	109.7	112.0	117.7	116.5	109.8	112.0	107.4	109.4	109.1	105.6	116.0	114.0	110.4
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	146.1	150.1	151.9	153.0	153.4	152.3	153.1	152.4	152.3	153.9	152.5	153.3	153.2	153.3
32 Instruments	38	2.66	141.3	140.2	139.5	142.0	140.3	142.8	142.1	144.5	143.8	146.3	145.6	147.3	149.0	150.0
33 Miscellaneous manufactures	39	1.46	99.3	103.8	101.6	101.6	103.9	101.4	101.9	101.2	100.5	102.2	102.1	104.6	105.1	.....
Utilities																
34 Electric	.....	4.17	122.2	122.6	121.6	122.3	123.6	122.3	128.8	128.8	131.0	132.0	127.5	126.8	127.1	.....
		Gross value (billions of 1982 dollars, annual rates)														
Major Market																
35 Products, total	.....	**517.5**	**1,702.2**	**1,700.7**	**1,701.6**	**1,718.7**	**1,725.2**	**1,710.0**	**1,723.0**	**1,720.4**	**1,732.5**	**1,741.7**	**1,735.9**	**1,775.3**	**1,772.7**	**1,773.2**
36 Final	.....	405.7	1,314.5	1,307.3	1,310.9	1,329.2	1,330.3	1,316.5	1,324.7	1,320.1	1,326.6	1,334.9	1,330.3	1,362.5	1,359.3	1,358.3
37 Consumer goods	.....	272.7	853.8	857.1	860.0	865.3	868.1	857.1	862.8	855.1	863.2	866.4	856.9	878.2	878.3	880.9
38 Equipment	.....	133.0	458.2	450.2	450.9	463.9	462.2	459.4	461.9	465.0	463.5	468.5	473.4	484.3	481.0	477.3
39 Intermediate	.....	111.9	387.6	393.4	390.7	389.5	394.9	393.6	398.4	400.3	405.9	406.8	405.6	412.8	413.5	415.0

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

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1984	1985	1986	1987 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,682	1,733	1,750	1,676	1,719	1,598	1,493	1,517	1,487	1,502	1,502	1,463	1,469
2 1-family	922	957	1,071	1,204	1,150	1,058	1,009	1,039	993	1,023	992	977	983
3 2-or-more-family	759	777	679	472	569	540	484	478	494	479	510	486	486
4 Started	1,749	1,742	1,805	1,838	1,730	1,643	1,606	1,586	1,598	1,585	1,685	1,537[r]	1,639
5 1-family	1,084	1,072	1,179	1,303	1,211	1,208	1,130	1,088	1,143	1,111	1,211	1,105[r]	1,110
6 2-or-more-family	665	669	626	535	519	435	476	498	455	474	474	432[r]	529
7 Under construction, end of period[1]	1,051	1,063	1,074	1,096	1,085	1,070	1,061	1,059	1,053	1,049	1,052[r]	1,049[r]	1,052
8 1-family	556	539	583	621	618	623	621	620	623	625	631	631[r]	631
9 2-or-more-family	494	524	490	476	467	446	441	439	430	424	421[r]	418	420
10 Completed	1,652	1,703	1,756	1,726	1,689	1,830	1,621	1,601	1,698	1,666	1,581[r]	1,544[r]	1,529
11 1-family	1,025	1,072	1,120	1,107	1,141	1,148	1,158	1,101	1,120	1,067	1,112[r]	1,106[r]	1,056
12 2-or-more-family	627	631	637	619	548	682	463	500	578	599	469[r]	438[r]	473
13 Mobile homes shipped	296	284	244	231	228	227	222	231	245	233	244	238	229
Merchant builder activity in 1-family units													
14 Number sold	639	688	748	740	720	733	649	641	671	675	658	672	664
15 Number for sale, end of period[1]	358	350	361	358	358	359	355	359	359	361	361	359	360
Price (thousands of dollars)[2]													
Median													
16 Units sold	80.0	84.3	92.2	95.2	98.4	96.5	104.9	109.0	105.0	106.8	106.9	106.0	119.0
Average													
17 Units sold	97.5	101.0	112.2	121.3	119.5	118.1	126.6	135.8	128.6	128.5	133.9	123.9	140.3
EXISTING UNITS (1-family)													
18 Number sold	2,868	3,217	3,566	3,690	3,680	3,560	3,770	3,500	3,430	3,410	3,450	3,570	3,410
Price of units sold (thousands of dollars)[2]													
19 Median	72.3	75.4	80.3	85.0	85.6	85.0	85.2	85.2	86.2	85.1	85.1	84.8	83.7
20 Average	85.9	90.6	98.3	104.3	104.9	105.0	106.3	106.0	107.6	105.3	106.2	106.3	105.0
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**328,643**	**355,995**	**388,815**	**401,644**	**388,303**	**396,222**	**396,680**	**397,191**	**398,465**	**402,872**	**410,874**	**410,616**	**419,506**
22 Private	270,978	291,665	316,589	326,453	312,203	320,483	321,414	324,256	323,847	329,831	332,950	333,915	341,999
23 Residential	153,849	158,475	187,147	203,115	190,812	199,523	195,871	200,864	198,005	200,241	205,062	204,781	207,120
24 Nonresidential, total	117,129	133,190	129,442	123,338	121,391	120,960	125,543	123,392	125,842	129,590	127,888	129,134	134,879
Buildings													
25 Industrial	13,746	15,769	13,747	12,112	11,354	11,492	13,376	13,023	13,005	13,659	14,387	13,523	15,338
26 Commercial	39,357	51,315	48,592	53,071	52,285	50,924	53,224	51,831	52,537	54,055	52,800	54,039	57,531
27 Other	12,547	12,619	13,216	14,776	15,143	14,950	14,926	14,769	15,317	14,888	15,079	15,554	16,126
28 Public utilities and other	51,479	53,487	53,887	43,379	42,609	43,594	44,017	43,769	44,983	46,988	45,622	46,018	45,884
29 Public	57,662	64,326	72,225	75,191	76,100	75,739	75,266	72,935	74,618	73,041	77,924	76,701	77,507
30 Military	2,839	3,283	3,919	2,806	3,893	3,403	4,397	4,352	5,009	4,193	6,083	4,308	4,768
31 Highway	18,772	21,756	23,360	23,260	23,575	22,673	22,607	21,704	22,441	22,005	23,489	24,938	24,920
32 Conservation and development	4,654	4,746	4,668	4,883	4,792	5,551	4,839	5,498	5,328	5,127	4,978	5,477	5,148
33 Other	31,397	34,541	40,278	44,242	43,840	44,112	43,423	41,381	41,840	41,716	43,374	41,978	42,671

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C–30–76–5), issued by the Bureau in July 1976.

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

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 Dec. 1987 (1967 = 100)[1]
	1986 Dec.	1987 Dec.	1987 Mar.	1987 June	1987 Sept.	1987 Dec.	1987 Aug.	1987 Sept.	1987 Oct.	1987 Nov.	1987 Dec.	
CONSUMER PRICES[2]												
1 **All items**	**1.1**	**4.4**	**6.2**	**4.6**	**3.6**	**3.2**	**.5**	**.2**	**.4**	**.3**	**.1**	**345.7**
2 Food	3.8	3.5	2.5	6.5	1.4	4.0	.0	.5	.4	.1	.5	336.7
3 Energy items	−19.7	8.2	26.1	7.9	5.0	−4.6	1.7	−.5	−.9	.8	−1.1	370.4
4 All items less food and energy	3.8	4.2	5.2	4.0	3.7	3.9	.4	.2	.5	.3	.1	346.8
5 Commodities	1.4	3.5	5.1	3.8	3.0	2.1	.1	.3	.5	.3	−.3	275.1
6 Services	5.2	4.6	5.3	3.8	4.2	5.0	.5	.1	.5	.3	.4	424.3
PRODUCER PRICES												
7 Finished goods	−2.3	2.2	4.3	3.9	2.7	−2.0	.2	.3	−.2	.0	−.3	296.8
8 Consumer foods	2.9	−.2	−6.7	12.7	−1.7	−4.1	−1.1r	1.0r	−.1	.3	−1.3	282.2
9 Consumer energy	−38.0	10.2	59.8	5.5	2.0	−13.8	2.6	−3.6r	−1.0	−.8	−1.9	501.0
10 Other consumer goods	3.0	2.6	4.2	−.2	4.9	1.7	.4r	.6	.0	.0	.5	269.0
11 Capital equipment	2.1	1.3	.4	1.2	4.4	−.6	.3	.7	−.4	.1	.2	314.2
12 Intermediate materials[3]	−4.5	5.6	7.8	5.7	4.6	4.1	.5	.0	.5	.4	.1	327.8
13 Excluding energy	.1	5.3	3.3	4.6	5.0	8.2	.3r	.5	.9	.5	.6	321.0
Crude materials												
14 Foods	−1.4	1.7	−10.3	34.8	−6.2	−1.8	.0r	.3r	1.3	−3.0	1.3	237.5
15 Energy	−27.5	10.5	50.0	11.4	6.1	−15.9	1.4	−2.7	−1.7	−1.1	−1.5	589.4
16 Other	1.7	22.4	15.9	31.9	37.1	24.5	2.3r	2.8r	4.1	.9	.6	302.4

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

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1985	1986	1987	1986	1987			
				Q4	Q1	Q2	Q3	Q4
GROSS NATIONAL PRODUCT								
1 **Total**	**4,010.3**	**4,235.0**	**4,486.2**	**4,288.1**	**4,377.7**	**4,445.1**	**4,524.0**	**4,598.0**
By source								
2 Personal consumption expenditures	2,629.4	2,799.8	2,966.0	2,858.6	2,893.8	2,943.7	3,011.3	3,015.1
3 Durable goods	368.7	402.4	413.9	419.8	396.1	409.0	436.8	413.8
4 Nondurable goods	913.1	939.4	980.4	946.3	969.9	982.1	986.4	983.4
5 Services	1,347.5	1,458.0	1,571.6	1,492.4	1,527.7	1,552.6	1,588.1	1,618.0
6 Gross private domestic investment	641.6	671.0	716.4	660.2	699.9	702.6	707.4	755.5
7 Fixed investment	631.6	655.2	670.6	666.6	648.2	662.3	684.5	687.4
8 Nonresidential	442.6	436.9	442.1	439.7	422.8	434.6	456.6	454.3
9 Structures	152.5	137.4	134.1	132.9	128.7	129.7	137.1	140.7
10 Producers' durable equipment	290.1	299.5	308.0	306.7	294.1	304.9	319.5	313.6
11 Residential structures	189.0	218.3	228.5	226.9	225.4	227.7	227.9	233.1
12 Change in business inventories	10.0	15.7	45.7	−6.4	51.6	40.3	22.9	68.1
13 Nonfarm	13.6	16.8	36.6	5.1	48.7	27.3	11.1	59.2
14 Net exports of goods and services	−79.2	−105.5	−119.9	−116.9	−112.2	−118.4	−123.7	−125.5
15 Exports	369.9	376.2	426.7	383.3	397.3	416.5	439.2	453.9
16 Imports	449.2	481.7	546.7	500.2	509.5	534.8	562.9	579.4
17 Government purchases of goods and services	818.6	869.7	923.8	886.3	896.2	917.1	929.0	952.8
18 Federal	353.9	366.2	380.6	368.6	366.9	379.6	382.1	393.7
19 State and local	464.7	503.5	543.2	517.7	529.3	537.6	546.9	559.1
By major type of product								
20 Final sales, total	4,000.3	4,219.3	4,440.4	4,294.6	4,326.0	4,404.8	4,501.1	4,529.9
21 Goods	1,637.9	1,693.8	1,780.6	1,698.9	1,738.7	1,763.5	1,798.3	1,821.8
22 Durable	704.3	726.8	773.9	737.3	747.0	756.7	785.7	806.4
23 Nondurable	933.6	967.0	1,006.6	961.6	991.7	1,006.8	1,012.6	1,015.4
24 Services	1,969.2	2,116.2	2,270.4	2,160.0	2,212.0	2,252.2	2,289.3	2,328.2
25 Structures	403.1	425.0	435.2	429.3	426.9	429.4	436.4	448.0
26 Change in business inventories	10.0	15.7	45.7	−6.4	51.6	40.3	22.9	68.1
27 Durable goods	7.3	4.8	26.5	−4.5	35.2	22.1	−1.9	50.7
28 Nondurable goods	2.7	10.9	19.2	−1.9	16.5	18.2	24.8	17.4
29 MEMO								
Total GNP in 1982 dollars	**3,607.5**	**3,713.3**	**3,819.6**	**3,731.5**	**3,772.2**	**3,795.3**	**3,835.9**	**3,875.1**
NATIONAL INCOME								
30 **Total**	**3,229.9**	**3,422.0**	**3,635.9**	**3,471.0**	**3,548.3**	**3,593.3**	**3,659.0**	**n.a.**
31 Compensation of employees	2,370.8	2,504.9	2,647.5	2,552.0	2,589.9	2,623.4	2,663.5	2,713.4
32 Wages and salaries	1,974.7	2,089.1	2,212.7	2,128.5	2,163.3	2,191.4	2,226.5	2,269.9
33 Government and government enterprises	372.3	394.8	421.5	403.8	412.2	418.1	424.5[r]	431.0
34 Other	1,602.6	1,694.3	1,791.3	1,724.7	1,751.1	1,773.3	1,801.9[r]	1,838.8
35 Supplement to wages and salaries	396.1	415.8	434.8	423.5	426.6	432.0	437.0	443.5
36 Employer contributions for social insurance	203.8	214.7	224.6	219.1	220.0	222.5	225.9	229.9
37 Other labor income	192.3	201.1	210.2	204.4	206.7	209.5	211.1	213.5
38 Proprietors' income[1]	257.3	289.8	327.8	297.8	320.9	323.1	322.7	344.6
39 Business and professional[1]	227.6	252.6	279.1	261.2	269.7	275.8	282.1	288.7
40 Farm[1]	29.7	37.2	48.8	36.6	51.3	47.3	40.6	55.8
41 Rental income of persons[2]	9.0	16.7	18.5	18.4	20.0	18.9	17.3	18.1
42 Corporate profits[1]	277.6	284.4	305.3	281.1	294.0	296.8	314.9	n.a.
43 Profits before tax[3]	224.8	231.9	274.6	247.9	257.0	268.7	284.9	n.a.
44 Inventory valuation adjustment	-.7	6.5	−17.4	−8.9	−11.3	−20.0	−17.6	−20.7
45 Capital consumption adjustment	53.5	46.0	48.1	42.1	48.2	48.0	47.7	48.5
46 Net interest	315.3	326.1	336.7	321.7	323.6	331.1	340.6	351.5

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1985	1986	1987	1986	1987			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,327.0**	**3,534.3**	**3,745.8**	**3,593.6**	**3,662.0**	**3,708.6**	**3,761.0**	**3,851.5**
2 Wage and salary disbursements	1,974.9	2,089.1	2,212.7	2,128.5	2,163.3	2,191.4	2,226.1	2,270.2
3 Commodity-producing industries	609.2	623.3	641.2	628.4	632.9	635.0	641.8	655.1
4 Manufacturing	460.9	470.5	484.0	474.5	477.2	479.0	485.1	494.8
5 Distributive industries	473.0	497.1	522.8	504.7	511.5	518.9	526.3	534.4
6 Service industries	520.4	573.9	627.3	591.6	606.7	619.3	633.9	649.3
7 Government and government enterprises	372.3	394.8	421.5	403.8	412.2	418.1	424.2	431.4
8 Other labor income	192.3	201.1	210.2	204.4	206.7	209.5	211.1	213.5
9 Proprietors' income[1]	257.3	289.8	327.8	297.8	320.9	323.1	322.7	344.6
10 Business and professional[1]	227.6	252.6	279.1	261.2	269.7	275.8	282.1	288.7
11 Farm[1]	29.7	37.2	48.8	36.6	51.3	47.3	40.6	55.8
12 Rental income of persons[2]	9.0	16.7	18.5	18.4	20.0	18.9	17.3	18.1
13 Dividends	76.3	81.2	87.5	82.9	84.5	86.3	88.7	90.5
14 Personal interest income	476.5	497.6	515.8	496.8	499.8	506.3	520.0	537.2
15 Transfer payments	489.7	518.3	543.0	526.6	533.7	541.5	545.8	551.1
16 Old-age survivors, disability, and health insurance benefits	253.4	269.2	282.9	273.5	278.0	282.3	284.4	286.8
17 LESS: Personal contributions for social insurance	148.9	159.6	169.9	161.8	166.7	168.4	170.7	173.7
18 EQUALS: Personal income	3,327.0	3,534.3	3,745.8	3,593.6	3,662.0	3,708.6	3,761.0	3,851.5
19 LESS: Personal tax and nontax payments	485.9	512.2	564.7	532.0	536.1	578.0	565.7	578.9
20 EQUALS: Disposable personal income	2,841.1	3,022.1	3,181.1	3,061.6	3,125.9	3,130.6	3,195.3	3,272.6
21 LESS: Personal outlays	2,714.1	2,891.5	3,060.9	2,952.6	2,987.5	3,037.4	3,106.5	3,112.2
22 EQUALS: Personal saving	127.1	130.6	120.2	109.0	138.4	93.2	88.8	160.4
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,073.7	15,369.6	15,666.9	15,387.6	15,523.4	15,586.4	15,714.4	15,836.1
24 Personal consumption expenditures	9,830.2	10,142.8	10,234.6	10,228.8	10,188.9	10,215.6	10,326.5	10,202.7
25 Disposable personal income	10,622.0	10,947.0	10,976.0	10,956.0	11,008.0	10,865.0	10,958.0	11,074.0
26 Saving rate (percent)	4.5	4.3	3.8	3.6	4.4	3.0	2.8	4.9
GROSS SAVING								
27 **Gross saving**	**531.3**	**532.0**	**566.4**	**515.3**	**554.3**	**551.3**	**559.3**	**n.a.**
28 Gross private saving	664.2	679.8	673.6	653.4	683.8	639.9	648.7r	n.a.
29 Personal saving	127.1	130.6	120.2	109.0	138.4	93.2	88.8	160.4
30 Undistributed corporate profits[1]	99.6	92.6	74.0	78.5	75.6	70.1	76.8	n.a.
31 Corporate inventory valuation adjustment	−.7	6.5	−17.4	−8.9	−11.3	−20.0	−17.6	−20.7
Capital consumption allowances								
32 Corporate	269.1	282.8	296.3	289.3	291.8	294.5	297.8	301.1
33 Noncorporate	168.5	173.8	183.1	176.6	178.0	182.1	185.3	187.1
34 Government surplus, or deficit (−), national income and product accounts	−132.9	−147.8	−107.2	−138.1	−129.5	−88.6	−89.3r	n.a.
35 Federal	−196.0	−204.7	−152.6	−188.7	−170.5	−139.2	−135.8r	n.a.
36 State and local	63.1	56.8	45.4	50.6	41.0	50.6	46.5	n.a.
37 **Gross investment**	**525.7**	**527.1**	**559.6**	**503.7**	**552.1**	**548.1**	**548.4**	**589.6**
38 Gross private domestic	641.6	671.0	716.4	660.2	699.9	702.6	707.4	755.5
39 Net foreign	−115.9	−143.9	−156.8	−156.5	−147.7	−154.5	−159.0	−165.9
40 **Statistical discrepancy**	**−5.6**	**−4.9**	**−6.8**	**−11.6**	**−2.2**	**−3.1**	**−10.9**	**−10.9**

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	1984	1985	1986	1986		1987		
				Q3	Q4	Q1	Q2	Q3^p
1 Balance on current account	-107,013	-116,394	-141,352	-36,583	-37,977	-36,784	-41,190	-43,378
2 Not seasonally adjusted	....	....	....	-40,230	-36,398	-33,435	-42,006	-48,525
3 Merchandise trade balance[2]	-112,522	-122,148	-144,339	-37,115	-38,595	-38,757	-39,558	-39,832
4 Merchandise exports	219,900	215,935	224,361	56,534	57,021	56,992	60,097	65,263
5 Merchandise imports	-332,422	-338,083	-368,700	-93,649	-95,616	-95,749	-99,655	-105,095
6 Military transactions, net	-1,942	-3,338	-3,662	-815	-495	-37	29	-443
7 Investment income, net[3]	18,490	25,398	20,844	5,339	4,492	5,500	1,577	-267
8 Other service transactions, net	1,138	-1,005	1,463	342	759	-387	-146	95
9 Remittances, pensions, and other transfers	-3,637	-4,079	-3,885	-875	-1,151	-1,017	-865	-872
10 U.S. government grants (excluding military)	-8,541	-11,222	-11,772	-3,459	-2,987	-2,086	-2,227	-2,059
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	-5,476	-2,831	-1,920	-1,454	15	225	-177	232
12 Change in U.S. official reserve assets (increase, −)	-3,130	-3,858	312	280	132	1,956	3,419	32
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-979	-897	-246	163	-31	76	-171	-210
15 Reserve position in International Monetary Fund	-995	908	1,500	508	283	606	335	407
16 Foreign currencies	-1,156	-3,869	-942	-391	-120	1,274	3,255	-165
17 Change in U.S. private assets abroad (increase, −)[3]	-13,685	-24,711	-94,374	-23,304	-32,351	13,352	-18,137	-29,467
18 Bank-reported claims	-11,127	-1,323	-59,039	-18,878	-31,800	25,686	-15,685	-21,249
19 Nonbank-reported claims	5,019	1,361	-3,986	685	170	-1,163	2,603	....
20 U.S. purchase of foreign securities, net	-4,756	-7,481	-3,302	620	3,113	-1,345	384	-930
21 U.S. direct investments abroad, net[3]	-2,821	-17,268	-28,047	-5,731	-3,834	-9,826	-5,439	-7,288
22 Change in foreign official assets in the United States (increase, +)	2,987	-1,140	34,698	15,551	1,003	13,953	10,070	359
23 U.S. Treasury securities	4,690	-838	34,515	12,167	4,572	12,145	11,084	1,200
24 Other U.S. government obligations	13	-301	-1,214	-276	-117	-62	256	714
25 Other U.S. government liabilities[4]	586	823	1,723	999	-607	-1,381	-1,504	-506
26 Other U.S. liabilities reported by U.S. banks	555	645	554	2,963	-2,435	3,611	547	-425
27 Other foreign official assets[5]	-2,857	-1,469	-880	-302	-410	-360	-313	-624
28 Change in foreign private assets in the United States (increase, +)[3]	99,481	131,012	178,689	54,040	57,428	12,802	39,494	67,650
29 U.S. bank-reported liabilities	33,849	41,045	77,350	30,360	34,604	-13,614	14,823	48,872
30 U.S. nonbank-reported liabilities	4,704	-450	-2,791	-80	1,035	1,761	1,526	....
31 Foreign private purchases of U.S. Treasury securities, net	23,001	20,433	8,275	609	-3,074	-1,570	-2,211	-2,832
32 Foreign purchases of other U.S. securities, net	12,568	50,962	70,802	17,074	12,269	18,499	15,870	12,669
33 Foreign direct investments in the United States, net[3]	25,359	19,022	25,053	6,077	12,594	7,726	9,486	8,941
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	26,837	17,920	23,947	-8,530	11,750	-5,504	6,521	4,572
36 Owing to seasonal adjustments	....	....	....	-4,153	3,904	2,652	-2,009	-5,177
37 Statistical discrepancy in recorded data before seasonal adjustment	26,837	17,920	23,947	-4,377	7,846	-8,156	8,530	9,749
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	-3,130	-3,858	312	280	132	1,956	3,419	32
39 Foreign official assets in the United States (increase, +) excluding line 25	2,401	-1,963	32,975	14,552	1,610	15,334	11,574	865
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-4,504	-6,709	-8,508	-3,023	-5,195	-2,901	-2,651	-1,681
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	153	46	101	19	53	8	26	10

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are not seasonally adjusted.

Item	1984	1985	1986	1987 May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	223,976	218,815	226,808	20,784	21,126	21,008	20,222	20,986	21,752	23,799
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses, c.i.f. value	346,364	352,463	382,964	34,822	36,838	37,483	35,905	35,062	39,383	37,016
3 **Trade balance**	**−122,389**	**−133,648**	**−156,156**	**−14,039**	**−15,711**	**−16,475**	**−15,683**	**−14,076**	**−17,631**	**−13,218**

1. The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustment is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above. As of Jan. 1, 1987 census data are released 45 days after the end of the month. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1984	1985	1986	1987 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**	**34,934**	**43,186**	**48,511**	**45,140**	**44,318**	**45,944**	**45,070**	**46,200**	**46,779**	**45,798**
2 Gold stock, including Exchange Stabilization Fund[1]	11,096	11,090	11,064	11,069	11,069	11,068	11,075	11,085	11,082	11,078
3 Special drawing rights[2,3]	5,641	7,293	8,395	8,856	8,813	9,174	9,078	9,373	9,937	10,283
4 Reserve position in International Monetary Fund[2]	11,541	11,947	11,730	11,313	10,964	11,116	10,918	11,157	11,369	11,349
5 Foreign currencies[4]	6,656	12,856	17,322	13,902	13,472	14,586	13,999	14,585	14,391	13,088

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Assets	1984	1985	1986	1987 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 Deposits	267	480	287	318	261	294	456	236	351	244
Assets held in custody										
2 U.S. Treasury securities[2]	118,000	121,004	155,835	176,657	171,269	179,484	179,097	182,072	187,767	195,126
3 Earmarked gold[3]	14,242	14,245	14,048	14,034	14,010	14,022	14,015	13,998	13,965	13,919

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
3. Earmarked gold and the gold stock are valued at $42.22 per fine troy ounce. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1984	1985	1986	1987						
				May	June	July	Aug.	Sept.	Oct.	Nov.p
				All foreign countries						
1 **Total, all currencies**	**453,656**	**458,012**	**456,628**	**487,599**	**475,188**	**470,391**	**473,540**	**489,895r**	**520,858r**	**524,979**
2 Claims on United States	113,393	119,706	114,563	127,009	123,400	123,687	124,737r	137,218r	137,454r	140,245
3 Parent bank	78,109	87,201	83,492	92,194	89,376	89,793	89,958	101,635r	98,683r	102,161
4 Other banks in United States	13,664	13,057	13,685	17,048	15,981	14,303	14,739r	15,949r	17,826	16,701
5 Nonbanks	21,620	19,448	17,386	17,767	18,043	19,591	20,040r	19,634r	20,945	21,383
6 Claims on foreigners	320,162	315,676	312,955	328,280	319,546	314,078	314,727r	319,365r	347,574r	346,182
7 Other branches of parent bank	95,184	91,399	96,281	101,309	101,326	96,582	97,988	103,277	117,107r	116,945
8 Banks	100,397	102,960	105,237	114,101	107,747	110,124	108,068r	108,230r	118,051r	115,372
9 Public borrowers	23,343	23,478	23,706	23,295	22,590	21,412	21,537	21,463r	21,843r	22,131
10 Nonbank foreigners	101,238	97,839	87,731	89,575	87,883	85,960	87,134	86,395r	90,573r	91,734
11 Other assets	20,101	22,630	29,110	32,310	32,242	32,626	34,076r	33,312r	35,830r	38,552
12 **Total payable in U.S. dollars**	**350,636**	**336,520**	**317,487**	**336,414**	**329,499**	**322,300**	**322,286**	**340,733r**	**354,122r**	**352,584**
13 Claims on United States	111,426	116,638	110,620	121,551	118,411	118,563	118,964	131,684r	130,894r	133,464
14 Parent bank	77,229	85,971	82,082	90,159	87,540	87,779	87,844	99,776r	96,492r	99,397
15 Other banks in United States	13,500	12,454	12,830	15,412	14,669	12,794	12,830r	13,942r	15,627	14,632
16 Nonbanks	20,697	18,213	15,708	15,980	16,202	17,990	18,290r	17,966r	18,775	19,435
17 Claims on foreigners	228,600	210,129	195,063	201,450	198,465	190,590	189,958	195,075r	209,494r	203,745
18 Other branches of parent bank	78,746	72,727	72,197	75,014	75,771	72,515	73,327	77,699	87,247r	85,992
19 Banks	76,940	71,868	66,421	69,525	67,287	65,673	64,106	64,506	68,888r	65,728
20 Public borrowers	17,626	17,260	16,708	16,812	16,271	15,062	15,115	14,942	14,889r	14,854
21 Nonbank foreigners	55,288	48,274	39,737	40,099	39,136	37,340	37,410	37,928r	38,470r	37,171
22 Other assets	10,610	9,753	11,804	13,413	12,623	13,147	13,364	13,974r	13,734r	15,375
				United Kingdom						
23 **Total, all currencies**	**144,385**	**148,599**	**140,917**	**154,371**	**146,678**	**149,760**	**148,039**	**149,836**	**163,472r**	**167,726**
24 Claims on United States	27,675	33,157	24,599	34,427	30,859	32,694	31,377	32,581	33,344r	34,959
25 Parent bank	21,862	26,970	19,085	28,935	25,944	27,288	25,627	27,128	27,150r	29,106
26 Other banks in United States	1,429	1,106	1,612	1,507	1,194	1,537	1,585	1,349	1,870	1,694
27 Nonbanks	4,384	5,081	3,902	3,985	3,721	3,869	4,165	4,104	4,324	4,159
28 Claims on foreigners	111,828	110,217	109,508	112,997	107,407	108,732	108,293	108,562	120,639r	121,920
29 Other branches of parent bank	37,953	31,576	33,422	33,412	32,641	31,241	30,794	33,334	37,962	39,585
30 Banks	37,443	39,250	39,468	41,241	37,745	41,219	40,082	38,390	42,929	41,649
31 Public borrowers	5,334	5,644	4,990	5,234	4,684	4,617	4,761	4,725	4,881	5,272
32 Nonbank foreigners	31,098	33,747	31,628	33,110	32,337	31,655	32,656	32,113	34,867r	35,414
33 Other assets	4,882	5,225	6,810	6,947	8,412	8,334	8,369	8,693	9,489r	10,847
34 **Total payable in U.S. dollars**	**112,809**	**108,626**	**95,028**	**104,622**	**97,672**	**99,170**	**96,510**	**99,736**	**105,515r**	**107,215**
35 Claims on United States	26,868	32,092	23,193	32,542	29,252	31,076	29,519	30,791	31,260r	32,888
36 Parent bank	21,495	26,568	18,526	28,228	25,286	26,661	24,853	26,423	26,290r	28,164
37 Other banks in United States	1,363	1,005	1,475	1,157	950	1,294	1,309	1,105	1,504	1,408
38 Nonbanks	4,010	4,519	3,192	3,157	3,016	3,121	3,357	3,263	3,466	3,316
39 Claims on foreigners	82,945	73,475	68,138	68,469	64,676	64,024	63,265	64,561	69,836	69,311
40 Other branches of parent bank	33,607	26,011	26,361	25,921	25,409	23,827	23,155	25,600	28,370	29,613
41 Banks	26,805	26,139	23,251	23,263	21,355	22,975	22,646	21,522	22,941	21,833
42 Public borrowers	4,030	3,999	3,677	3,785	3,470	3,400	3,473	3,377	3,426	3,472
43 Nonbank foreigners	18,503	17,326	14,849	15,500	14,442	13,822	13,991	14,062	15,099	14,393
44 Other assets	2,996	3,059	3,697	3,611	3,744	4,070	3,726	4,384	4,419r	5,016
				Bahamas and Caymans						
45 **Total, all currencies**	**146,811**	**142,055**	**142,592**	**141,832**	**142,170**	**140,512**	**139,986**	**151,909**	**156,752**	**154,901**
46 Claims on United States	77,296	74,864	78,048	73,445	72,541	72,772	72,558	81,679	83,187	82,629
47 Parent bank	49,449	50,553	54,575	46,463	45,891	46,256	45,697	53,668	53,093	52,563
48 Other banks in United States	11,544	11,204	11,156	14,552	13,684	11,824	12,111r	13,538r	14,721	13,980
49 Nonbanks	16,303	13,107	12,317	12,430	12,966	14,692	14,750r	14,473r	15,373	16,086
50 Claims on foreigners	65,598	63,882	60,005	63,089	65,280	63,027	62,336	65,619	68,710	67,196
51 Other branches of parent bank	17,661	19,042	17,296	15,775	18,873	17,493	18,228	18,698	18,936	18,905
52 Banks	30,246	28,192	27,476	31,417	30,987	30,372	29,160	31,690	35,012r	33,477
53 Public borrowers	6,089	6,458	7,051	7,304	7,025	7,046	6,873	6,987	7,017	7,195
54 Nonbank foreigners	11,602	10,190	8,182	8,593	8,395	8,116	8,075	8,244	7,745r	7,619
55 Other assets	3,917	3,309	4,539	5,298	4,349	4,713	5,092	4,611	4,855	5,076
56 **Total payable in U.S. dollars**	**141,562**	**136,794**	**136,813**	**133,482**	**135,323**	**131,636**	**130,985**	**142,385**	**145,642r**	**144,326**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 Continued

Liability account	1984	1985	1986	1987						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
	All foreign countries									
57 **Total, all currencies**	**453,656**	**458,012**	**456,628**	**487,599**	**475,188**	**470,391**	**473,540**	**489,895[r]**	**520,858[r]**	**524,979**
58 Negotiable CDs	37,725	34,607	31,629	34,360	31,776	32,993	33,648	35,724	36,796[r]	34,502
59 To United States	147,583	155,538	151,632	149,970	150,115	143,434	141,072[r]	152,903[r]	156,596[r]	156,006
60 Parent bank	78,739	83,914	82,561	74,324	78,152	71,543	73,520	79,704[r]	79,590[r]	83,307
61 Other banks in United States	18,409	16,894	15,646	17,134	16,814	15,005	15,289	17,229[r]	18,878	18,843
62 Nonbanks	50,435	54,730	53,425	58,512	55,149	56,886	52,263[r]	55,970	58,128	53,856
63 To foreigners	247,907	245,939	253,775	284,308	274,061	274,407	278,883[r]	280,651	306,472[r]	312,125
64 Other branches of parent bank	93,909	89,529	95,146	101,769	100,826	95,376	97,908	103,921	114,559[r]	116,688
65 Banks	78,203	76,814	77,809	90,338	81,229	87,734	87,449	85,512	98,025[r]	97,591
66 Official institutions	20,281	19,520	17,835	23,058	22,264	21,528	21,016	20,116	20,235	21,777
67 Nonbank foreigners	55,514	60,076	62,985	69,143	69,742	69,769	72,510[r]	71,102	73,653[r]	76,069
68 Other liabilities	20,441	21,928	19,592	18,961	19,236	19,557	19,937	20,617[r]	20,994[r]	22,346
69 **Total payable in U.S. dollars**	**367,145**	**353,712**	**336,406**	**347,312**	**340,985**	**334,218**	**333,673**	**352,002[r]**	**365,242[r]**	**360,805**
70 Negotiable CDs	35,227	31,063	28,466	30,763	27,929	28,781	29,634	30,933[r]	32,117	30,075
71 To United States	143,571	150,162	143,650	141,151	141,667	134,731	132,066[r]	142,852[r]	145,324[r]	143,026
72 Parent bank	76,254	80,888	78,472	69,839	74,009	66,874	68,740	74,427[r]	74,109[r]	77,226
73 Other banks in United States	17,935	16,264	14,609	15,968	15,602	13,895	14,086	15,812[r]	17,323	17,169
74 Nonbanks	49,382	53,010	50,569	55,344	52,056	53,962	49,240[r]	52,613[r]	53,892	48,631
75 To foreigners	178,260	163,583	156,806	167,762	163,505	162,766	163,723[r]	169,342[r]	179,011[r]	178,801
76 Other branches of parent bank	77,770	71,078	71,181	74,764	74,202	70,911	72,620	78,036	84,208[r]	84,409
77 Banks	45,123	37,365	33,850	36,231	31,812	35,250	35,104	35,202	40,078	38,510
78 Official institutions	15,773	14,359	12,371	16,068	15,985	15,806	15,527	14,209	13,323	14,119
79 Nonbank foreigners	39,594	40,781	39,404	40,699	41,506	40,799	40,472[r]	41,895[r]	41,402[r]	41,763
80 Other liabilities	10,087	8,904	7,484	7,636	7,884	7,940	8,250	8,875[r]	8,790[r]	8,903
	United Kingdom									
81 **Total, all currencies**	**144,385**	**148,599**	**140,917**	**154,371**	**146,678**	**149,760**	**148,039**	**149,836**	**163,472**	**167,726**
82 Negotiable CDs	34,413	31,260	27,781	30,226	27,511	28,590	29,363	31,451	32,523	30,475
83 To United States	25,250	29,422	24,657	26,204	24,512	24,347	22,202[r]	22,462	22,868	24,961
84 Parent bank	14,651	19,330	14,469	15,145	14,745	14,010	13,234	13,357	12,251	14,018
85 Other banks in United States	3,125	2,974	2,649	2,273	2,109	2,021	1,875	2,073	2,407	2,103
86 Nonbanks	7,474	7,118	7,539	8,786	7,658	8,316	7,093[r]	7,032	8,210	8,840
87 To foreigners	77,424	78,525	79,498	89,760	86,041	87,942	87,745[r]	86,813	98,215	101,686
88 Other branches of parent bank	21,631	23,389	25,036	26,367	25,350	23,572	23,379	26,094	29,718	30,727
89 Banks	30,436	28,581	30,877	35,282	32,036	35,647	34,414	31,681	38,502	37,690
90 Official institutions	10,154	9,676	6,836	10,004	9,748	9,241	9,670	10,387	10,248	12,000
91 Nonbank foreigners	15,203	16,879	16,749	18,107	18,907	19,482	20,282[r]	18,651	19,747	21,269
92 Other liabilities	7,298	9,392	8,981	8,181	8,614	8,881	8,729	9,110	9,866[r]	10,604
93 **Total payable in U.S. dollars**	**117,497**	**112,697**	**99,707**	**106,093**	**100,031**	**101,593**	**99,459**	**102,325**	**108,440[r]**	**108,481**
94 Negotiable CDs	33,070	29,337	26,169	28,345	25,695	26,397	27,264	28,776	29,991	27,999
95 To United States	24,105	27,756	22,075	23,474	21,850	21,689	19,578[r]	19,528	18,819[r]	19,800
96 Parent bank	14,339	18,956	14,021	14,528	14,252	13,399	12,608	12,609	11,283[r]	12,792
97 Other banks in United States	2,980	2,826	2,325	2,027	1,899	1,776	1,694	1,883	2,105	1,789
98 Nonbanks	6,786	5,974	5,729	6,919	5,699	6,514	5,276[r]	5,036	5,431	5,219
99 To foreigners	56,923	51,980	48,138	51,116	49,089	50,294	49,479[r]	50,386	55,209	56,443
100 Other branches of parent bank	18,294	18,493	17,951	18,430	17,654	16,171	15,565	17,994	20,018	20,826
101 Banks	18,356	14,344	15,203	15,555	13,566	16,330	15,767	14,359	17,786	17,024
102 Official institutions	8,871	7,661	4,934	7,214	7,283	7,203	7,872	8,060	7,115	7,970
103 Nonbank foreigners	11,402	11,482	10,050	9,917	10,586	10,590	10,275[r]	9,973	10,290	10,623
104 Other liabilities	3,399	3,624	3,325	3,158	3,397	3,213	3,138	3,635	4,421[r]	4,239
	Bahamas and Caymans									
105 **Total, all currencies**	**146,811**	**142,055**	**142,592**	**141,832**	**142,170**	**140,512**	**139,986**	**151,909**	**156,752**	**154,901**
106 Negotiable CDs	615	610	847	1,092	1,067	1,119	975	886	890	673
107 To United States	102,955	103,813	105,248	101,695	103,007	99,240	97,244	107,245	111,925	107,967
108 Parent bank	47,162	44,811	48,648	39,826	43,288	39,842	40,889	45,890	48,793	49,568
109 Other banks in United States	13,938	12,778	11,715	13,411	13,382	11,989	12,276	13,579[r]	14,857	15,179
110 Nonbanks	41,855	46,224	44,885	48,458	46,337	47,409	44,079	47,776[r]	48,275	43,220
111 To foreigners	40,320	35,053	34,400	36,836	36,004	37,988	39,437	41,277	42,147	44,459
112 Other branches of parent bank	16,782	14,075	12,631	13,354	14,023	14,803	16,465	16,925	17,032	17,691
113 Banks	12,405	10,669	8,617	9,900	7,943	9,395	9,514	10,395	11,587	12,860
114 Official institutions	2,054	1,776	2,719	3,072	3,185	3,263	2,935	1,786	2,113	2,023
115 Nonbank foreigners	9,079	8,533	10,433	10,510	10,853	10,527	10,523	12,171	11,415	11,885
116 Other liabilities	2,921	2,579	2,097	2,209	2,092	2,165	2,330	2,501	1,790	1,802
117 **Total payable in U.S. dollars**	**143,582**	**138,322**	**138,774**	**136,843**	**137,763**	**135,376**	**134,354**	**145,166[r]**	**149,273[r]**	**146,286**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1985	1986	1987r						
			May	June	July	Aug.	Sept.	Oct.	Nov.p
1 **Total**[1]	**178,380**	**211,782**	**236,539**	**238,797**	**232,370**	**237,728**	**239,534**	**252,077**	**253,737**
By type									
2 Liabilities reported by banks in the United States[2]	26,734	27,868	31,941	32,079	31,513	29,638	31,869	37,913	33,962
3 U.S. Treasury bills and certificates[3]	53,252	75,650	81,553	80,663	73,435	78,210	75,701	78,819	82,542
U.S. Treasury bonds and notes									
4 Marketable	77,154	91,368	106,520	110,238	112,490	115,101	116,462	118,898	120,755
5 Nonmarketable[4]	3,550	1,300	1,300	700	500	300	300	300	300
6 U.S. securities other than U.S. Treasury securities[5]	17,690	15,596	15,225	15,117	14,432	14,479	15,202	16,147	16,178
By area									
7 Western Europe[1]	74,447	88,623	108,707	111,625	107,823	106,873	108,248	116,100	117,296
8 Canada	1,315	2,004	3,482	3,502	3,559	4,189	4,529	5,152	4,884
9 Latin America and Caribbean	11,148	8,372	7,942	7,583	7,904	8,712	8,561	9,078	8,877
10 Asia	86,448	105,868	109,464	108,702	105,505	109,529	109,482	114,160	116,464
11 Africa	1,824	1,503	1,627	1,400	1,590	1,837	1,618	1,474	1,562
12 Other countries[6]	3,199	5,412	5,317	5,985	5,989	6,589	7,094	6,109	4,655

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

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

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies[1]

Millions of dollars, end of period

Item	1983	1984	1985	1986	1987r		
				Dec.	Mar.	June	Sept.
1 Banks' own liabilities	5,219	8,586	15,368	29,702	37,873	38,470	45,265
2 Banks' own claims	7,231	11,984	16,294	26,180	34,153	34,006	41,047
3 Deposits	2,731	4,998	8,437	14,129	16,102	12,735	15,849
4 Other claims	4,501	6,986	7,857	12,052	18,050	21,271	25,198
5 Claims of banks' domestic customers[1]	1,059	569	580	2,507	2,012	889	1,067

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1984	1985	1986r	1987r						
				May	June	July	Aug.	Sept.	Oct.	Nov.p
1 **All foreigners**	**407,306**	**435,726**	**540,996**	**565,469**	**551,362**	**545,630**	**555,185**	**584,448**	**605,022**	**604,875**
2 Banks' own liabilities	306,898	341,070	406,485	424,033	410,834	410,881	415,824	446,520	462,902	457,425
3 Demand deposits	19,571	21,107	23,789	22,846	22,837	20,219	22,117	21,150	22,906	24,121
4 Time deposits[1]	110,413	117,278	130,891	132,886	133,393	134,127	137,861	148,354	152,292	146,979
5 Other[2]	26,268	29,305	42,705	49,187	42,385	44,721	42,317	48,903	51,785	52,122
6 Own foreign offices[3]	150,646	173,381	209,100	219,114	212,219	211,814	213,530	228,113	235,919	234,203
7 Banks' custody liabilities[4]	100,408	94,656	134,511	141,436	140,528	134,749	139,361	137,928	142,120	147,450
8 U.S. Treasury bills and certificates[5]	76,368	69,133	90,398	95,959	93,695	88,193	92,705	89,747	91,374	95,869
9 Other negotiable and readily transferable instruments[6]	18,747	17,964	15,417	15,790	16,371	15,632	15,259	16,042	15,923	17,490
10 Other	5,293	7,558	28,696	29,687	30,462	30,924	31,397	32,139	34,823	34,090
11 **Nonmonetary international and regional organizations**[7]	**4,454**	**5,821**	**5,807**	**5,907**	**4,005**	**5,946**	**5,332**	**7,845**	**3,797**	**5,703**
12 Banks' own liabilities	2,014	2,621	3,958	4,243	2,515	2,367	2,498	4,674	1,883	3,089
13 Demand deposits	254	85	199	106	72	76	44	80	107	74
14 Time deposits[1]	1,267	2,067	2,065	964	987	599	807	1,235	986	1,094
15 Other[2]	493	469	1,693	3,173	1,456	1,692	1,647	3,358	789	1,921
16 Banks' custody liabilities[4]	2,440	3,200	1,849	1,664	1,490	3,579	2,834	3,171	1,914	2,614
17 U.S. Treasury bills and certificates	916	1,736	259	440	266	2,339	1,635	1,793	285	747
18 Other negotiable and readily transferable instruments[6]	1,524	1,464	1,590	1,224	1,224	1,240	1,193	1,378	1,624	1,811
19 Other	0	0	0	0	0	0	6	0	6	55
20 **Official institutions**[8]	**86,065**	**79,985**	**103,569**	**113,494**	**112,742**	**104,948**	**107,848**	**107,570**	**116,732**	**116,504**
21 Banks' own liabilities	19,039	20,835	25,427	29,079	28,690	28,343	26,342	28,169	34,370	30,807
22 Demand deposits	1,823	2,077	2,267	2,086	1,743	1,711	1,907	1,800	1,905	1,810
23 Time deposits[1]	9,374	10,949	10,497	11,355	13,266	13,567	13,489	14,246	16,474	13,439
24 Other[2]	7,842	7,809	12,663	15,637	13,680	13,065	10,946	12,123	15,991	15,557
25 Banks' custody liabilities[4]	67,026	59,150	78,142	84,415	84,052	76,605	81,505	79,401	82,362	85,697
26 U.S. Treasury bills and certificates[5]	59,976	53,252	75,650	81,553	80,663	73,435	78,210	75,701	78,819	82,542
27 Other negotiable and readily transferable instruments[6]	6,966	5,824	2,347	2,715	3,141	2,950	3,151	3,540	3,318	2,955
28 Other	84	75	145	147	248	220	144	160	225	200
29 **Banks**[9]	**248,893**	**275,589**	**351,745**	**366,359**	**357,145**	**358,378**	**362,883**	**388,625**	**405,492**	**400,379**
30 Banks' own liabilities	225,368	252,723	310,166	325,171	314,621	315,096	319,883	344,886	359,171	354,153
31 Unaffiliated foreign banks	74,722	79,341	101,066	106,057	102,402	103,283	106,353	116,772	123,252	119,949
32 Demand deposits	10,556	10,271	10,303	10,800	10,293	8,741	9,901	9,801	11,364	11,876
33 Time deposits[1]	47,095	49,510	64,232	67,459	67,045	66,865	69,588	77,743	80,095	76,940
34 Other[2]	17,071	19,561	26,531	27,799	25,063	27,677	26,864	29,228	31,793	31,134
35 Own foreign offices[3]	150,646	173,381	209,100	219,114	212,219	211,814	213,530	228,113	235,919	234,203
36 Banks' custody liabilities[4]	23,525	22,866	41,579	41,187	42,524	43,281	43,000	43,739	46,321	46,227
37 U.S. Treasury bills and certificates	11,448	9,832	9,984	9,774	9,066	9,142	9,100	9,206	8,961	8,792
38 Other negotiable and readily transferable instruments[6]	7,236	6,040	5,165	4,213	5,611	5,850	5,320	5,221	5,454	6,292
39 Other	4,841	6,994	26,431	27,201	27,848	28,289	28,581	29,312	31,906	31,143
40 **Other foreigners**	**67,894**	**74,331**	**79,875**	**79,710**	**77,470**	**76,359**	**79,122**	**80,408**	**79,001**	**82,289**
41 Banks' own liabilities	60,477	64,892	66,934	65,540	65,009	65,075	67,101	68,791	67,478	69,377
42 Demand deposits	6,938	8,673	11,019	9,854	10,729	9,691	10,264	9,468	9,530	10,361
43 Time deposits	52,678	54,752	54,097	53,109	52,095	53,096	53,977	55,130	54,736	55,506
44 Other[2]	861	1,467	1,818	2,578	2,185	2,287	2,860	4,193	3,211	3,510
45 Banks' custody liabilities[4]	7,417	9,439	12,941	14,169	12,462	11,284	12,022	11,617	11,523	12,912
46 U.S. Treasury bills and certificates	4,029	4,314	4,506	4,192	3,701	3,276	3,761	3,046	3,309	3,787
47 Other negotiable and readily transferable instruments[6]	3,021	4,636	6,315	7,638	6,395	5,592	5,594	5,904	5,527	6,432
48 Other	367	489	2,120	2,340	2,366	2,415	2,667	2,668	2,686	2,693
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,476	9,845	7,496	8,694	7,356	6,313	6,458	6,501	6,666	7,511

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

3.17 Continued

Area and country	1984	1985	1986	1987 May^r	June^r	July	Aug.	Sept.	Oct.	Nov.^p
1 **Total**	**407,306**	**435,726**	**540,996^r**	**565,469**	**551,362**	**545,630^r**	**555,185^r**	**584,448^r**	**605,022**	**604,875**
2 **Foreign countries**	**402,852**	**429,905**	**535,189^r**	**559,563**	**547,358**	**539,685**	**549,853^r**	**576,603^r**	**601,225**	**599,172**
3 Europe	153,145	164,114	180,556^r	212,200	210,606	204,865^r	208,715^r	214,145^r	230,030	228,914
4 Austria	615	693	1,181	921	974	795	1,066	1,281	1,166	1,262
5 Belgium–Luxembourg	4,114	5,243	6,729	9,360	9,577	9,154	9,754	10,460	10,743	10,909
6 Denmark	438	513	482	459	425	486	576	590	704	628
7 Finland	418	496	580	909	616	497	545	517	581	470
8 France	12,701	15,541	22,862	27,872	27,951	25,486^r	27,003	27,899	28,255	27,519
9 Germany	3,358	4,835	5,762^r	10,619	8,218	7,162^r	7,715	6,823^r	8,551	8,521
10 Greece	699	666	700	643	690	667	636	690	738	699
11 Italy	10,762	9,667	10,875	11,757	11,990	10,031^r	7,667	8,410^r	10,254	9,936
12 Netherlands	4,731	4,212	5,600	5,442	5,367	5,447^r	5,461	6,106	6,693	6,457
13 Norway	1,548	948	735	571	502	562	593	663	1,179	1,074
14 Portugal	597	652	699	607	704	586	700	684	724	858
15 Spain	2,082	2,114	2,407	2,217	2,340	2,103	2,287	2,526	2,683	2,614
16 Sweden	1,676	1,422	884	1,496	1,296	1,235^r	1,387^r	1,639^r	1,567	2,862
17 Switzerland	31,740	29,020	30,534^r	26,840	27,796	24,607	28,260^r	27,325^r	27,315	30,244
18 Turkey	584	429	454	378	454	365	514	398	2,388	433
19 United Kingdom	68,671	76,728	85,334^r	107,255	105,296	107,641^r	107,369^r	109,269^r	119,478	115,291
20 Yugoslavia	602	673	630	429	433	459	491	519	508	484
21 Other Western Europe[1]	7,192	9,635	3,326^r	3,870	5,284	6,410^r	6,016	7,808^r	8,800	8,009
22 U.S.S.R.	79	105	80	37	36	550	45	51	87	36
23 Other Eastern Europe[2]	537	523	702	517	656	622^r	629^r	485^r	615	605
24 Canada	16,059	17,427	26,345	24,532	21,942	21,232	22,556	26,066^r	25,733	28,547
25 Latin America and Caribbean	153,381	167,856	210,318^r	205,494	198,010	200,119^r	201,441^r	214,364^r	218,208	214,540
26 Argentina	4,394	6,032	4,757	4,785	4,794	5,122^r	5,074	4,674	5,075	5,316
27 Bahamas	56,897	57,657	73,619	69,293	66,313	62,518	62,470^r	71,502^r	73,224	71,253
28 Bermuda	2,370	2,765	2,922	2,492	2,050	2,317	2,267^r	2,234^r	2,437	2,266
29 Brazil	5,275	5,373	4,325	3,959	3,672	3,783	3,955^r	4,377^r	3,942	4,090
30 British West Indies	36,773	42,674	72,263	71,914	68,830	73,678^r	73,722^r	78,116	79,692	78,123
31 Chile	2,001	2,049	2,054	2,033	1,971	2,035	2,119^r	2,248	2,191	2,219
32 Colombia	2,514	3,104	4,285	4,251	4,304	4,424^r	4,426^r	4,195^r	4,190	4,299
33 Cuba	10	11	7	6	8	8	7	7	12	9
34 Ecuador	1,092	1,239	1,236	1,090	1,118	1,088^r	1,101	1,097	1,115	1,087
35 Guatemala	896	1,071	1,123	1,166	1,121	1,109^r	1,087^r	1,072	1,053	1,032
36 Jamaica	183	122	136	189	158	146	171	156	140	150
37 Mexico	12,303	14,060	13,745	13,961	13,855	14,159^r	14,549	14,290^r	14,338	14,508
38 Netherlands Antilles	4,220	4,875	4,970^r	5,170	5,192	5,291	5,338	5,218	5,305	5,234
39 Panama	6,951	7,514	6,886	7,272	7,157	6,994^r	7,130	7,188^r	7,467	7,513
40 Peru	1,266	1,167	1,163	1,097	1,139	1,147^r	1,203^r	1,206^r	1,205	1,205
41 Uruguay	1,394	1,552	1,537	1,508	1,504	1,536	1,485	1,492	1,493	1,526
42 Venezuela	10,545	11,922	10,171^r	9,872	9,739	9,679^r	10,146	9,824	9,882	9,032
43 Other	4,297	4,668	5,119^r	5,436	5,085	5,085^r	5,189^r	5,469^r	5,447	5,678
44 Asia	71,187	72,280	108,831^r	108,941	108,162	104,394	106,999	111,401^r	115,331	118,739
China										
45 Mainland	1,153	1,607	1,476	1,842	1,737	1,744	2,011	1,775	1,699	1,435
46 Taiwan	4,990	7,786	18,902	17,333	16,353	16,436	15,377	15,197	18,302	21,564
47 Hong Kong	6,581	8,067	9,390	9,440	9,109	8,595	9,015	8,637	9,284	10,531
48 India	507	712	674	569	714	572	902	771	606	701
49 Indonesia	1,033	1,466	1,547	1,243	1,773	1,404	1,541	1,435	1,336	1,677
50 Israel	1,268	1,601	1,892	1,084	1,229	928	1,036	1,105	2,170	1,271
51 Japan	21,640	23,077	47,410	51,497	50,867	48,145^r	49,872	52,945^r	53,212	52,633
52 Korea	1,730	1,665	1,141	1,343	1,406	1,410	1,388	1,714	1,577	1,591
53 Philippines	1,383	1,140	1,866	1,312	1,222	1,148	1,208	1,152	1,331	1,259
54 Thailand	1,257	1,358	1,119	1,180	1,144	1,096	1,190	1,118	1,275	1,483
55 Middle-East oil-exporting countries[3]	16,804	14,523	12,352	10,865	11,463	11,676	12,676	14,043	13,660	13,373
56 Other	12,841	9,276	11,058^r	11,234	11,145	11,241	10,782	11,507^r	10,878	11,222
57 Africa	3,396	4,883	4,021	4,002	3,751	4,023^r	4,194	4,011^r	3,919	4,065
58 Egypt	647	1,363	706	1,052	1,009	1,113	1,158	1,118	1,104	1,169
59 Morocco	118	163	92	86	106	75	74	81	70	75
60 South Africa	328	388	270	198	188	229	227	199	280	246
61 Zaire	153	163	74	74	58	64	69	81	71	82
62 Oil-exporting countries[4]	1,189	1,494	1,519	1,266	1,111	1,275	1,331	1,178	1,081	1,107
63 Other	961	1,312	1,360	1,325	1,281	1,267^r	1,335	1,354^r	1,313	1,386
64 Other countries	5,684	3,347	5,118	4,394	4,887	5,052	5,948	6,616	5,005	4,367
65 Australia	5,300	2,779	4,196	3,589	4,113	4,333	5,019	5,641	4,011	3,666
66 All other	384	568	922	805	774	718	929	975^r	994	701
67 Nonmonetary international and regional organizations	4,454	5,821	5,807^r	5,907	4,005	5,946^r	5,332	7,845^r	3,797	5,703
68 International[5]	3,747	4,806	4,620^r	4,423	2,597	4,486^r	3,819	6,197^r	2,310	3,617
69 Latin American regional	587	894	1,033	994	1,047	1,075	1,070	1,126	1,155	1,478
70 Other regional[6]	120	121	154	489	362	384	443	522^r	331	608

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

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	1984	1985	1986	1987 May	1987 June r	1987 July	1987 Aug.	1987 Sept.	1987 Oct.	1987 Nov. p
1 **Total**	**400,162**	**401,608**	**444,745r**	**438,650r**	**435,817**	**424,392r**	**427,057r**	**447,727r**	**461,402**	**458,688**
2 **Foreign countries**	**399,363**	**400,577**	**441,724r**	**437,705r**	**433,685**	**421,289r**	**423,993r**	**443,043r**	**458,571**	**451,518**
3 Europe	99,014	106,413	107,823r	116,535r	114,469	108,062r	104,180r	105,930r	110,995	106,716
4 Austria	433	598	728	669	758	698	785	684	930	1,038
5 Belgium–Luxembourg	4,794	5,772	7,498	9,923r	9,828	10,239	9,550	9,591	10,131	9,441
6 Denmark	648	706	688	531r	706	604	868r	747	795	886
7 Finland	898	823	987r	1,036	1,045	1,037	1,031	1,266	1,089	1,147
8 France	9,157	9,124	11,356	12,075	12,036	11,673	12,530	12,781	14,350	13,396
9 Germany	1,306	1,267	1,816r	1,508	1,612	2,009	1,333	1,485r	2,046	1,546
10 Greece	817	991	648	457	457	433	375	406	430	452
11 Italy	9,119	8,848	9,043r	8,335r	8,409	6,784	6,407	6,541	7,418	7,296
12 Netherlands	1,356	1,258	3,296r	2,946	5,744	4,429	3,078	3,247	3,976	3,798
13 Norway	675	706	672r	776	774	830	803	722	812	938
14 Portugal	1,243	1,058	739	641	659	645	667	638	570	542
15 Spain	2,884	1,908	1,492	2,121r	1,872	1,830	1,945	2,233r	1,859	2,032
16 Sweden	2,230	2,219	1,964r	2,614	2,330	2,287	2,473	2,752	2,533	2,646
17 Switzerland	2,123	3,171	3,352r	3,593	2,618	2,464	2,664	2,612	2,825	2,880
18 Turkey	1,130	1,200	1,543	1,623	1,785	1,753	1,757	1,689	1,564	1,566
19 United Kingdom	56,185	62,566	58,335r	64,019r	59,937	56,544r	54,144r	54,710r	55,855	53,401
20 Yugoslavia	1,886	1,964	1,835	1,805r	1,757	1,764	1,742	1,741	1,750	1,697
21 Other Western Europe[1]	596	998	539r	493	567	647	548	619	549	672
22 U.S.S.R.	142	130	345	357	582	420	521	549	473	437
23 Other Eastern Europe[2]	1,389	1,107	948r	1,012	993	974	958	915	1,040	904
24 Canada	16,109	16,482	21,006r	19,345r	20,731	18,676r	18,494r	21,578r	21,402	25,313
25 Latin America and Caribbean	207,862	202,674	208,825r	204,503r	202,378	200,728r	202,384r	214,716r	217,091	209,423
26 Argentina	11,050	11,462	12,091r	12,335	12,212	12,151r	12,221	11,857	12,111	12,052
27 Bahamas	58,009	58,258	59,342	58,329r	56,670	53,842r	55,935r	65,309r	64,132	59,106
28 Bermuda	592	499	418	592	297	387	359	328	423	900
29 Brazil	26,315	25,283	25,716r	25,725r	25,522	25,999r	26,594r	26,056r	25,786	25,472
30 British West Indies	38,205	38,881	46,284r	44,380r	43,939	44,626r	43,290r	47,512	51,473	48,869
31 Chile	6,839	6,603	6,558r	6,337r	6,339	6,500	6,510	6,469	6,387	6,429
32 Colombia	3,499	3,249	2,821r	2,650	2,649	2,743	2,784	2,729	2,731	2,758
33 Cuba	0	0	0	9	0	0	0	0	0	0
34 Ecuador	2,420	2,390	2,439r	2,372	2,354	2,396	2,384	2,367	2,449	2,334
35 Guatemala[3]	158	194	140	115	109	107	105	124	131	145
36 Jamaica[3]	252	224	198	184	182	268	202	198	191	184
37 Mexico	34,885	31,799	30,698r	30,139r	30,353	30,271r	30,638r	30,542	30,250	30,044
38 Netherlands Antilles	1,350	1,340	1,041r	1,047r	1,346	1,084r	994r	1,041	1,019	1,115
39 Panama	7,707	6,645	5,436	4,730	4,986	4,633	4,616	4,579	4,472	4,666
40 Peru	2,384	1,947	1,661	1,599	1,568	1,567	1,549	1,479	1,457	1,459
41 Uruguay	1,088	960	940	962	950	949	966	946	961	976
42 Venezuela	11,017	10,871	11,108r	11,071r	10,982	11,306	11,366	11,308	11,198	11,098
43 Other Latin America and Caribbean	2,091	2,067	1,936r	1,929r	1,920	1,902r	1,872r	1,872r	1,920	1,817
44 Asia	66,316	66,212	96,126r	89,607r	88,401	86,516r	91,429r	93,322r	100,427	102,189
China										
45 Mainland	710	639	787	1,175	993	929	919	894	548	620
46 Taiwan	1,849	1,535	2,681r	3,595r	3,303	2,487	2,772	2,980	4,219	4,779
47 Hong Kong	7,293	6,797	8,307	7,727	7,731	7,495	6,556	6,933r	6,889	7,301
48 India	425	450	321	379	430	416	565	541r	527	517
49 Indonesia	724	698	723	657	677	639	624	622r	625	601
50 Israel	2,088	1,991	1,634r	1,459	1,450	1,413	1,450	1,591	1,331	1,293
51 Japan	29,066	31,249	59,674r	55,219r	55,415	54,596	61,072r	60,121	65,787	64,767
52 Korea	9,285	9,226	7,182	6,083r	5,325	4,954	4,589	4,606r	4,983	4,807
53 Philippines	2,555	2,224	2,217	2,066r	2,112	2,211	2,148	2,126	2,082	2,040
54 Thailand	1,125	845	578	541	538	565	545	453r	443	439
55 Middle East oil-exporting countries[4]	5,044	4,298	4,122	3,697	3,808	3,914	4,315	4,848	5,063	5,214
56 Other Asia	6,152	6,260	7,901	7,008r	6,619	6,897	5,875	7,607	7,930	9,811
57 Africa	6,615	5,407	4,650	4,879r	4,704	4,705	4,739	4,704r	5,376	4,669
58 Egypt	728	721	567	586	600	572	586	541	538	526
59 Morocco	583	575	598	566	563	568	603	582	605	527
60 South Africa	2,795	1,942	1,550	1,598	1,501	1,479	1,497	1,504	1,546	1,494
61 Zaire	18	20	28	43	39	38	35	40	38	36
62 Oil-exporting countries[5]	842	630	694	841r	818	866	862	888	1,531	963
63 Other	1,649	1,520	1,213	1,246	1,184	1,182	1,156	1,149r	1,118	1,123
64 Other countries	3,447	3,390	3,294r	2,836r	3,001	2,601	2,766	2,794r	3,280	3,208
65 Australia	2,769	2,413	1,949r	1,905r	1,980	1,693	1,686	1,834	2,034	2,090
66 All other	678	978	1,345	931	1,021	908	1,080	959r	1,246	1,118
67 Nonmonetary international and regional organizations[6]	800	1,030	3,021	945r	2,132	3,103r	3,063r	4,684r	2,830	7,170

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

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1984	1985	1986r	1987r						
				May	June	July	Aug.	Sept.	Oct.	Nov.p
1 **Total**	**433,078**	**430,489**	**478,650**	**438,650**	**468,876**	**424,392**	**427,057**	**481,652**	**461,402**	**458,688**
2 Banks' own claims on foreigners	400,162	401,608	444,745	438,650	435,817	424,392	427,057	447,727	461,402	458,688
3 Foreign public borrowers	62,237	60,507	64,095	63,029	63,516	65,857	65,808	67,077	65,147	69,377
4 Own foreign offices[2]	156,216	174,261	211,533	203,464	201,501	189,142	196,182	210,503	218,742	219,781
5 Unaffiliated foreign banks	124,932	116,654	122,946	127,614	126,462	124,364	121,939	127,285	134,046	126,361
6 Deposits	49,226	48,372	57,484	61,882	61,004	59,612	56,788	59,696	62,847	57,628
7 Other	75,706	68,282	65,462	65,732	65,458	64,753	65,151	67,589	71,199	68,734
8 All other foreigners	56,777	50,185	46,171	44,543	44,337	45,029	43,128	42,863	43,466	43,169
9 Claims of banks' domestic customers[3]	32,916	28,881	33,905	....	33,059	....	....	33,925	....	....
10 Deposits	3,380	3,335	4,413	....	3,474	....	....	3,218	....	....
11 Negotiable and readily transferable instruments[4]	23,805	19,332	24,044	....	21,384	....	....	22,071	....	....
12 Outstanding collections and other claims	5,732	6,214	5,448	....	8,202	....	....	8,636	....	....
13 MEMO: Customer liability on acceptances	37,103	28,487	25,706	....	23,691	....	....	21,782	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	40,714	38,102	42,079	44,845	38,061	40,302	41,412	39,768	42,951	38,819

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.
2. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

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	1983	1984	1985	1986	1987r		
				Dec.r	Mar.	June	Sept.p
1 **Total**	**243,715**	**243,952**	**227,903**	**232,295**	**226,426**	**236,392**	**235,807**
By borrower							
2 Maturity of 1 year or less[1]	176,158	167,858	160,824	160,555	154,789	167,244	165,387
3 Foreign public borrowers	24,039	23,912	26,302	24,842	24,154	23,270	26,976
4 All other foreigners	152,120	143,947	134,522	135,714	130,635	143,973	138,411
5 Maturity over 1 year[1]	67,557	76,094	67,078	71,740	71,637	69,149	70,420
6 Foreign public borrowers	32,521	38,695	34,512	39,103	39,168	39,483	39,757
7 All other foreigners	35,036	37,399	32,567	32,637	32,468	29,665	30,663
By area							
Maturity of 1 year or less[1]							
8 Europe	56,117	58,498	56,585	61,784	58,042	68,891	61,985
9 Canada	6,211	6,028	6,401	5,895	5,625	5,622	5,733
10 Latin America and Caribbean	73,660	62,791	63,328	56,271	54,223	55,429	58,134
11 Asia	34,403	33,504	27,966	29,457	29,714	30,936	32,064
12 Africa	4,199	4,442	3,753	2,882	3,154	2,980	2,878
13 All other[2]	1,569	2,593	2,791	4,267	4,031	3,385	4,591
Maturity of over 1 year[1]							
14 Europe	13,576	9,605	7,634	6,737	6,742	6,417	6,805
15 Canada	1,857	1,882	1,805	1,925	1,873	1,631	1,577
16 Latin America and Caribbean	43,888	56,144	50,674	56,719	56,705	55,572	55,097
17 Asia	4,850	5,323	4,502	4,043	4,122	3,387	3,535
18 Africa	2,286	2,033	1,538	1,539	1,630	1,522	1,612
19 All other[2]	1,101	1,107	926	777	564	621	1,793

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1,2]

Billions of dollars, end of period

Area or country	1983	1984	1985 Sept.	1985 Dec.	1986 Mar.	1986 June	1986 Sept.	1986 Dec.	1987 Mar.	1987 June	1987 Sept.
1 **Total**	**434.0**	**405.7**	**394.9**	**391.9**	**394.2r**	**390.5r**	**390.3r**	**390.5r**	**399.8r**	**392.0r**	**392.7r**
2 G-10 countries and Switzerland	167.8	148.1	152.0	148.5	157.0r	160.3r	159.0r	158.0r	164.4r	161.7r	156.7r
3 Belgium-Luxembourg	12.4	8.7	9.5	9.3	8.4	9.0	8.5	8.4	9.1	8.5	8.2
4 France	16.2	14.1	14.8	12.3	13.8	15.1	14.7	13.8	13.4	12.6	13.8
5 Germany	11.3	9.0	9.8	10.5	11.3	11.5	12.5	11.7	12.8	11.4r	10.6
6 Italy	11.4	10.1	8.4	9.8	8.5	9.3	8.1	9.0	8.6	7.5	6.7
7 Netherlands	3.5	3.9	3.4	3.7	3.5	3.4	3.9	4.6	4.4	7.3	4.8
8 Sweden	5.1	3.2	3.1	2.8	2.9	2.9	2.7	2.4	3.0	2.4	2.7
9 Switzerland	4.3	3.9	4.1	4.4	5.4	5.6	4.8	5.8r	5.8	5.7	5.4
10 United Kingdom	65.3	60.3	67.1	64.6	68.8	69.2	70.3	71.9	73.9r	72.6r	72.1r
11 Canada	8.3	7.9	7.6	7.0	6.4	7.0r	6.2r	5.4	5.3r	6.9r	4.7
12 Japan	29.9	27.1	24.3	24.2	28.1r	27.2	27.4	25.0	28.1r	26.7r	27.7
13 Other developed countries	36.0	33.6	32.0	30.4	31.6	30.7	29.5	26.2r	26.0	25.7	26.9
14 Austria	1.9	1.6	1.7	1.6	1.6	1.7	1.7	1.7	1.9	1.8	1.9
15 Denmark	3.4	2.2	2.1	2.4	2.5	2.4	2.3	1.7	1.7	1.5r	1.6
16 Finland	2.4	1.9	1.8	1.6	1.9	1.6	1.7	1.4	1.4	1.5	1.4
17 Greece	2.8	2.9	2.8	2.6	2.5	2.6	2.3	2.3	2.1	2.0	1.9
18 Norway	3.3	3.0	3.4	2.9	2.7	3.0	2.7	2.4	2.2	2.2	2.4
19 Portugal	1.5	1.4	1.4	1.3	1.1	1.1	1.0	.8	.9	.8	.8
20 Spain	7.1	6.5	6.1	5.8	6.5	6.4	6.7	5.8	6.3	6.1r	7.4
21 Turkey	1.7	1.9	2.1	1.9	2.3	2.5	2.1	2.0	1.9	2.1	1.9
22 Other Western Europe	1.8	1.7	1.7	2.0	2.4	2.1	1.6	1.4	1.4	1.6r	1.7
23 South Africa	4.7	4.5	3.3	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0
24 Australia	5.4	6.0	5.6	5.0	4.9	4.2	4.1	3.5	3.2	3.1	2.9
25 OPEC countries[3]	28.4	24.9	22.7	21.6	20.7	20.6	20.0	19.6	20.5r	19.2	19.3
26 Ecuador	2.2	2.2	2.2	2.1	2.2	2.1	2.2	2.2	2.1	2.1	2.1
27 Venezuela	9.9	9.3	9.0	8.9	8.7	8.8	8.7	8.6	8.8r	8.7	8.5
28 Indonesia	3.4	3.3	3.1	3.0	3.3	3.0	2.8	2.5	2.4	2.2	2.0
29 Middle East countries	9.8	7.9	6.2	5.5	4.7	5.0	4.6	4.5	5.5	4.5	5.1
30 African countries	3.0	2.3	2.3	2.0	1.8	1.7	1.7	1.7	1.7	1.7	1.7
31 Non-OPEC developing countries	110.8	111.8	107.8	105.1	103.9	102.0	100.0	99.7	99.9r	100.2r	97.4r
Latin America											
32 Argentina	9.5	8.7	8.9	8.9	8.9	9.2	9.3	9.5	9.5r	9.5	9.3
33 Brazil	23.1	26.3	25.5	25.6	25.8	25.5	25.4	25.3	25.7r	24.6r	24.6
34 Chile	6.4	7.0	6.6	7.0	7.1r	7.1	7.2	7.1	7.3	7.2	7.1
35 Colombia	3.2	2.9	2.6	2.7	2.3	2.2	2.0	2.1	2.0	2.0	2.0
36 Mexico	25.8	25.7	24.4	24.2	24.1	24.0	24.0	24.0r	23.7r	25.4r	24.7
37 Peru	2.4	2.2	1.9	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.2
38 Other Latin America	4.2	3.9	3.5	3.4	3.3	3.3	3.3	3.1	3.0	3.0r	2.8
Asia											
China											
39 Mainland	.3	.7	1.1	.5	.6	.6	.6	.4	.9	.6	.3
40 Taiwan	5.2	5.1	5.1	4.5	4.3	3.7	4.3	4.9	5.5	6.6	5.9
41 India	.9	.9	1.1	1.2	1.2	1.3	1.3	1.2	1.6r	1.7	1.9
42 Israel	1.9	1.8	1.5	1.6	1.3	1.6	1.4	1.5	1.4	1.3	1.3
43 Korea (South)	11.2	10.6	10.4	9.4	9.5	8.7	7.3	6.7	6.2r	5.6	5.1
44 Malaysia	2.8	2.7	2.7	2.4	2.2	2.0	2.1	2.1	1.9	1.7	1.6
45 Philippines	6.1	6.0	6.0	5.7	5.6	5.7	5.4	5.4	5.4	5.4	5.4
46 Thailand	2.2	1.8	1.7	1.4	1.3	1.1	1.0	.9	.9	.8	.7
47 Other Asia	1.0	1.1	.9	1.0	.9	.8	.7	.7	.6	.8	.7
Africa											
48 Egypt	1.5	1.2	1.0	1.0	.9	.9	.7	.7	.6	.6	.6
49 Morocco	.8	.8	.9	.9	.9	.9	.9	.9	.9	.9	.8
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[4]	2.3	2.1	2.0	1.9	1.9	1.7	1.6	1.6	1.4	1.3	1.3
52 Eastern Europe	5.3	4.4	4.6	4.2	4.0	4.0	3.4	3.2	3.1	3.4	3.4
53 U.S.S.R.	.2	.1	.2	.1	.3	.3	.1	.1	.1	.3	.5
54 Yugoslavia	2.4	2.3	2.4	2.2	2.0	2.0	1.9	1.7	1.6	1.7	1.7
55 Other	2.8	2.0	1.9	1.8	1.7	1.7	1.4	1.4	1.3	1.4	1.3
56 Offshore banking centers	68.9	65.6	58.8	65.4	60.1	56.1r	61.3r	64.0	66.1r	63.6r	67.4
57 Bahamas	21.7	21.5	16.6	21.4	21.4	17.1	19.9	22.3	24.1	20.0r	26.4
58 Bermuda	.9	.9	.8	.7	.7	.4r	.4	.7	.8	.6	.6
59 Cayman Islands and other British West Indies	12.2	11.8	12.3	13.4	11.4	13.0	13.6r	14.5	13.7r	15.1r	13.2
60 Netherlands Antilles	4.2	3.4	2.3	2.3	2.3	2.4r	1.9	1.8	1.7	1.3	1.2
61 Panama[5]	5.8	6.7	6.1	6.0	4.4	4.2	5.1	4.1	5.4	5.3	5.3
62 Lebanon	.1	.1	.0	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	13.8	11.4	11.4	11.5	11.5	9.5	10.5	11.2	11.4r	12.6r	12.3
64 Singapore	10.3	9.8	9.4	9.9	8.5	9.3	9.7	9.4	8.8	8.5r	8.3
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	16.8	17.3	17.3	16.9	16.8r	16.8	17.2	19.8	19.8r	18.1	21.6r

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. This group comprises the Organization of Petroleum Exporting Countries shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

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	1983	1984	1985	1986		1987		
					Sept.	Dec.[r]	Mar.[r]	June	Sept.[p]
1	**Total**	**25,346**	**29,357**	**27,825[r]**	**26,429[r]**	**25,717**	**27,432**	**28,751**	**28,167**
2	Payable in dollars	22,233	26,389	24,296	22,432[r]	21,885	23,264	24,286	23,846
3	Payable in foreign currencies	3,113	2,968	3,529[r]	3,997[r]	3,833	4,169	4,466	4,321
	By type								
4	Financial liabilities	10,572	14,509	13,600[r]	13,501[r]	12,239	13,114	13,946	12,667
5	Payable in dollars	8,700	12,553	11,257	11,071[r]	9,774	10,398	11,068	9,955
6	Payable in foreign currencies	1,872	1,955	2,343[r]	2,430[r]	2,464	2,716	2,878	2,712
7	Commercial liabilities	14,774	14,849	14,225	12,929[r]	13,479	14,318	14,805	15,500
8	Trade payables	7,765	7,005	6,685	5,728[r]	6,447	6,985	7,139	7,389
9	Advance receipts and other liabilities	7,009	7,843	7,540	7,201[r]	7,032	7,333	7,666	8,111
10	Payable in dollars	13,533	13,836	13,039	11,361[r]	12,110	12,865	13,218	13,891
11	Payable in foreign currencies	1,241	1,013	1,186	1,567[r]	1,368	1,453	1,587	1,609
	By area or country								
	Financial liabilities								
12	Europe	5,742	6,728	7,700[r]	8,907[r]	8,023	8,383	9,645	9,081
13	Belgium-Luxembourg	302	471	349[r]	448[r]	270	232	257	230
14	France	843	995	857	501	644	742	807	574
15	Germany	502	489	376[r]	319	270	368	305	291
16	Netherlands	621	590	861[r]	741[r]	704	693	669	677
17	Switzerland	486	569	610[r]	567[r]	646	711	703	684
18	United Kingdom	2,839	3,297	4,305[r]	5,880[r]	5,199	5,378	6,642	6,349
19	Canada	764	863	839	362	399	431	441	407
20	Latin America and Caribbean	2,596	5,086	3,184	2,283	1,964	2,369	1,747	961
21	Bahamas	751	1,926	1,123	842	614	669	398	280
22	Bermuda	13	13	4	4	4	0	0	0
23	Brazil	32	35	29	28	32	26	22	22
24	British West Indies	1,041	2,103	1,843	1,291	1,163	1,545	1,223	581
25	Mexico	213	367	15	18	22	30	29	17
26	Venezuela	124	137	3	5	3	3	5	3
27	Asia	1,424	1,777	1,815	1,881	1,784	1,861	2,046	2,140
28	Japan	991	1,209	1,198	1,446	1,377	1,459	1,666	1,653
29	Middle East oil-exporting countries[2]	170	155	82	3	8	7	7	7
30	Africa	19	14	12	4	1	3	1	2
31	Oil-exporting countries[3]	0	0	0	2	1	1	0	0
32	All other[4]	27	41	50	63	67	67	66	76
	Commercial liabilities								
33	Europe	3,245	4,001	4,074	4,344[r]	4,494	4,521	4,987	4,973
34	Belgium-Luxembourg	62	48	62	75	101	85	111	56
35	France	437	438	453	370	351	379	422	437
36	Germany	427	622	607	633[r]	722	591	594	679
37	Netherlands	268	245	364	581	460	372	339	350
38	Switzerland	241	257	379	361	387	484	557	556
39	United Kingdom	732	1,095	976	1,142[r]	1,346	1,309	1,380	1,475
40	Canada	1,841	1,975	1,449	1,313[r]	1,393	1,352	1,253	1,263
41	Latin America and Caribbean	1,473	1,871	1,088	848[r]	890	1,089	1,037	1,050
42	Bahamas	1	7	12	37	32	28	13	22
43	Bermuda	67	114	77	172	132	297	245	223
44	Brazil	44	124	58	44[r]	61	82	88	40
45	British West Indies	6	32	44	45	48	89	64	44
46	Mexico	585	586	430	197	213	185	160	231
47	Venezuela	432	636	212	207	217	224	203	176
48	Asia	6,741	5,285	6,046	4,856[r]	5,098	5,818	5,921	6,516
49	Japan	1,247	1,256	1,799	2,137[r]	2,051	2,468	2,480	2,422
50	Middle East oil-exporting countries[2,5]	4,178	2,372	2,829	1,507[r]	1,686	1,948	1,870	2,109
51	Africa	553	588	587	585	622	520	524	571
52	Oil-exporting countries[3]	167	233	238	176	197	170	166	150
53	All other[4]	921	1,128	982	982	981	1,019	1,083	1,128

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	1983	1984	1985	1986r		1987		
					Sept.	Dec.	Mar.r	June	Sept.p
1	**Total**	**34,911**	**29,901**	**28,876r**	**34,157**	**33,451**	**34,034**	**31,515**	**31,211**
2	Payable in dollars	31,815	27,304	26,574r	31,446	30,923	31,238	28,405	28,546
3	Payable in foreign currencies	3,096	2,597	2,302	2,711	2,528	2,796	3,110	2,666
	By type								
4	Financial claims	23,780	19,254	18,891r	24,833	23,357	24,080	21,580	20,906
5	Deposits	18,496	14,621	15,526	18,953	17,899	17,994	15,437	15,920
6	Payable in dollars	17,993	14,202	14,911	18,389	17,343	17,168	14,253	15,086
7	Payable in foreign currencies	503	420	615	565	555	826	1,183	834
8	Other financial claims	5,284	4,633	3,364r	5,880	5,458	6,086	6,143	4,985
9	Payable in dollars	3,328	3,190	2,330r	4,506	4,110	4,740	4,868	3,860
10	Payable in foreign currencies	1,956	1,442	1,035	1,374	1,349	1,345	1,275	1,125
11	Commercial claims	11,131	10,646	9,986	9,324	10,095	9,954	9,935	10,305
12	Trade receivables	9,721	9,177	8,696	8,079	8,902	8,898	8,892	9,364
13	Advance payments and other claims	1,410	1,470	1,290	1,245	1,192	1,056	1,043	942
14	Payable in dollars	10,494	9,912	9,333	8,551	9,471	9,330	9,283	9,599
15	Payable in foreign currencies	637	735	652	773	624	624	652	706
	By area or country								
	Financial claims								
16	Europe	6,488	5,762	6,929r	10,545	8,759	9,337	9,859	9,336
17	Belgium-Luxembourg	37	15	10	67	41	15	6	23
18	France	150	126	184	418	138	172	154	169
19	Germany	163	224	223	129	111	163	92	83
20	Netherlands	71	66	161r	73	86	69	75	94
21	Switzerland	38	66	74	138	182	74	95	44
22	United Kingdom	5,817	4,864	6,007	9,478	7,957	8,491	9,237	8,709
23	Canada	5,989	3,988	3,260	3,970	3,964	3,779	3,329	2,883
24	Latin America and Caribbean	10,234	8,216	7,846	9,438	9,207	9,547	7,539	7,491
25	Bahamas	4,771	3,306	2,698	2,806	2,624	3,945	2,572	2,507
26	Bermuda	102	6	6	19	6	3	6	2
27	Brazil	53	100	78	105	73	71	103	102
28	British West Indies	4,206	4,043	4,571	6,060	6,078	5,128	4,349	3,687
29	Mexico	293	215	180	173	174	164	167	173
30	Venezuela	134	125	48	40	24	23	22	18
31	Asia	764	961	731	715	1,320	1,193	779	1,105
32	Japan	297	353	475	365	999	931	439	721
33	Middle East oil-exporting countries[2]	4	13	4	2	11	11	10	10
34	Africa	147	210	103	84	85	84	58	71
35	Oil-exporting countries[3]	55	85	29	18	28	19	9	14
36	All other[4]	159	117	21	81	22	140	16	20
	Commercial claims								
37	Europe	3,670	3,801	3,533	3,389	3,718	3,703	3,850	4,114
38	Belgium-Luxembourg	135	165	175	125	133	145	137	168
39	France	459	440	426	415	410	417	435	411
40	Germany	349	374	346	401	447	451	531	550
41	Netherlands	334	335	284	157	173	165	182	199
42	Switzerland	317	271	284	233	217	196	187	208
43	United Kingdom	809	1,063	898	874	998	1,070	1,071	1,224
44	Canada	829	1,021	1,023	960	928	927	927	903
45	Latin America and Caribbean	2,695	2,052	1,753	1,686	1,981	1,944	1,878	1,844
46	Bahamas	8	8	13	29	28	11	14	12
47	Bermuda	190	115	93	132	170	157	153	125
48	Brazil	493	214	206	202	235	217	202	226
49	British West Indies	7	7	6	23	51	25	17	20
50	Mexico	884	583	510	317	411	445	346	365
51	Venezuela	272	206	157	192	234	171	201	188
52	Asia	3,063	3,073	2,982	2,588	2,751	2,707	2,640	2,772
53	Japan	1,114	1,191	1,016	797	881	926	950	1,018
54	Middle East oil-exporting countries[2]	737	668	638	682	565	529	455	436
55	Africa	588	470	437	470	495	432	379	407
56	Oil-exporting countries[3]	139	134	130	168	135	141	123	123
57	All other[4]	286	229	257	231	222	240	261	267

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	1985	1986	1987 Jan.–Nov.	1987 May	June	July	Aug.	Sept.	Oct.	Nov.p
				U.S. corporate securities						
STOCKS										
1 Foreign purchases	81,995	148,114r	235,255	19,632	18,687r	23,645	24,774	22,473r	30,207	13,616
2 Foreign sales	77,054	129,395r	215,993	15,956	17,054	21,883	24,554	19,433	27,768	20,302
3 **Net purchases, or sales (−)**	**4,941**	**18,719**	**19,262**	**3,676**	**1,634r**	**1,763**	**220**	**3,040r**	**2,438**	**−6,687**
4 **Foreign countries**	**4,857**	**18,927**	**19,249**	**3,712r**	**1,679r**	**1,749**	**117**	**2,951r**	**2,424**	**−6,639**
5 Europe	2,057	9,559	4,190	1,474	669	717	81	1,312r	138	−5,948
6 France	−438	459	1,298	123	107	66	−69	−15	58	−541
7 Germany	730	341	75	118	−155	−96	28	−12	380	−183
8 Netherlands	−123	936	859	120	232	153	135	79	−40	−169
9 Switzerland	−75	1,560	−420	351	−206	−80	−325	435	294	−1,574
10 United Kingdom	1,665	4,826	1,473	670	671	635	125	770r	−624	−3,407
11 Canada	356	816r	996	48	−238	255	−21	−46	238	181
12 Latin America and Caribbean	1,718	3,031r	1,364	363	296r	387	188	157	−512	−561
13 Middle East[1]	238	976	−912	−90	−26	−913	−255	135	569	−83
14 Other Asia	296	3,876	13,056	1,686	1,009	1,290	171	1,242	2,014	−28
15 Africa	24	297	129	45	−30	−14	16	20	7	11
16 Other countries	168	373	426	185	−1	27	−63	132	−30	−211
17 **Nonmonetary international and regional organizations**	**84**	**−208**	**12**	**−36**	**−45**	**14**	**102**	**90**	**15**	**−48**
BONDS[2]										
18 Foreign purchases	86,587	123,169r	98,961	8,972r	10,432r	9,414r	7,027	8,662r	9,155	5,691
19 Foreign sales	42,455	72,520r	72,616	6,858r	8,311r	6,533r	5,638	4,786r	7,257	5,333
20 **Net purchases, or sales (−)**	**44,132**	**50,648r**	**26,346**	**2,113r**	**2,121r**	**2,881r**	**1,389**	**3,876r**	**1,898**	**358**
21 **Foreign countries**	**44,227**	**49,801r**	**26,034**	**2,243r**	**2,030r**	**2,872r**	**1,548**	**3,836r**	**1,888**	**101**
22 Europe	40,047	39,313r	21,606	1,655r	2,266r	2,328r	1,616	3,149r	937	430
23 France	210	389	207	7	43	64r	26	−37	55	−34
24 Germany	2,001	−251	−26	−29	80	116	−22	−56	−98	−26
25 Netherlands	222	387	268	38	37	−65	44	116	36	−16
26 Switzerland	3,987	4,529	1,866	181r	105	245r	306	166	136	−26
27 United Kingdom	32,762	33,900r	19,150	1,518r	1,857r	1,897r	1,317	2,828r	1,027	379
28 Canada	190	548	1,182	23	49	87	−8	47	305	68
29 Latin America and Caribbean	498	1,476r	2,181	254	−4	305	44	682r	524	−15
30 Middle East[1]	−2,648	−2,961	−532	59	−128	−166	−14	−87	42	−92
31 Other Asia	6,091	11,270	1,643	252	−169	301r	−93	52	65	−247
32 Africa	11	16	13	7	8	1	−17	−6	24	−10
33 Other countries	38	139	−61	−6	8	15	20	−1	−9	−33
34 **Nonmonetary international and regional organizations**	**−95**	**847**	**312**	**−130**	**91r**	**9**	**−159**	**40**	**10**	**257**
				Foreign securities						
35 Stocks, net purchases, or sales (−)	−3,941	−2,360r	421	637r	−257	−15r	−373	448	1,993	712
36 Foreign purchases	20,861	49,587r	89,209	8,017r	8,781r	8,585r	8,674	8,657	12,768	7,498
37 Foreign sales	24,803	51,947r	88,789	7,380r	9,038r	8,599r	9,047	8,208	10,775	6,787
38 Bonds, net purchases, or sales (−)	−3,999	−3,555r	−6,176	−1,137r	2,285r	−588r	−241r	−674r	−2,604	−2,169
39 Foreign purchases	81,216	166,992r	185,835	20,050r	25,797r	16,303r	12,292	12,923	18,046	17,417
40 Foreign sales	85,214	170,548r	192,011	21,186r	23,512r	16,891r	12,532r	13,597	20,649	19,587
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,940**	**−5,915r**	**−5,756**	**−500r**	**2,028r**	**−602r**	**−614r**	**−226r**	**−611**	**−1,458**
42 **Foreign countries**	**−9,003**	**−7,000r**	**−6,214**	**−518r**	**1,985r**	**−329r**	**−1,207r**	**−546r**	**156**	**−1,357**
43 Europe	−9,887	−18,533r	−11,490	−1,989r	−27r	−572r	−896r	−510r	−945	−1,621
44 Canada	−1,686	−876r	−4,187	−414r	−489	−596	−484	−263	−71	−665
45 Latin America and Caribbean	1,797	3,476r	824	204	106	−62	83	−20	−152	328
46 Asia	659	10,858	9,361	1,692	2,513	1,078r	224	82	1,333	418
47 Africa	75	52	80	20	6	5	5	14	16	3
48 Other countries	38	−1,977	−800	−32r	−124	−182	−140	150	−25	179
49 **Nonmonetary international and regional organizations**	**1,063**	**1,084**	**458**	**18**	**44**	**−274**	**594**	**320**	**−767**	**−101**

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

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

Millions of dollars

Country or area	1985	1986	1987	1987						
			Jan.–Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**29,208**	**19,388[r]**	**23,433**	**−284[r]**	**12,281[r]**	**807[r]**	**1,110**	**523**	**−1,090**	**6,380**
2 Foreign countries[2]	28,768	20,491[r]	26,910	3,729[r]	8,646	3,610[r]	2,787	704	−5,355	7,676
3 Europe[2]	4,303	16,326[r]	22,501	1,694[r]	3,640	4,453[r]	−1,007	−1,167	−781	6,340
4 Belgium-Luxembourg	476	−245[r]	719	2[r]	58	−2[r]	366	−25	128	−2
5 Germany[2]	1,917	7,670	12,173	1,417	1,534	1,516	780	130	31	1,820
6 Netherlands	269	1,283	−835	352	111	204	−254	−296	−707	314
7 Sweden	976	132	182	−166	−183	76	−153	−156	4	182
8 Switzerland[2]	773	329	2,447	413	585	512	−688	−99	−609	−297
9 United Kingdom	−1,810	4,546[r]	2,928	−524	617	1,105[r]	−431	−985	−469	3,163
10 Other Western Europe	1,701	2,613	4,906	198	913	1,042	−631	259	841	1,157
11 Eastern Europe	0	0	−19	1	5	0	4	5	0	4
12 Canada	−188	881	3,815	37	413	654	378	203	−389	679
13 Latin America and Caribbean	4,315	926	−2,005	−381	780	−673	−675	−29	−117	472
14 Venezuela	248	−96[r]	149	11	−17	−4	30	55	−63	35
15 Other Latin America and Caribbean	2,336	1,130[r]	−1,263	−302	−514	15	−49	−155	−227	367
16 Netherlands Antilles	1,731	−108	−891	−90	1,311	−684	−656	72	173	69
17 Asia	19,919	1,345	2,248	2,136	3,531	−676[r]	4,318	1,762	−5,333	1,476
18 Japan	17,909	−22	−1,143	−541	4,199	−597	1,839	799	−5,272	1,757
19 Africa	112	−54	−105	11	−18	20	−24	3	2	−29
20 All other	308	1,067	455	233	300	−168	−204	−68	1,263	−1,260
21 Nonmonetary international and regional organizations	442	−1,104[r]	−3,475	−4,013	3,635[r]	−2,802	−1,677	−180	4,265	−1,296
22 International	−436	−1,430	−2,557	−3,147	3,517[r]	−2,875	−1,722	111	4,326	−1,492
23 Latin American regional	18	157	3	0	3	0	0	−10	0	0
Memo										
24 Foreign countries[2]	28,768	20,491[r]	26,910	3,729[r]	8,646	3,610[r]	2,787	704	−5,355	7,676
25 Official institutions	8,135	14,214	29,388	4,447	3,719	2,251	2,612	1,360	2,437	1,857
26 Other foreign[2]	20,631	6,283[r]	−2,482	−718[r]	4,927	1,358[r]	175	−657	−7,792	5,819
Oil-exporting countries										
27 Middle East[3]	−1,547	−1,529	−3,479	636	−857	107[r]	329	−509	−695	−891
28 Africa[4]	7	5	17	0	1	0	0	0	−1	−1

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on Dec. 31, 1987		Country	Rate on Dec. 31, 1987		Country	Rate on Dec. 31, 1987	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	3.0	Dec. 1987	France[1]	7.75	Dec. 1987	Norway	8.0	June 1983
Belgium	7.0	Dec. 1987	Germany, Fed. Rep. of	2.5	Dec. 1987	Switzerland	2.5	Dec. 1987
Brazil	49.0	Mar. 1981	Italy	12.0	Aug. 1987	United Kingdom[2]	....	....
Canada	8.68	Dec. 1987	Japan	2.5	Feb. 1987	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	3.75	Dec. 1987			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per year, averages of daily figures

Country, or type	1984	1985	1986	1987 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	10.75	8.27	6.70	7.11	6.87	6.91	7.51	8.29	7.41	7.86
2 United Kingdom	9.91	12.16	10.87	8.85	9.17	9.95	10.12	9.92	8.87	8.71
3 Canada	11.29	9.64	9.18	8.40	8.61	9.11	9.32	9.12	8.70	8.95
4 Germany	5.96	5.40	4.58	3.67	3.83	3.93	3.98	4.70	3.92	3.65
5 Switzerland	4.35	4.92	4.19	3.77	3.60	3.55	3.51	4.03	3.65	3.51
6 Netherlands	6.08	6.29	5.56	5.15	5.21	5.27	5.31	5.63	4.99	4.65
7 France	11.66	9.91	7.68	8.18	7.83	7.88	7.85	8.15	8.66	8.48
8 Italy	17.08	14.86	12.60	10.67	10.92	11.96	12.36	11.85	11.36	11.25
9 Belgium	11.41	9.60	8.04	6.78	6.54	6.55	6.56	6.84	6.93	6.57
10 Japan	6.32	6.47	4.96	3.71	3.74	3.71	3.77	3.89	3.90	3.90

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	1984	1985	1986	1987 July	1987 Aug.	1987 Sept.	1987 Oct.	1987 Nov.	1987 Dec.
1 Australia/dollar[1]	87.937	70.026	67.093	70.79	70.72	72.68	71.12	68.60	71.06
2 Austria/schilling	20.005	20.676	15.260	12.996	13.041	12.765	12.674	11.843	11.500
3 Belgium/franc	57.749	59.336	44.662	38.329	38.528	37.657	37.494	35.190	34.186
4 Canada/dollar	1.2953	1.3658	1.3896	1.3262	1.3256	1.3154	1.3097	1.3167	1.3075
5 China, P.R./yuan	2.3308	2.9434	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	10.354	10.598	8.0954	7.0179	7.1279	6.9893	6.9262	6.4962	6.3043
7 Finland/markka	6.0007	6.1971	5.0721	4.4882	4.5017	4.3954	4.3570	4.1392	4.0462
8 France/franc	8.7355	8.9799	6.9256	6.1530	6.1934	6.0555	6.0160	5.7099	5.5375
9 Germany/deutsche mark	2.8454	2.9419	2.1704	1.8482	1.8553	1.8134	1.8006	1.6821	1.6335
10 Greece/drachma	112.73	138.40	139.93	139.313	140.63	138.40	138.61	132.42	129.46
11 Hong Kong/dollar	7.8188	7.7911	7.8037	7.8090	7.8091	7.8035	7.8077	7.7968	7.7726
12 India/rupee	11.348	12.332	12.597	13.01	13.085	12.993	12.995	12.972	12.934
13 Ireland/punt[1]	108.64	106.62	134.14	144.99	144.18	147.54	148.72	158.08	162.63
14 Italy/lira	1756.10	1908.90	1491.16	1337.96	1344.18	1310.86	1302.58	1238.89	1203.74
15 Japan/yen	237.45	238.47	168.35	150.29	147.33	143.29	143.32	135.40	128.24
16 Malaysia/ringgit	2.3448	2.4806	2.5830	2.5414	2.5361	2.5189	2.5308	2.4989	2.4944
17 Netherlands/guilder	3.2083	3.3184	2.4484	2.0814	2.0903	2.0413	2.0267	1.8931	1.8382
18 New Zealand/dollar[1]	57.837	49.752	52.456	59.644	58.923	63.352	64.031	61.915	64.664
19 Norway/krone	8.1596	8.5933	7.3984	6.7632	6.7911	6.6505	6.6311	6.4233	6.3820
20 Portugal/escudo	147.70	172.07	149.80	144.51	145.57	142.94	142.82	136.84	133.77
21 Singapore/dollar	2.1325	2.2008	2.1782	2.1183	2.1082	2.0924	2.0891	2.0444	2.0127
22 South Africa/rand[1]	69.534	45.57	43.952	48.52	48.16	48.86	48.79	50.67	51.22
23 South Korea/won	807.91	861.89	884.61	811.81	811.87	810.07	808.47	802.30	798.34
24 Spain/peseta	160.78	169.98	140.04	126.97	125.57	121.34	118.60	113.26	110.80
25 Sri Lanka/rupee	25.428	27.187	27.933	29.405	29.643	29.902	30.347	30.519	30.644
26 Sweden/krona	8.2706	8.6031	7.1272	6.4466	6.4898	6.3844	6.3560	6.0744	5.9473
27 Switzerland/franc	2.3500	2.4551	1.7979	1.5365	1.5364	1.5029	1.4940	1.3825	1.3304
28 Taiwan/dollar	39.633	39.889	37.837	31.114	30.290	30.151	30.036	29.813	29.004
29 Thailand/baht	23.582	27.193	26.314	26.041	25.926	25.765	25.783	25.495	25.249
30 United Kingdom/pound[1]	133.66	129.74	146.77	160.90	159.96	164.46	166.20	177.54	182.88
MEMO									
31 United States/dollar[2]	138.19	143.01	112.22	99.36	99.43	97.23	96.65	91.49	88.70

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 700).
3. Currency reform.

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

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

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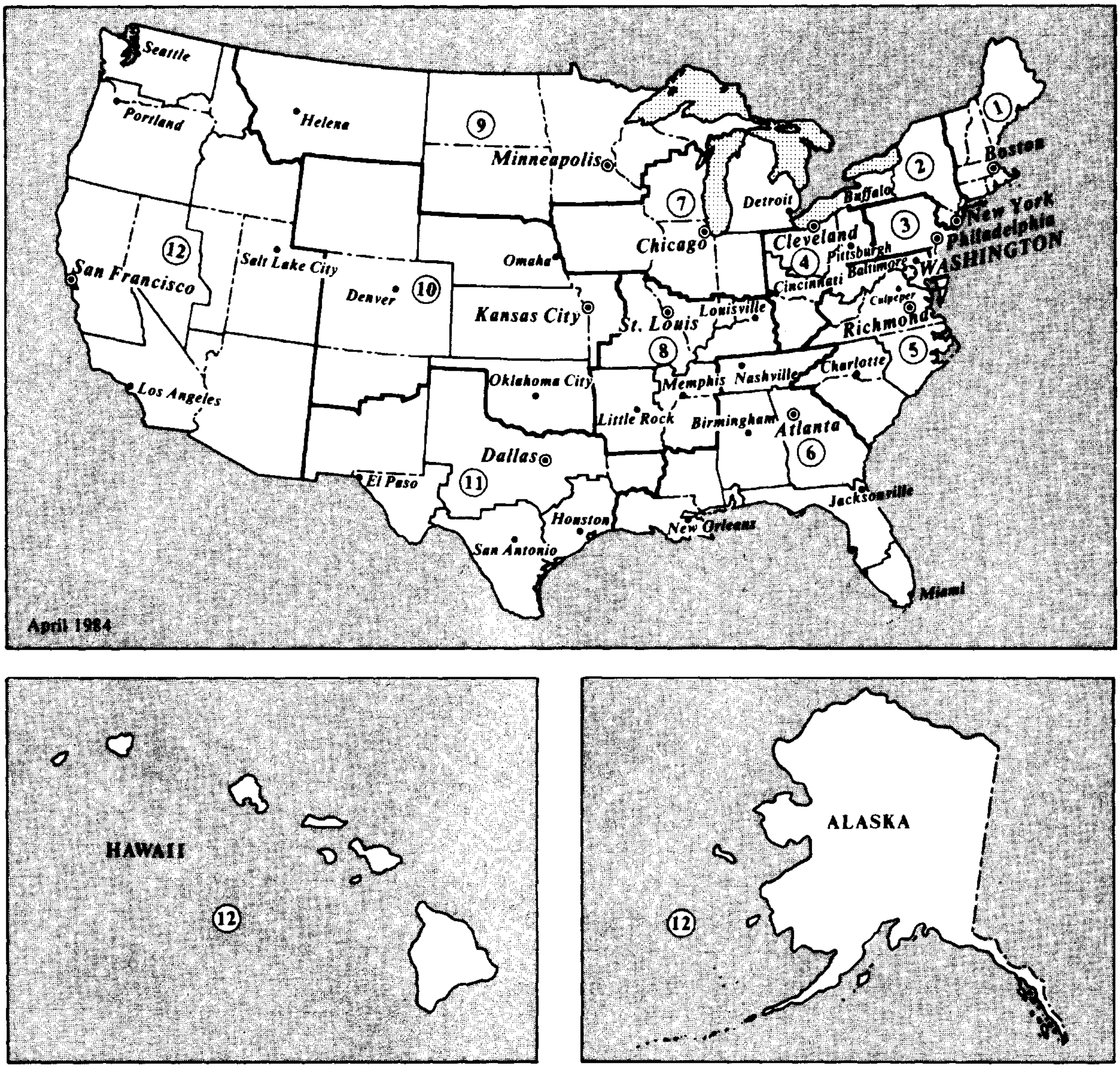

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