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New Deposit Instruments

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The deregulation of the interest rates that commercial banks and thrift institutions may pay on deposits has been hastened in recent months by the introduction of two new accounts. The money market deposit account, which institutions were permitted to offer beginning in December 1982, has been the more important. The Depository Institutions Deregulation Committee authorized commercial banks and thrift institutions to issue this new instrument in accordance with the Garn–St Germain Depository Institutions Act of 1982. That act provides for a deposit account that is directly equivalent to and competitive with money market mutual funds. The committee also permitted commercial banks, savings and loan associations, and mutual savings banks to offer the so-called Super NOW account effective early in January 1983.

Neither of these new instruments is subject to a ceiling on interest rates for accounts that maintain an average balance of at least $2,500; the period over which the average is determined can be up to one month. Depositors with a money market deposit account (MMDA) can make only six automatic or telephone transfers per month (three of them by check), but they are permitted unlimited withdrawals in person. In keeping with the provisions of the Garn–St Germain Act, the Depository Institutions Deregulation Committee (DIDC) did not restrict the types of depositor that may hold MMDAs. The Super NOW account, on the other hand, is fully transactional, but is available only to individuals, governmental units, and certain nonprofit organizations. For both types of account, an interest rate can be guaranteed for up to a month, and MMDAs can be issued with a specific maturity of up to 30 days.

In a short time, the new accounts, particularly the MMDA, have attracted large volumes of funds from other accounts at depository institutions and from nondeposit instruments. The initial reaction of commercial banks and thrift institutions to this development was not surprising. Depository institutions generally deemphasized their reliance on managed liabilities and built up their liquid asset holdings, while savings and loan associations stepped up mortgage-related lending as well. However, over time, the buildup of balances in short-term market-rate accounts at commercial banks and thrift institutions could well affect the behavior of the cost of funds at these institutions and could lead to significant changes in asset and liability management. Moreover, as apparently intended by the Congress, these short-term market-rate deposit instruments have affected the competitive position of depository institutions relative to other financial intermediaries.

Growth in the New Accounts

The reaction of depository institutions and depositors to the introduction of MMDAs was swift. Flows into MMDAs averaged more than $35 billion per week in the first six weeks that the accounts were offered. In late March and early April, the weekly flows were down to about $5 billion, which is slow only relative to the unprecedented pace set in the early stage of MMDA offerings. As table 1 shows, MMDA balances totaled more than $340 billion by mid-April 1983, a mere four months after the introduction of the instrument. In comparison, it took nearly two years for the popular six-month money market certificate (MMC) to reach that level. The bulk of MMDA balances represent deposits of individuals; businesses and other institutional investors account for about 15 percent of all MMDA funds, the bulk of which they hold at commercial banks.

The introduction of MMDAs resulted in the complete removal of interest-rate ceilings for a significant fraction of deposits. The MMDAs outstanding at commercial banks in March accounted for more than one-fourth of the combined savings, small-denomination time deposits, and MMDAs at those institutions. The fraction for savings and loan associations and mutual savings banks taken together was about one-fifth. Moreover, when balances in other small-denomination ceiling-free accounts—such as retail repurchase agreements and 7- to 31-day certificates—and accounts with indexed ceilings—such as six-month MMCs and small savers certificates—are added to MMDAs, about three-fourths of the balances in savings, small-denomination time accounts, and MMDAs at commercial banks as well as at thrift institutions were earning a market-determined rate of return as of March 1983.

The performance of Super NOWs has been overshadowed by the surge in MMDAs. Although most depository institutions are offering these market-rate transaction accounts, they have been promoted less heavily and priced less attractively than MMDAs. As a result, by mid-April 1983 balances in Super NOWs totaled only about $29½ billion (table 1). Moreover, the increases in Super NOWs in March and early April were quite modest compared with those in the first two months of the year. Nonetheless, as of mid-April 1983, ceiling-free Super NOWs made up about one-fourth of the total other checkable deposits component of M1, which includes balances in regular negotiable order of withdrawal accounts, automatic transfer accounts, and share draft accounts at credit unions.

Yields on the New Accounts

One obvious factor in the immediate success of MMDAs was the high introductory interest rates they bore. Many depository institutions offered above market interest rates on MMDAs for a period of time in order to attract deposits, and then brought yields on MMDAs into closer alignment with other market rates. Yields on MMDAs at commercial banks and mutual savings banks are shown in table 2; they are estimates based on responses from stratified samples, and represent average rates weighted by MMDA balances at the institutions. No comparable data are available for savings and loan associations, but comparisons of unweighted averages suggest that rates on MMDAs at those institutions were close to rates at mutual savings banks.

As the table shows, average yields on MMDAs in late December were markedly higher than rates available on other short-term time deposit

1. Money market deposit accounts and Super NOW accounts

Amounts in billions of dollars, not seasonally adjusted

Period	Money market deposit accounts[1]			Super NOW accounts[2]		
	Commercial banks	Thrift institutions[3]	Total	Commercial banks	Thrift institutions[3]	Total
	Monthly average					
1982–December	26.5	16.7	43.2	...	...	...
1983–January	114.2	74.9	189.1	8.4	4.9	13.3
February	163.3	114.4	277.7	15.2	7.5	22.7
March	185.8	134.7	320.5	18.1	8.4	26.5
	Weekly average					
1983–March 2	174.9	125.6	300.5	16.6	8.0	24.6
9	180.6	130.6	311.2	17.6	8.3	25.9
16	185.3	134.3	319.6	18.1	8.4	26.5
23	188.4	136.9	325.3	18.4	8.4	26.8
30	190.9	138.4	329.3	18.7	8.4	27.1
April 6	194.2	140.7	334.9	19.7	9.0	28.7
13	197.6	143.0	340.6	20.5	8.9	29.4

1. Institutions began offering money market deposit accounts on December 14, 1982.
2. Institutions began offering Super NOW accounts on January 5, 1983.
3. Includes savings and loan associations, mutual savings banks, and credit unions.

accounts and nondeposit instruments. For example, the average yield on MMDAs in December exceeded the average rate on money market mutual fund shares by 2½ to 3 percentage points. The table also indicates that thrift institutions offered higher rates on MMDAs than commercial banks, and that the differential was greater than the 25 basis points that had been part of the structure of interest rate ceilings for many years. By the end of March, yields on MMDAs had fallen appreciably and were actually below yields on some short-term deposits and Treasury securities. However, the average rate of return on MMDAs remained above the average rate on shares of money market mutual funds, in part because movements in yields on those shares tend to lag increases in market interest rates. At the end of March, the differential between rates on MMDAs at commercial banks and thrift institutions persisted.

The initial offering rates on Super NOWs on average were further below rates on MMDAs than can be explained solely by the cost of reserve requirements on transaction accounts. At the end of January, the spread between rates on Super NOWs and MMDAs averaged 140 basis points at commercial banks and 170 basis points at mutual savings banks (table 2). These relatively large spreads reflect the generally less aggressive pursuit by institutions of the Super NOW account. By the end of March, however, rates on MMDAs had fallen relative to those on Super NOWs, and the differential on average was in line with the cost of reserve requirements. As with MMDAs, thrift institutions continued to offer higher rates on Super NOWs than did commercial banks.

Sources of MMDAs and Super NOWs

The MMDA was created to enable commercial banks and thrift institutions to compete effectively with money market mutual funds. The success of the MMDA in attracting shares of money market funds is evident in the contraction experienced by those investment companies in recent months. Assets of general-purpose and broker/dealer funds fell about $37 billion between November 1982 and March 1983 (chart 1). At the same time, assets of institution-only money market funds declined about $6½ billion. Given the relationship of money fund yields to market rates and the evident interest in equity shares in recent months, these investment companies as a whole might have experienced some reduction in assets in any event. However, the results from surveys of both households and depository institutions

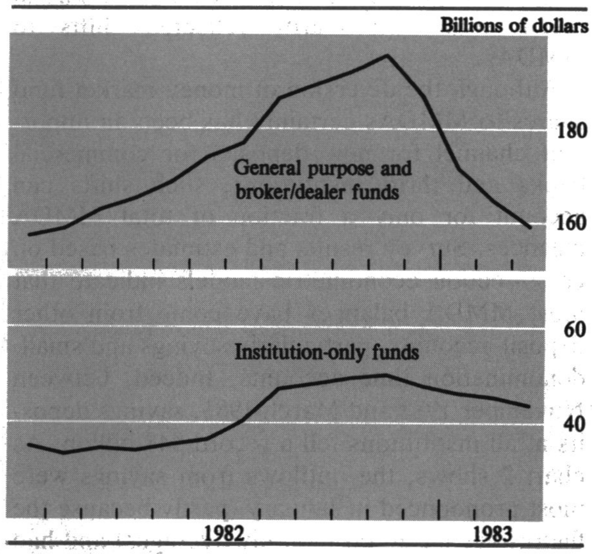
2. Interest rates on selected instruments for selected dates

Percent, annual rate

Instrument	1982	1983		
	Dec. 29	Jan. 26	Feb. 23	Mar. 30
Money market deposit account[1]				
Commercial banks	10.6	9.0	8.3	8.2
Mutual savings banks	11.0	10.0	9.0	8.6
Super NOWs[1]				
Commercial banks	...	7.6	7.3	7.3
Mutual savings banks	...	8.3	7.6	7.5
Six-month money market certificate[1]				
Commercial banks	8.4	8.3	8.5	8.9
Mutual savings banks	8.7	8.6	8.8	9.0
Money market mutual funds[2]	8.1	7.8	7.8	7.8
Three-month Treasury bill[3]	8.4	8.4	8.2	9.0

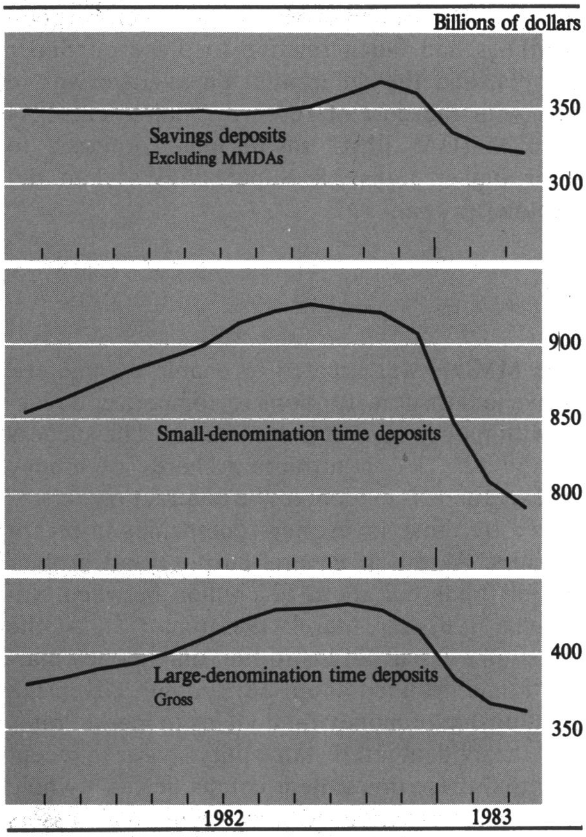
1. Average nominal rate based on sample data.
2. Average nominal rate at all money market mutual funds for the weeks ending on Wednesday.
3. Coupon-equivalent yield.

1. Assets of money market mutual funds



Combined assets of taxable and tax-exempt money market mutual funds; monthly averages, not seasonally adjusted.

2. Deposits at commercial banks and thrift institutions



Thrift institutions include savings and loan associations, mutual savings banks, and credit unions.
Monthly averages, seasonally adjusted.

suggest that the contraction in money funds in recent months primarily reflected shifts to MMDAs.

Although the diversion of money market fund shares to MMDAs certainly has been an important channel for new deposits for commercial banks and thrift institutions, such shifts can account for only a fraction of total MMDA balances. Survey results and estimates based on cross-section econometric models indicate that most MMDA balances have come from other deposit accounts, particularly savings and small-denomination time accounts. Indeed, between November 1982 and March 1983, savings deposits at all institutions fell a record $48 billion. As chart 2 shows, the outflows from savings were most pronounced in January (partly because the figures are based on monthly averages) and had subsided noticeably by March. The drop in small-denomination time deposits for the same period, at $130 billion, was even more dramatic. Once again, the outflows were quite large in January, and, while still sizable, had diminished by March. For small-denomination time deposits, most of the transfers to MMDAs were from relatively short-term certificates with market-related yields, particularly six-month MMCs. The overall impact of shifts from savings and small time deposits likely is understated by the net change in these deposit categories because combined balances in such accounts would have been expected to increase in the absence of MMDAs.

As chart 2 suggests, the introduction of MMDAs affected the issuance of large-denomination certificates of deposit (CDs) as well as core deposits. The drop in the amount of large CDs outstanding reflects direct shifts to MMDAs by holders of CDs as well as liability-management decisions by depository institutions to cut back on issuance of large CDs in the face of sizable deposit inflows. Thus only a part of the falloff in large CDs can be viewed as contributing to the amount of MMDAs outstanding. In fact, many depository institutions reportedly took measures to limit the size of MMDAs to prevent institutional investors from placing large sums on deposit to take advantage of the high introductory rates. Nevertheless, some large CDs apparently were shifted to MMDAs. These larger MMDAs likely explain the high average balance in MMDAs at commercial banks, which in March was about $23,000. This average balance is considerably higher than the estimates for the average size of savings, small-denomination time, or general-purpose and broker/dealer money fund accounts.

The introductory rates on the MMDA made this account not only more attractive than money market mutual funds and other deposit accounts, but also more attractive than virtually all short-term market instruments. Household surveys indicated that some savers transferred funds from Treasury securities and other interest-bearing market instruments, and MMDA balances also may have been drawn from mutual funds other than money funds and from the stock market. However, the available information does not permit an accurate estimate of the volume of MMDAs that came from such market instruments.

With yields on MMDAs, money market mutual funds, and other short-term investments generally above rates on Super NOWs, these new fully transactional accounts would be expected to draw deposits primarily from demand deposit and regular NOW accounts. Survey data and econometric cross-section evidence indicate that the vast bulk of the dollars placed in Super NOWs did in fact come from other transaction accounts. Moreover, the funds attracted from nontransaction accounts evidently were mostly from savings and time deposits rather than from nondeposit sources such as money market mutual funds. Because limited funds have been attracted to Super NOWs from sources other than transaction accounts and some demand deposits and regular NOW balances have at the same time been moved into MMDAs, on balance the volume of transaction deposits included in M1 may turn out not to have been greatly affected by the introduction of the two new accounts. Nevertheless, the availability of a transaction account earning an explicit yield that can move with market rates may well affect the behavior of household transaction balances.

Evidence suggests that Super NOW account balances generally are much higher than the $2,500 minimum established by the DIDC. The average Super NOW account at commercial banks was about $13,500 in March 1983, compared with an average of a little more than $5,000 for regular NOWs in February (table 3). In addition, the drop in the average size of regular NOWs, shown in the table, is consistent with the shift of balances from larger NOW accounts to Super NOWs and the maintenance of smaller accounts as regular NOWs. The greater attractiveness of Super NOWs to depositors with larger account balances in part may reflect the tendency for some depository institutions to impose service charges that are waived if account balances are above some threshold level, such as $5,000 or $10,000.

3. Average size of NOW accounts at commercial banks

Dollars

Date	Super NOWs	Regular NOWs[1]
1982–November 30	...	5,746
1983–January 31	11,763	n.a.
February 28	14,241	5,143
March 31	13,478[p]	n.a.

1. Commercial banks outside the Northeast.
n.a. Not available.
p. Preliminary.

Competition among Depositories

The MMDA clearly has enabled depository institutions to compete more effectively for funds, but some institutions may have had more success than others. How did commercial banks and thrift institutions fare in attracting MMDA balances? And how did smaller institutions perform relative to larger ones? As of March 30, the share of commercial banks in the MMDA market was larger than their share of all savings and small time deposits before the introduction of the new account (table 4). Moreover, large commercial banks and large thrift institutions seem to have been more successful in capturing a share of the MMDA market than their smaller counterparts.

4. Market shares of money market deposit accounts, March 31, 1983

Percent

Type of institution and deposit class (dollars)	Percent of MMDAs		Percent of combined deposits before introduction of MMDAs[1]	
	Total	Personal	Savings and small time deposits	Savings and total time deposits
	(1)	(2)	(3)	(4)
Commercial banks	58.0	52.7	47.5	56.3
Under 100 million	13.3	11.5	18.0	16.5
100 million to 500 million	12.1	10.4	10.4	10.9
500 million to 1 billion	5.1	4.6	3.7	4.4
1 billion and over	27.5	26.2	15.4	24.5
Thrift institutions	41.4[2]	46.6[3]	52.5	43.7
Under 100 million	4.0	4.4	8.0	6.5
100 million to 500 million	12.0	13.5	16.8	13.6
500 million to 1 billion	6.2	7.0	7.9	6.5
1 billion and over	19.2	21.7	19.8	17.1

1. Excludes credit unions.
2. Excludes credit unions, which accounted for 0.6 percent of all MMDAs.
3. Excludes credit unions, which accounted for 0.7 percent of all personal MMDAs.

The apparent advantage of commercial banks over thrift institutions may derive in part from differences in clientele. Business customers may be more likely than households to shift to

5. Market shares of Super NOW accounts

Month	Commercial banks	Thrift institutions: Savings and loans	Thrift institutions: Mutual savings banks	Thrift institutions: Credit unions	Thrift institutions: Total	All institutions
	Monthly average level (billions of dollars, not seasonally adjusted)					
1983–January	8.4	2.9	.4	1.6	4.9	13.3
February	15.2	4.7	.6	2.2	7.5	22.7
March	18.1	5.3	.8	2.3	8.4	26.5
	Percent of interest-bearing checkable deposits					
1983–January	10.2	18.5	8.5	34.0	19.5	12.4
February	18.2	28.3	12.5	44.9	28.4	20.6
March	20.9	30.5	16.0	46.9	30.3	23.2

MMDAs, and business deposits are concentrated at commercial banks, and so shifts from business accounts would tend to boost the commercial bank share of the MMDA market. Indeed, as table 4 indicates, personal MMDAs were more evenly distributed between commercial banks and thrift institutions, although the basic impression that commercial banks and larger institutions captured a relatively high share of MMDAs remains unchanged.

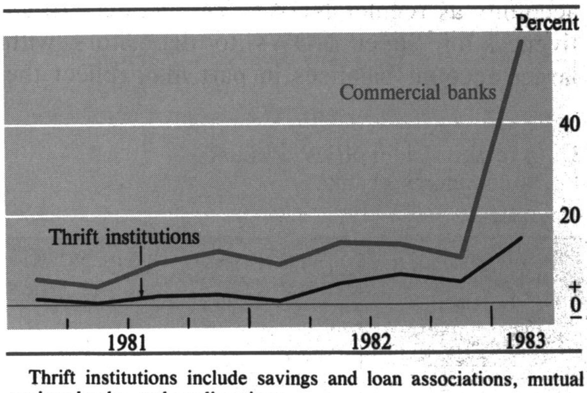
Any comparison of shares in the MMDA market with shares of savings and small-denomination time deposits could be misleading. Because MMDAs may be issued in large denominations and because commercial banks already had the higher share of large-denomination time deposits, those institutions would be expected to get a bigger portion of MMDAs shifted from large CDs. In fact, in a comparison of MMDA shares with those for *total* time and savings deposits before the introduction of the MMDA (table 4), the advantage of commercial banks over thrift institutions or of larger institutions over smaller ones is less apparent.

As in the case of MMDAs, commercial banks account for most of the Super NOW balances. However, their share of this instrument may be somewhat smaller than expected given the concentration of transaction balances at these institutions. In March, Super NOWs accounted for only about one-fifth of total interest-bearing checkable deposits at commercial banks, compared with 30 percent at thrift institutions (table 5). The proportion of interest-bearing checkable deposits held in Super NOWs also varied among categories of thrift institutions. The high ratio for credit unions probably reflects a statistical artifact; these institutions could offer ceiling-free share draft accounts even before the DIDC authorized a Super NOW, and many of them already were paying more than 5¼ percent on transaction deposits, which would automatically be categorized as Super NOWs.

Balance Sheet Adjustments at Depository Institutions

Although most MMDA balances represent shifts from other deposit accounts, the inflow of new deposits to this instrument has been substantial. These inflows are reflected in the surge of combined savings, small-denomination time deposits, and MMDAs during the first quarter of this

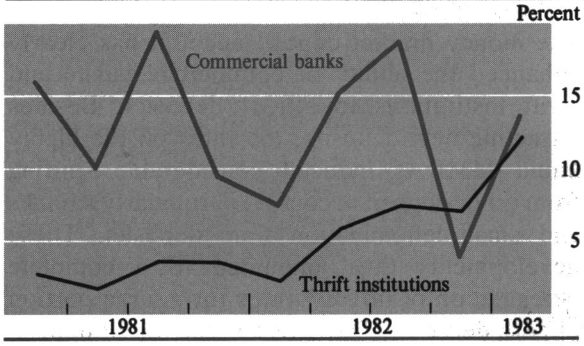
3. Growth in savings, small time deposits, and MMDAs



Thrift institutions include savings and loan associations, mutual savings banks, and credit unions.

Annual rates of growth based on seasonally adjusted quarterly average deposits.

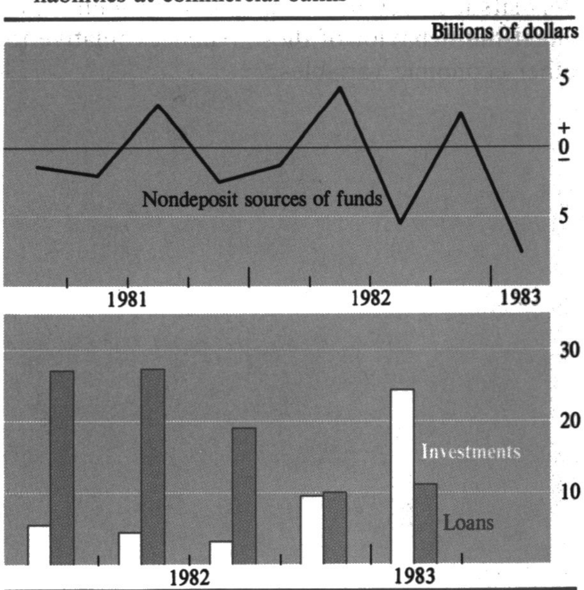
4. Growth in savings, total time deposits, and MMDAs



Thrift institutions include savings and loan associations, mutual savings banks, and credit unions.
Annual rates of growth based on seasonally adjusted quarterly average deposits.

year, which was particularly pronounced at commercial banks (chart 3). As indicated earlier, some MMDA funds were shifted directly from large CDs, while depository institutions, especially commercial banks, sharply reduced their issuance of large CDs in the wake of the success of MMDAs. Consequently, the pickup in the growth of savings and total time deposits (including large CDs) in the first quarter was less dramatic, though it was still noticeable (chart 4).

5. Net change in selected assets and liabilities at commercial banks

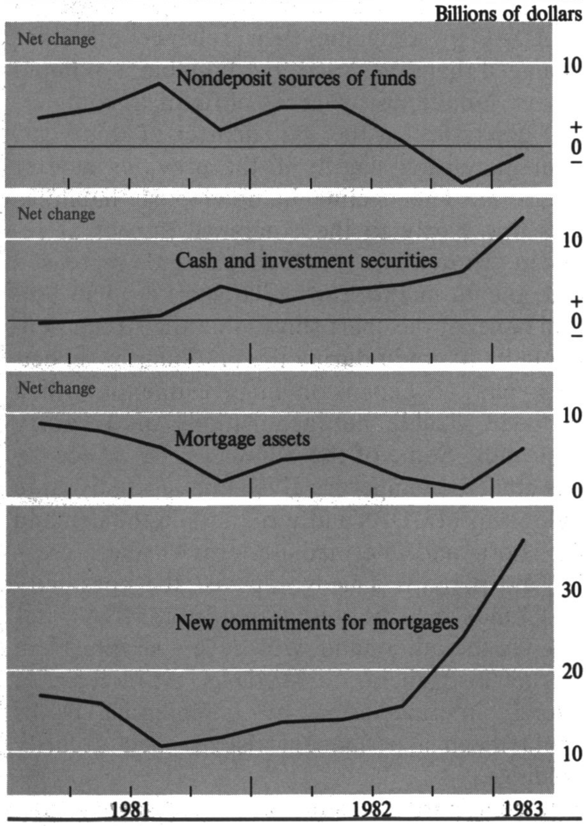


Nondeposit sources of funds consist of net Eurodollar borrowings, borrowings from other than commercial banks, plus loans sold to affiliates.
Quarterly average net changes.

Besides cutting back on issuance of large CDs, commercial banks reacted to the surge in MMDAs by reducing their reliance on other managed liabilities and by building up liquid assets. Nondeposit sources of funds at commercial banks fell in the first quarter of this year, after increasing slightly in the previous quarter (chart 5). The decline in nondeposit liabilities was due partly to the combined impact of reduced Eurodollar borrowings and increased placements in the Eurodollar market. The bottom panel of the chart shows that the strengthening in bank credit during the first quarter reflected a marked expansion in investments, which included sizable net acquisitions of Treasury securities. Some of the buildup in liquid securities could be temporary given unexpectedly large inflows to MMDAs and weakness in the demand for short- and intermediate-term business credit—and perhaps a hedge against the possibility that funds may be withdrawn as MMDA rates fall. On the other hand, with savers shifting from market instruments to MMDAs, an increase in overall intermediation by commercial banks could mean a permanent rise in their security holdings.

Recent portfolio adjustments at savings and loan associations were similar in some ways to those at commercial banks. At federally insured savings and loan associations net acquisitions of cash and investment securities, which had been trending upward for some time, accelerated sharply in the first quarter of 1983 (chart 6). However, these thrift institutions do not appear to have deemphasized their reliance on managed liabilities to the same degree as commercial banks. On a quarterly average basis, savings and loan associations reduced their borrowings (excluding retail repurchase agreements) in the first quarter of 1983 by less than in the previous quarter, and in the latter part of the first quarter of this year these thrift institutions actually began to increase the level of their borrowings. In addition, while lending at commercial banks remained sluggish, mortgage-related lending at savings and loan associations picked up noticeably in early 1983. Moreover, the continued strength in new commitments for mortgage loans (the bottom panel) probably foretells further growth in the volume of mortgages extended by savings and loan associations.

6. Federally insured savings and loan associations



Nondeposit sources of funds consist of Federal Home Loan Bank advances and other borrowings, excluding retail repurchase agreements. Net changes in nondeposit sources of funds, cash and investment securities, and mortgage assets are quarterly averages.

Summary and Conclusion

The money market deposit account has clearly enhanced the ability of commercial banks and thrift institutions to attract deposits. Besides attracting new deposits, the rates on the highly liquid MMDAs induced considerable shifting from other deposit accounts, particularly savings and small-denomination time deposits. These developments thus amounted to a complete deregulation of interest rates for a large portion of core deposits. The general reaction of depository institutions to the surge in MMDAs was to reduce managed liabilities and to build up liquid assets, while savings and loan associations stepped up their acquisitions of mortgage assets. How commercial banks and thrift institutions will adjust their portfolios in the longer run remains to be seen, but depository institutions may be expected to take into account the tendency for MMDAs to increase the sensitivity of the cost of funds to changes in market interest rates.

The initial impact of Super NOWs has been less dramatic than that of MMDAs. Flows into these accounts, which have been comparatively small, primarily reflect shifts from other transaction accounts. Nevertheless, the introduction of the account is important: as Super NOWs become a larger share of household transaction deposits included in M1, they could significantly affect the behavior of those balances relative to other economic variables. □

Alternative Mortgages and Truth in Lending

This article was prepared by Susan M. Werthan of the Board's Division of Consumer and Community Affairs.

Alternative mortgage instruments—mortgages that differ from standard fixed-rate, level-payment mortgages—have become popular in recent years. High inflation and high, volatile interest rates have made the standard fixed-rate mortgage unattractive to many lenders and borrowers. In order to shift some of the risk of volatile interest rates to borrowers, lenders have devised a variety of new financing plans. Mortgages with adjustable or renegotiable interest rates allow lenders to change periodically the interest rate charged to borrowers as market interest rates fluctuate, and short-term mortgages effectively serve the same purpose. Other financing plans, such as growing-equity mortgages, have fixed interest rates but provide for increasing payments and shorter loan maturities.

Some types of alternative morgages make it easier for borrowers to qualify for loans when interest rates are high. In particular, plans with graduated-payment features reduce initial monthly payments and provide for higher payments in the later years of the loan term, when the borrower's income can be expected to be higher. Some mortgages embody features of both adjustable-rate and graduated-payment contracts, allowing lenders to reduce their interest rate risk and making mortgage credit more affordable for home buyers.

This article examines the role of the Board of Governors of the Federal Reserve System in regulating alternative mortgages. Although the Board does not regulate the types of mortgages that may be offered by lenders, it is responsible for implementing the Truth in Lending Act through Regulation Z. Thus the primary function of the Federal Reserve regarding alternative mortgages is to regulate the disclosure of their terms to consumers.

Consumer Confusion

Disclosures about alternative mortgages are particularly important because the complexity of some arrangements and the wide variety of alternative mortgages in the marketplace seem to confuse consumers. Moreover, recent legislative changes that have given more lenders authority to offer alternative mortgages could result in more varieties of plans and still more confusion.

The confusion is substantiated by a recent survey that was commissioned by the Federal National Mortgage Association (FNMA). This nationwide survey was conducted in March and April 1982 to help FNMA develop new mortgage-purchase programs. The survey notes that most of the consumers who are aware of the newer types of mortgages do not understand how these instruments work. This finding is also noted in *The Report of the President's Commission on Housing,* published in 1982. That report suggested that the government has a role in educating consumers about alternative mortgages.

A brief look at some alternative mortgages reveals why consumers are confused. Generally, such mortgages permit the interest rate, the payment amount, the term of the loan, the principal amount of the loan—or all of these features—to vary. For instance, in a graduated-payment adjustable-rate mortgage, payments vary as a result of adjustments both in interest rates and scheduled payments. Because the early payments do not cover the amount of interest due, adjustments are also made to the principal amount of the loan. A growing-equity mortgage involves increases in scheduled payments without any adjustments in interest rates: the increases in payments are applied to principal, thus reducing the loan term.

Other alternative mortgages involve parties besides traditional institutional lenders, whose participation calls for new and sometimes complex loan terms. For example, in a sluggish sales market, a developer may agree to pay a lender to offer below-market-rate or zero-rate mortgages to purchasers of the developer's homes. These "buydown" arrangements may take different forms. A contract between the lender and the developer may specify an amount paid, and that amount may be translated into a below-market rate in the borrower's note; or the lender may simply send a letter about the buydown to the borrower and not reflect it in the note.

Two recent developments may broaden the already wide variety of alternative mortgage instruments. First, the federal regulations governing adjustable-rate mortgages have been liberalized. Regulations that have been promulgated by the Federal Home Loan Bank Board (FHLBB), the Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration allow federally chartered lenders, including savings and loan associations, banks, and credit unions, to offer adjustable-rate mortgages. Gradually, during the past few years, amendments to these regulations have removed virtually all of the restrictions on adjustable-rate features so that lenders may structure their own plans and adjust the interest rate and payments in any way they wish.

Second, lenders that are not federally chartered are authorized to make loans in accordance with federal regulations governing alternative mortgages. Title VIII of the Garn–St Germaine Depository Institutions Act of 1982 (DIA) allows all housing creditors to make, purchase, and enforce alternative mortgages. State laws that have restricted state-chartered lenders from making alternative mortgage loans are preempted unless state law overrides the DIA provision within three years.

TRUTH IN LENDING AND ITS APPLICATION TO MORTGAGES

The Truth in Lending Act requires creditors to disclose to consumers the terms of all consumer credit transactions. These disclosures permit consumers to determine the cost of different credit transactions and to shop for the best terms. The act requires creditors to disclose basic credit terms, such as the payment amounts, the finance charge, and the total of payments. However, the annual percentage rate (APR) is the most important disclosure. It blends the interest rate and other credit charges, such as mortgage insurance, points, and loan origination fees, into a uniform measure of cost.

Consumers can use the APR to compare credit costs at various points in the shopping process, such as checking advertisements, applying for a loan, or closing a loan. First, the Truth in Lending Act requires that any rate of finance charge stated in an advertisement must be an APR, and thus makes it easy for consumers to compare credit terms early in the shopping process. Second, for certain purchase-money mortgages that are subject to the Real Estate Settlement Procedures Act, a creditor must provide disclosures within three days of receiving a consumer's application. Unlike most of the other changes made by the Truth in Lending Simplification and Reform Act of 1980, this provision imposes an additional requirement on creditors who, for most transactions, need not provide disclosures until consumers become obligated on a transaction. Because of the importance of home purchases and the large sums involved, the Congress decided that this provision was necessary to give consumers more time to shop for purchase-money mortgages than for other transactions. Third, before a consumer becomes contractually obligated on a credit transaction, a creditor must provide a complete set of truth in lending disclosures. Although this point is late in the shopping process, this procedure still offers the consumer a chance to withdraw from the transaction.

How much consumers use truth in lending disclosures as a tool for comparing alternative mortgage plans is difficult to assess. Those disclosures are not well tailored to many alternative mortgages because they are based on the underlying assumption in the statute that a loan will run to maturity on the terms established at the outset of the transaction. In fact, most mortgages—even traditional ones—do not run to maturity; moreover, alternative mortgages are based on the very assumption that the terms will change. For instance, an adjustable-rate mortgage may have complex provisions governing the amount of rate changes and the indexes that trigger changes, which are not reflected in the APR. Nevertheless, instead of taking possible rate changes into account, creditors calculate the APR on the assumption that the initial rate will remain in effect through the life of the mortgage (although creditors must give an example of an increase in payments or longer maturity of the loan that could result from a change in rate).

Although available evidence suggests that consumers are generally aware of credit rates and use them in shopping for credit, no studies have specifically measured whether consumers understand and use the APR in comparing mortgages. On the face of it, the disclosure of the APR has some value for consumers who are comparing the terms of various alternative mortgage plans. No other single measure expresses complex credit terms in a uniform way, a factor of particular importance in a mortgage transaction, which is the single most significant credit decision a consumer makes.

Specific Disclosures for Alternative Mortgages

Whatever the merits of truth in lending disclosures in alternative mortgages, the Board has the task of matching the law's requirements with plans emerging in the marketplace. It uses the staff commentary to Regulation Z to explain the requirements of that regulation and to apply its provisions to specific alternative mortgage plans. The commentary is to be updated at least annually to address new financing arrangements as they arise. Updating of the material concerning mortgages has been particularly helpful because of rapidly changing mortgage instruments. Moreover, the commentary is important to creditors because those who follow its requirements may rely on it as a defense in civil suits for truth in lending violations.

Variable-Rate Disclosures

Several types of alternative mortgages require variable-rate disclosures under Regulation Z. Creditors must give consumers specific information about a variable-rate feature in any transaction in which the APR may increase after consummation of the transaction. This information includes the circumstances under which the rate may increase, any limitation on that increase, the effect that an increase may have on payments or other loan terms, and an example of payment terms that could result from an increase. All the calculations are based on the rate in effect at the beginning of the transaction. Rather than requiring creditors to predict movements in a rate, the regulation adopts the view that it is more helpful to consumers to describe the circumstances that will lead to rate changes and give an example of a payment change that could result from a rate increase.

The variable-rate provisions in Regulation Z are used extensively in providing disclosures to consumers because the commentary applies them not only to typical adjustable-rate mortgages, but also to several other types of alternative mortgages—for example, rollover mortgages (ROMs), also called renegotiable-rate mortgages. A ROM is a series of short-term notes (each with a fixed interest rate) secured by a long-term mortgage, and so the APR will not increase during the term of a note. The notes in the series typically fall due every three to five years during the term of the underlying mortgage, and at those times the interest rate is "renegotiated" and a new note reflecting that rate is signed. When a consumer finds the new rate proposed by the lender unacceptable, he or she must find another lender to refinance the loan to pay off the balance due to the original lender.

For truth in lending purposes, the ROM is considered a single long-term variable-rate mortgage, rather than a series of fixed-rate mortgages. For example, in a ROM involving a series of six five-year loans with the initial loan at a 12 percent interest rate, the truth in lending disclosures are based on the 30-year term of the entire series of notes, rather than the five-year term of the initial loan. Although the disclosed payment schedule, finance charge, total of payments, and APR are based on the initial 12 percent rate, the disclosures must also state that the rate may increase every five years according to a specified index, with a corresponding increase in the consumer's monthly payment. The other variable-rate information about limits on increases and an example of a payment change also must be given. Because the information about rate increases is provided to the consumer at the beginning of the loan, the creditor need not provide any additional truth in lending disclosures when the interest rate is renegotiated.

The shared-appreciation mortgage (SAM) is another type of alternative mortgage that technically is not a variable-rate mortgage providing for periodic rate adjustments but nonetheless is subject to the variable-rate disclosures required by truth in lending. Also known as an equity-participation mortgage, this plan involves a short-term loan with a large balloon payment, typically due in ten years. The creditor offers a fixed below-market rate of interest, and the consumer agrees to pay the lender a specified share in the appreciated value of the home at the end of the loan term. If the consumer sells the home sooner, the share must be paid then. If the property is not sold before the note matures, it is appraised and the consumer must pay the lender a share of its appraised value or refinance the amount due. (If the home has depreciated in value, the lender collects only the principal amount due at the time of sale or at maturity.)

The commentary requires that the creditor disclose several details of the shared-appreciation feature. Although the disclosures are based on the below-market interest rate during the term of the loan, the creditor must disclose that the rate may increase at the end of the loan term or upon sale of the home, that any increase will be collected in a lump-sum payment to the lender, and that the lender's share in the appreciated value is limited to a specified amount. An example of the dollar amount of appreciation that may be due to the lender also must be provided. Although this format calls for calculations based on the below-market interest rate, it at least puts a consumer on notice that a very large payment may be due to the lender at a later time, even if the home is not sold. Such information is important because should the consumer wish to keep the property, he or she will have to refinance the loan to make that payment.

Growing-equity mortgages (GEMs) may be treated as variable-rate mortgages in some cases. Although GEMs provide for a fixed rate of interest, the monthly payments increase annually during the term of the loan. Because the interest rate remains constant while the payments increase, the principal is repaid more quickly than it would be in a conventional mortgage. For instance, a GEM may be paid off in full after 12 years, in contrast to 25 years for a fixed-rate mortgage at the same interest rate.

The commentary provides that disclosures like those for variable-rate mortgages may be made by lenders offering GEMs in which the payments cannot be determined at the outset. For instance, this option can be used for GEMs with payments tied to the Commerce Department's index of disposable income. The disclosures are calculated using the fixed interest rate and initial payment for the entire term of the loan, even though the term will be much shorter because of the annual increases in payments. However, creditors must disclose information about the payment increases, including the index to which increases are tied, any limitation on the amount of those increases, and an example of an increase. If creditors do not use this format, the commentary permits them to estimate the amount of annual increases in payments and to reflect those amounts in the payment schedule. In this option the disclosure statement reflects the shortened term of the loan. The creditor must indicate that these disclosures are estimates, but need not give any information about the index used to adjust payments.

However, some GEM plans involve payments that can be determined at the outset, and the variable-rate disclosure is not applicable to them. For instance, in GEMs that call for a fixed annual increase of 4 percent in payments, each successive level of payments must be disclosed, along with the APR based on the varying payments and the shortened term of the loan.

The treatment of ROMs, SAMs, and certain GEMs as variable-rate mortgages illustrates the Board's policy of avoiding the proliferation of complex rules for highly specific transactions. The commentary represents instead an attempt to apply the existing rules to new mortgage forms. Even though ROMs, SAMs, and GEMs do not contain an APR that may increase during the term of the transaction, the commentary likens them to variable-rate mortgages and fits them into existing rules. The rationale that applies to variable-rate disclosures applies to disclosures for these mortgage plans as well. Because creditors cannot accurately predict the movement of various indexes or increases in home prices, they are permitted in all of these transactions to calculate their disclosures on the initial rate as long as the required information about future changes accompanies those disclosures.

Exemption from Variable-Rate Disclosures

Even though they fit the definition of a variable-rate mortgage embodied in Regulation Z, some mortgages are exempt from the disclosure requirements for that type of instrument because creditors are subject to the extensive disclosure requirements of other federal regulations. These creditors must give all the other truth in lending disclosures but need not provide the variable-rate information. The Board provides the exemption to avoid duplicate disclosure requirements.

Three types of creditors that extend adjustable-rate mortgages qualify for this exemption: first, creditors that are required to comply with variable-rate regulations issued by other federal agencies, such as federal savings and loan associations and national banks; second, state-chartered creditors that are required by state law to comply with those regulations; and third, housing creditors that are specially authorized by the DIA to extend mortgages in accordance with those regulations.

The regulations issued by the FHLBB and the OCC specify the information that must be provided to consumers. For instance, both agencies require lenders to explain in writing how the index used affects the interest rate and payments, and to give a source for the index values. (The OCC also requires lenders to include a ten-year series of the index.) Creditors must give an example of the way the payment terms might change during the loan; and they must provide this information to consumers no later than the time of the loan application, which is earlier than required under truth in lending. Because these other regulations require that more detailed variable-rate information be provided to consumers in time to be used for shopping purposes, no variable-rate disclosures are required under truth in lending.

Disclosures for Buydowns

The commentary also contains special disclosure rules for other types of alternative mortgages. In particular, guidelines are established for buydowns, of both the third-party and the consumer type. A third-party buydown often involves a developer who promotes sales by making a lump-sum payment to a lender in exchange for which the lender collects a below-market rate of interest for the first few years of a mortgage. The fee from the developer allows the lender to earn a market yield. It is typically kept in an escrow account from which withdrawals are made to supplement the consumer's monthly payments. At the end of the buydown period, the consumer becomes liable for the entire amount of the monthly payments.

The disclosures required in third-party buydown arrangements depend on whether the credit contract between the lender and the consumer reflects the buydowns. In many cases the buydown agreement between the lender and the third party is an informal side agreement that is not a legal modification of the credit contract. Thus that contract legally binds the consumer to the nonsubsidized interest rate, and the truth in lending disclosures do not reflect the buydown. Because technically the consumer could be held liable for payments at the higher rate, the disclosure calculations are based on that rate for the entire term of the transaction. On the other hand, if the credit contract itself reflects the buydown agreement, the disclosures reflect the lower interest rate and payment amount for the buydown period.

A different disclosure rule applies if the consumer pays the fee to buy down the rate; then the truth in lending disclosures must always reflect the buydown amount. Even if the buydown agreement is contained in a document completely separate from the credit contract, it must be reflected in the disclosures. The fee must be treated as a prepaid finance charge, and the payment schedule must reflect the lower payments during the buydown period. The APR will be affected by the prepaid finance charge and the varying payment streams.

The commentary also lays down special rules on advertising buydowns. Generally, the truth in lending rules require that advertisements contain the same information as the disclosure statement does. But if this requirement were strictly applied, many advertisements of third-party buydowns could not show the buydown. This situation would occur when a lender's credit contract with a consumer did not reflect a buydown agreement between that lender and a third party. Therefore, the commentary permits advertisements to state the bought-down interest rate as long as they also show the period during which the initial rate applies, the interest rate that applies to the balance of the loan term, and the correct APR. The lower monthly payments for the buydown period also may be shown without triggering the additional disclosures that would normally be required by the regulation. This rule allows developers or other parties in a buydown arrangement to advertise the lower interest rate to consumers.

CONCLUSION

Although the economic conditions that stimulated the use of alternative mortgages have eased somewhat in recent months, lenders may continue to market these plans to minimize the problems posed for borrowers and investors by traditional long-term fixed-rate mortgages. Promoting consumer understanding of these relatively new mortgage forms through disclosures is important, especially in view of the evidence of consumer confusion. When consumers undertake adjustable-rate mortgages subject to other federal disclosure requirements, they receive valuable information without truth in lending disclosures. In other cases, truth in lending disclosures may be the only explanation of contractual terms that they get.

Administering truth in lending for alternative mortgages is difficult for the Board because a set of disclosure rules may not remain applicable as new programs are continually devised. In particular, the assumption of truth in lending calculations that a loan will run to maturity on the terms in effect at its outset does not fit most alternative mortgages. As new programs are marketed, the Board must determine whether consumer understanding is served better by fitting them into the existing disclosure rules or by developing new rules. Specially tailored new rules, although technically more accurate, would add to the complexity of the truth in lending rules and could result in confusing disclosures for consumers. They might thus add to the confusion they were intended to alleviate. □

Staff Studies

The staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. In some instances the Federal Reserve System finances similar studies by members of the academic profession.

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

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

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STUDY SUMMARY

FINANCIAL TRANSACTIONS WITHIN BANK HOLDING COMPANIES

John T. Rose and Samuel H. Talley—Staff, Board of Governors

Prepared as a staff paper in early 1983

In the past fifteen years, most of the nation's major banks have adopted the holding company form of organization and have subsequently expanded by acquiring banks and nonbank firms engaged in such activities as mortgage banking, consumer finance, leasing, and factoring. One aspect of the bank holding company structure that has received increasing attention in recent years—both as a topic for research and as a matter of public interest—concerns financial transactions between affiliates within the holding company organization.

This study explores financial transactions within bank holding companies in both a theoretical and an empirical context. In theory, financial transactions between two affiliates of a holding company may be expected whenever the two units operating individually do not have the same *equilibrium* level of marginal revenue and marginal cost; that is, one affiliate has both a higher marginal return on investments and a higher marginal cost of funds than the other when each separately is in equilibrium. Thus the direction of the flow of funds between bank and nonbank affiliates within a holding company depends on the relative configurations of the marginal revenue and marginal cost functions of the two sectors of the organization.

Market and regulatory considerations point to a lower marginal cost function for banks relative to their nonbank affiliates, but are ambiguous as to whether banks have a higher or lower marginal revenue function than the nonbank units. As a result, the anticipated direction of fund flows between the two sectors of a holding company is also ambiguous.

In order to determine the recent flow of funds between holding company banks and their nonbank affiliates, data were collected on two major types of interaffiliate financial transactions—extensions of credit and transfers of assets—over the 1975–80 period. The data generally point to a net downstream flow of funds from the nonbank sector to the bank sector of a holding company. This pattern is evident in both interaffiliate extensions of credit and transfers of assets, and implies that holding company banks generally have a higher marginal revenue function than does the nonbank sector as well as a higher equilibrium level of marginal revenue and marginal cost when each sector is operating separately.

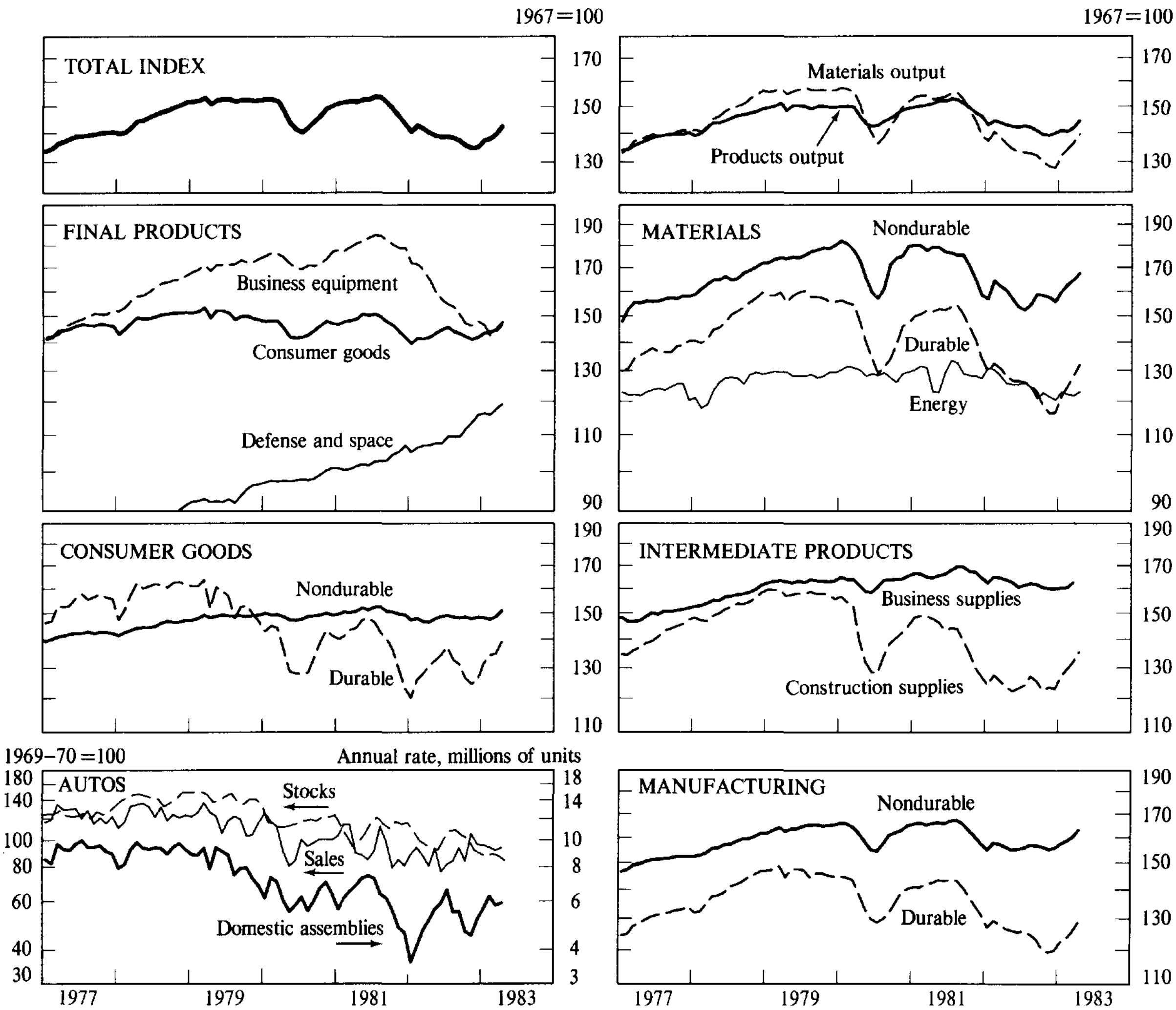
The net downstream flow of funds is generally stronger in the case of extensions of credit than transfers of assets. In part, this result may reflect the restrictions on upstream credit extensions imposed by section 23A of the Federal Reserve Act. Specifically, the fact that banks did not extend large amounts of credit to their nonbank affiliates during the period of study is consistent with the claim of bankers that the collateral requirements of section 23A have represented a real constraint on such lending. In this regard, recent legislation enacted by the Congress substantially expands the types of collateral that banks can accept when lending to their affiliates. Therefore, the flows of funds within bank holding companies in the future may be significantly different from the general patterns observed in this study. □

Industrial Production

Released for publication May 13

Industrial production increased an estimated 2.1 percent in April following advances of 1.2 percent in March, 0.4 percent in February, and 1.6 percent in January; the increases in each of these three recent months were revised upward 0.1 percent. Gains in output in April were widespread, and large advances occurred in the production of durable and nondurable materials, consumer goods other than autos, and construction supplies. The increase in April brought the level of the total index to 142.6 percent of the 1967 average, almost 6 percent above the November 1982 low, but still about 7 percent below its high in July 1981.

In market groupings, production of durable consumer goods in April advanced more than 3



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Apr. 1982 to Apr. 1983
	1983		1982	1983				
	Mar.p	Apr.e	Dec.	Jan.	Feb.	Mar.	Apr.	
	Major market groupings							
Total industrial production	**139.7**	**142.6**	**.2**	**1.6**	**.4**	**1.2**	**2.1**	**1.7**
Products, total	141.9	144.5	.6	.7	−.3	1.0	1.8	1.1
Final products	140.3	142.9	.9	.4	−.6	.8	1.9	.2
Consumer goods	144.7	147.7	.5	1.1	.2	.6	2.1	3.9
Durable	135.0	139.3	1.0	4.5	2.1	.4	3.2	6.6
Nondurable	148.6	151.0	.3	−.1	−.5	.7	1.6	3.0
Business equipment	144.1	146.7	1.2	−1.0	−2.6	.9	1.8	−11.0
Defense and space	117.8	119.1	2.0	.4	−.3	1.6	1.1	11.1
Intermediate products	147.4	150.5	−.2	1.6	1.0	1.6	2.1	4.7
Construction supplies	132.1	135.5	−.3	3.3	2.0	1.9	2.6	9.6
Materials	136.5	139.5	−.5	3.3	1.7	1.6	2.2	2.4
	Major industry groupings							
Manufacturing	139.9	142.9	.4	1.6	1.0	1.4	2.1	3.0
Durable	125.9	129.0	.5	2.2	1.0	1.8	2.5	1.8
Nondurable	160.1	163.1	.2	1.2	.8	.9	1.9	4.5
Mining	113.7	113.4	1.4	3.0	−5.3	−1.6	−.3	−15.4
Utilities	164.8	167.3	−1.5	−.7	−.8	1.9	1.5	−2.2

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

percent as home goods, particularly appliances and carpeting and furniture, registered strong gains. Auto assemblies edged up to an annual rate of 5.9 million units from a rate of 5.8 million in March. Output of nondurable consumer goods increased 1.6 percent as all major components rose. Production of business equipment increased further by almost 2 percent, reflecting sizable gains in manufacturing, commercial, and transit equipment; however, building and mining equipment declined again. Output of defense and space equipment increased 1.1 percent. Production of construction supplies continued to recover rapidly, rising 2.6 percent in April.

Output of materials increased 2.2 percent in April as both durable and nondurable goods materials rose sharply further. Among durable materials, which have advanced more than 13 percent since the trough, substantial gains occurred in all major components. Within the nondurable materials, increases in output were pronounced in chemicals and textiles. Production of energy materials increased 1 percent as generation of electricity rose.

In industry groupings, output of total manufacturing advanced 2.1 percent in April and was 6.6 percent above the low in November 1982. Production of durable manufactures continued to increase sharply with the most notable gains in the primary metals, electrical machinery, furniture, and lumber industries. Output of nondurable manufactures also rose strongly—almost 2 percent—with sizable increases in the textile, chemical, petroleum products, and rubber and plastics products industries. Mining activity edged down further as oil and gas well drilling declined. The output of electric and gas utilities rose 1.5 percent in April.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 12, 1983.

I welcome the opportunity to meet again with this committee to discuss the objectives and conduct of monetary policy. The Federal Reserve's official monetary policy report to the Congress was submitted in February.[1] Given the extensive nature of that report, my earlier testimony before the Senate Banking Committee, and your request to be brief, my comments today will be limited largely to updating the previous report.

When the Federal Open Market Committee (FOMC) was considering its annual growth ranges for money and credit in early February, incoming economic data were suggesting that a recovery was probably beginning. Price data had for some time shown an encouraging drop in inflation, and a significant downward adjustment in petroleum prices appeared likely. The general view of the FOMC was that a moderate expansion in activity was likely this year and that this upturn would be consistent with continuing progress against inflation.

Subsequent developments have been consistent with that outlook. The pace of recovery has been uneven from month to month; but this is not out of the ordinary, and production, employment, and spending all have moved up significantly. The size of the pickup in home building has been especially notable, coming as it has in the context of mortgage rates that are still high by historical standards. Inventory liquidation, which took place at a high rate in late 1982 and in January of this year, appears to be subsiding, providing short-term impetus to activity.

1. "Monetary Policy Report to Congress," *Federal Reserve Bulletin*, vol. 69 (March 1983) pp. 127–40.

The major sector that is continuing to lag is business capital spending, and exports remain depressed. Sluggish capital spending is not unusual during the early stages of an upturn, and exports are reflecting in part relatively slow economic performance abroad. But developments in those sectors also emphasize the remaining risks and uncertainties in the medium-term outlook, related in substantial part to the actual and potential pressures on interest rates and financial and foreign exchange markets growing out of the prospects for continuing huge federal deficits and remaining inflationary concerns.

Currently, price performance has, if anything, been better than anticipated. Consumer prices were essentially unchanged between December and February, while producer prices declined about 1 percent over that period. I recognize that declines in energy prices have been a major factor in this recent price behavior, and the data clearly overstate the progress that has been made in reducing the underlying trend of inflation. But in recent quarters, wage increases overall have moderated further to annual rates of 4 to 5 percent, providing, together with increases in productivity, a base for further slowing in unit labor costs.

At the same time, however, it is a troubling fact that a few recent wage settlements seem widely out of keeping with recent favorable price trends. Special considerations apparently influenced those settlements, but a tendency toward generalization of cost-increasing wage bargains would clearly impair longer-term inflationary prospects and ultimately the sustainability of recovery.

The simple fact is that we have come a long way in setting the stage for noninflationary expansion in which unemployment will decline and workers can again enjoy lasting increases in real income. But that process needs to be nurtured with care and discipline.

In no area is that discipline required more than in the federal budgetary process. I take encouragement from the successful effort to reach a compromise on the social security legislation, helping to reestablish the financial viability of that system. But that is only a small step toward dealing with the structural budget deficit that looms ahead. The coming weeks will be critical to that effort, and your decisions are bound to have a large bearing on the outlook for interest rates.

Our monetary targets for the year were set out in detail in my earlier statements. As indicated earlier, after a period of considerable institutional and other distortions in monetary relationships, those objectives will be reviewed as necessary in the light of all the evidence about the relationships between money and credit growth, on the one hand, and economic activity and inflation, on the other. Deposit flows in response to the advent of the money market deposit and Super NOW accounts have been massive. As expected, these inflows have had a major impact on the growth rates of some of the aggregates—particularly M2. More broadly, for much of 1982 and continuing into 1983, movements in "velocity" have deviated significantly from past patterns. Necessarily in these circumstances, we have put a greater premium on judgment and less on "automaticity" in our operational decisions in responding to movements in the aggregates in recent months.

Starting with M3, the broadest monetary aggregate, growth appears to have been affected relatively little by the new instruments, as banks and thrift institutions responded to the stronger inflows into the new accounts included in M2 by running off a portion of their large certificates of deposit (CDs). In addition, declines in the money fund component that is included only in M3 also have offset part of the strength in M2 balances. Taking account of somewhat slower growth in March, the current level of M3 is very near the upper end of the FOMC's 6½ to 9½ percent annual range.

M2 has been most distorted by the impact of the new accounts. *Precise* calculation of the amount of funds diverted into that aggregate from assets not included in M2 is simply not feasible, and for that reason the target range set in February for that aggregate pertains to the period after the first quarter, by which time the distortions are expected to abate. Based upon the estimates of shifting that are available, underlying growth in M2 appeared to have been fairly strong for the first two months of the year, but some slowing seems to have developed in March.

Looking ahead, the annual growth range for actual M2 of 7 to 10 percent measured from the average of February and March still appears reasonable. That range allows for some limited residual shifting over the remainder of the year.

The impact of the new accounts on M1 also has been difficult to assess, but in recent months probably has been largely offsetting. Obviously, M1 has been growing at a rate substantially above that implied by the annual target of 4 to 8 percent, and faster relative to gross national product than would be suggested by past relationships. To some extent—but it cannot be measured with any degree of certainty—the decreases in "velocity" may reflect the changing nature of M1; with interest-bearing NOW and Super NOW accounts making up an increasingly large proportion of M1, this aggregate may be influenced by "savings" behavior as well as by "transactions" motives. That is a longer-term factor, and the growth in M1 over the shorter run may have been affected by the reduced level of market interest rates—particularly relative to interest-bearing NOW accounts—and slowing inflation, as well. The range of uncertainty on these points is substantial, and has led the Federal Open Market Committee to place less emphasis on M1 in the implementation of policy over the short term. Nonetheless, prolonged growth at high levels, particularly if the increases are spread among its various components, would be a cause for concern.

The Committee also decided to take explicit account of the growth of total credit in judging the appropriate rate of monetary expansion. While full data are not yet available for the first quarter, preliminary indications are that the aggregate debt of domestic nonfinancial sectors grew well within the 8½ to 11½ percent range projected by the FOMC. Within the total, federal borrowing remains particularly strong, accounting for around 45 percent of the growth. Maintenance of growth in federal borrowing at that proportion of the total would be without parallel in peacetime. For the time being, nonfinancial corporate borrowing has been moderate, largely reflecting reduced needs for external financing of inventory and capital investment. But, with the budget deficit projected to fluctuate around recent rates, an obvious question arises as to the capacity of the credit markets to absorb a resurgence of private credit demands as the recovery gathers momentum.

Taking account of credit as well as monetary behavior, and some indications that the burst of growth in at least the broader monetary aggregates may be subsiding, we believe our policy posture has been broadly consistent with the specific objectives we set out in February. Obviously, that implies an expectation that monetary growth will subside in the coming months, particularly for M2 and M1.

The larger question concerns the development of economic activity and prices during 1983 and beyond. The FOMC has presented the estimates of its members for GNP growth, inflation, and other variables for 1983; while those estimates are now two months old, my sense is that the general contour anticipated today would be similar, perhaps—given recent data—with a bit stronger growth and less inflation. Those estimates, given the range of uncertainty in any forecast, are not out of keeping with the assumptions of the administration and the Congressional Budget Office.

Mr. Chairman, you have requested some comment or response to the "sense of Congress" provision included in the House version of the first budget resolution pointing toward the Federal Reserve establishing numerical "objectives" with respect to certain key economic variables over several years ahead. The Board and the FOMC of course share the common objective of contributing—insofar as monetary policy can—to a growing, fully employed economy in a framework of reasonable price and financial stability. I would emphasize my belief that the "stability" objective is an essential complement of the "growth" objective over any reasonable period of time. But we are also very conscious of the limitations on monetary policy alone in achieving and reconciling those goals.

We now provide relatively short-term projections or forecasts of several economic variables—comparable to the "assumptions" made for purposes of forecasting the budget outcome. Those Federal Reserve projections already provide a means of assessing the budget forecasts in the light of our assumptions as to economic activity. While I am not certain of the intent, the proposed budget resolution language seems to suggest something more—that the Federal Reserve agree upon some combination of growth, inflation, and unemployment as a kind of ideal path toward longer-run objectives and attempt to manipulate monetary policy to stay on that particular path.

The possible implications of that approach need consideration. I believe economic analysis strongly suggests that monetary policy over longer periods is particularly relevant for prices, and that, in any direct or short-term sense, the division between real and nominal GNP growth is not susceptible to monetary manipulation. To suggest otherwise—by requiring the Federal Reserve to establish short-term "objectives" for a variety of nominal and real variables—would be to encourage a degree of "fine tuning," and indeed overreaction to current deviations from trend, that could well be counterproductive in terms of our (and your) basic continuing goals.

Moreover, experience amply demonstrates that economic conditions for even relatively short periods of a year or so cannot be forecast or estimated with the precision suggested by "point" forecasts. I am concerned that attempts by the Federal Reserve to express "objectives" in precise statistical terms year by year would encourage a false belief in the controllability—certainly by monetary policy alone—of an enormously complicated economy subject to a variety of strong forces, internal and external. Obviously, we do need to be concerned with whether the economy is developing reasonably satisfactorily in terms of our continuing long-run objectives—and consider whether policy adjustments are desirable.

But there is more than one pattern consistent with the longer-run basic objectives. Our policy judgments depend upon assessments of the composition of the nominal GNP between real growth and inflation, the implications of short-term deviations from anticipated trends, the source of the "disturbances," and other factors that need to be weighed, one against another. None of this can easily, or at all, be captured by a limited series of statistical macroeconomic objectives at one point in time, and I believe the end result of the effort would be misleading to the Congress and to the public.

I realize that, in a world that has been characterized by a great deal of economic uncertainty and interest rate instability, there is an understandable desire to, in a sense, "pin down" monetary policy in a way that can reduce the uncertainties about our economic future. The relevant question is how best to approach that end in a way that is truly productive and would encourage confidence, while retaining necessary flexibility. And, in that connection, I believe it is especially important in the case of monetary policy to approach the question in a way that will maintain an appropriate longer-term perspective, looking beyond the passing pressures of the day. Certainly, there should be no misconception that, in approaching our long-range objectives, monetary policy can relieve the need for difficult choices on the budget and other areas of economic policy.

All this is a large subject of fundamental significance for the formulation and implementation of monetary policy. It should be carefully and deliberately considered and debated before this committee and other appropriate forums. I would urge that any proposed legislation in this area be taken up in that framework. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, April 12, 1983.

I am pleased to appear before this committee on behalf of the Federal Reserve to discuss a federal preemption of state usury laws governing interest rates on business, agricultural, and consumer loans. As you know, a temporary preemption of business and agricultural rate ceilings, which was passed as a provision of the Depository Institutions Deregulation and Monetary Control Act of 1980, expired on April 1 of this year. The preemption had authorized lenders to charge a rate up to 5 percent above the Federal Reserve discount rate on business and agricultural loans of $1,000 or more in those states with ceilings less than this variable limit. Rate ceilings on consumer loans were not subject to a federal preemption under the act. Rate ceilings on mortgage credit were preempted permanently except in those states that acted to override the preemption prior to April 1. The bill currently before this committee recommends a permanent federal preemption of state usury ceilings on business, agricultural, and consumer credit without imposing an alternative federal limit tied to the discount rate or any other interest rate.

The Board has long been concerned about the adverse impact of usury ceilings on the availability of funds in local credit markets. Usury laws that impose unrealistically low limits tend to reduce the supply of credit to local borrowers by encouraging lenders to channel funds into other investments or to geographic areas where they can earn market rates of return. Alternatively, to compensate for the low interest rates that are legally permissible, lenders may tighten nonrate lending terms and credit standards, thus in effect rationing available credit in socially undesirable ways. Also, financial institutions can often restructure the types of loans they make without altering the use borrowers make of the funds. For example, rather than offer traditional consumer loans subject to an interest rate limit, lenders may offer junior mortgages, which typically are not subject to a usury law, but which nevertheless add to the generalized purchasing power of consumers.

In sum, because money is fungible, it will tend to flow, in one way or another, to the credit markets offering the highest economic rates of return. Given the rapid deregulation of interest rates paid by depository institutions, moreover, the cost of funds to financial institutions in local communities has become increasingly sensitive to national money market developments. This creates an even stronger incentive for these institutions to earn a competitive return on their assets.

Despite the Board's basic opposition to artificial constraints on interest rates, we have had reservations about federal intrusion into an area traditionally regulated by the individual states. In this regard, retention of a provision clearly permitting states to override a federal preemption of their ceilings seems an important minimal protection of state prerogatives. Information collected by Board staff indicates that, as of the middle of last year, a dozen states had at least partially overridden the federal law imposed on them by the Depository Institutions Deregulation and Monetary Control Act of 1980. Among these 12 states, however, usury ceilings on business and agricultural loans were either unspecified or fixed at levels at which they had no effect on credit flows.

Those states that were most restricted by usury ceilings generally did not act to override the preemption. In fact, many states have moved to relax their regulation of interest rates following the passage of the Deregulation Act. Those states that have not relaxed or were slow to relax their usury ceilings, particularly ceilings on consumer loans, frequently have suffered certain costs, as financial institutions increasingly have shifted some lending operations to other states that have no usury constraints.

The Board believes that interest rates are best determined in markets unconstrained by arbitrary rate ceilings of any kind. In the past, we have considered a variable rate ceiling as a preferable alternative to fixed-rate state usury ceilings. However, the Board has viewed the use of the Federal Reserve discount rate as an index inappropriate for a variable interest rate ceiling at either the federal or the state level. Thus, the current bill is to be commended for not tying a variable interest rate ceiling at the federal level to the discount rate.

To summarize, the Board continues to believe that state action rather than federal law should prevail whenever possible in dealing with the problem of fixed-rate usury ceilings. Many states have acted since 1980 to reduce the constraining effect of their usury ceilings on credit availability, and financial conditions have eased recently to the point at which usury ceilings generally are not now a binding constraint. Although these factors weaken the current urgency of the matter, they do not eliminate the underlying need for further action to relax interest rate ceilings. If the Congress determines that this should be done through federal preemption, the Board would urge, first, that the states continue to be permitted whatever degree of override their circumstances seem to dictate and, second, that the Federal Reserve discount rate not be used in any variable ceiling rate scheme. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 21, 1983.

I am pleased to appear before this subcommittee to discuss various issues of supervision and regulation of international lending. These issues and the proposed increase in the financial resources for the International Monetary Fund have been discussed by Chairman Volcker in his testimony on February 2 before the House Committee on Banking, Finance and Urban Affairs, by Governor Wallich in testimony before the House Subcommittee on International Trade, Investment and Monetary Policy, and by Chairman Volcker in testimony before the Senate Committee on Banking, Housing, and Urban Affairs just ten days ago.

I want to reiterate the Federal Reserve Board's support for prompt congressional action on the IMF legislation. Increased financial resources for the IMF will add to its capacity to assist member countries in pursuing orderly adjustments in their balance of payments problems and will buttress the role of the IMF in the international monetary system at a time when that system is being subjected to extraordinary pressures. A strengthened IMF should also be helpful in encouraging countries to avoid adopting restrictive trade policies that would be to the detriment of all trading countries, including the United States.

Increasing the IMF's financial resources, however, will not provide a complete solution to the external financing problems of some major international borrowers. Countries that borrowed excessively in the recent past are now faced with the necessity of adapting to more stringent circumstances. In this adjustment process, some assistance should come from the economic recovery in the major industrial nations, which will improve export markets on a worldwide basis. Some help will also flow from the decline in interest rates from their previous high levels.

In addition, a resolution of the external financial problems of some major borrowers requires a marked slowing in the pace of borrowings in the international markets from that prevailing up to a year ago; in the case of banks, we would expect that lending to such countries generally will be below the growth of capital and of other earning assets, so that relative exposure to such countries will decline. In the late 1970s bank loans to many countries were increasing on the order of 20 to 25 percent per year, a rate that clearly was unsustainable. While a slowdown in new bank lending to the heavily indebted countries is now in process, attempts by banks to reduce their aggregate outstanding credit to these countries would be self-defeating and potentially dangerous. Indeed, as with other large borrowers, some further increase in loans, to make possible an orderly adjustment process, can help preserve the value of the existing loans.

While fully recognizing the need for an orderly adjustment process, the Congress and the public have raised legitimate concerns about the pace and prudence of international lending by banks in recent years, and these concerns lead directly to issues of bank regulation. After reviewing the recent experience, the federal bank regulators have developed a program for strengthening the supervision and regulation of international lending and, in response to a request from the Senate Banking Committee, have prepared draft legislation to embody the major features of this program.

Before reviewing the proposals of the bank regulators, I think it would be useful to discuss briefly the examination and reporting procedures that have been in place over the past few years. This discussion provides a background against which the committee can consider the regulators' proposals now before it.

As noted by your chairman, before 1977 the agencies differed significantly in their approaches toward supervising country exposure. However, beginning in 1977 the banking agencies implemented a number of measures to improve supervisory procedures and to insure basic uniformity of treatment.

In 1977, the three federal banking agencies began collecting the country exposure lending survey on a semiannual basis. This common report allowed the agencies to monitor the exposure of individual banks on a systematic basis. It also insured that the banks themselves had a mechanism for evaluating their own exposure levels. The aggregate information on the amount of lending by U.S. banks to individual countries is published. The information is also provided to the Bank for International Settlements, which aggregates similar data from other major countries on the overall indebtedness of various countries to banks in the major developed countries.

In late 1978 the three banking agencies agreed to new uniform procedures for supervising country risk for banks significantly involved in international lending. In this regard I might note that a study by the Government Accounting Office last year found that the system stresses uniformity among examiners and agencies, and there is also much uniformity in practice. The GAO report did note some areas in which greater uniformity might be needed, and our current proposals are in part responsive to these suggestions.

The examination procedures adopted in 1978 were designed to encourage diversification of loan portfolios, to identify problem credits subjected to transfer risk, to bring to the attention of management comments on country concentrations of loans, and to evaluate the extent to which the banks had satisfactory systems for monitoring country exposure and assessing country conditions.

The new procedures involved the creation of the interagency country exposure review committee (ICERC), comprised largely of senior field examiners, to insure the uniform treatment of transfer risk with respect to comments on concentrations of country exposure. ICERC determines when credits warrant classification due to country risk. It also places countries in one of three broad groups in order to determine the level at which a bank's exposure to a particular country is high enough to warrant mandatory comment. ICERC's determinations are followed jointly by all three agencies. In general, the federal bank regulators are satisfied with the mechanisms, including ICERC, that have been established in recent years to provide uniform treatment of international lending by banks. For this reason we are not recommending any change in those arrangements in the new program.

In making determinations about the level of transfer risk in lending to various countries, ICERC has available a considerable amount of information. To provide a starting point for analysis of country conditions by the ICERC, comparable quantitative information was developed for about 70 countries. In addition to compiling this information, economists at the Federal Reserve Bank of New York and the Board provide ICERC with current studies covering specific countries—studies that include available information from the IMF. ICERC also receives oral briefings from U.S. Treasury staff on conditions in the countries under review. Finally, before each meeting, examiners visit a number of banks to obtain views on the countries and the current and future lending plans of the banks.

Although the new procedures adopted in 1978, together with the introduction of the country exposure lending survey, represented improvements in the supervision of country risk, in retrospect the system clearly did not have sufficient force or impact on banker attitudes. Indeed, international lending by a growing number of U.S. banks accelerated in the wake of the increased demand for credit following the second round of oil price increases in 1979.

Against this background, we have submitted a proposal designed to address the problems that have emerged in international lending. This package should enhance and strengthen the regulatory structure developed in recent years.

The proposal submitted by the regulators includes the following elements:

1. A strengthening of the existing country risk examination and evaluation system.

2. The establishment of a system of special reserves against exposures to countries that have been unable to service their debts over a protracted period of time.

3. Mandating guidelines for spreading fee income over the life of an international credit.

4. Increasing the frequency of reporting and increasing disclosure of information on banks' country exposures.

5. Improving international cooperation with foreign banking regulators and through the IMF.

The changes in the examination system are designed to improve both the way in which the regulatory agencies take transfer risk into account in assessing the condition of a bank, especially in relation to the evaluation of capital adequacy, and the manner in which transfer risk is brought to the attention of the bank's senior management and board of directors.

While present country risk procedures call on examiners to comment on concentrations of transfer risk in the examination report, these comments have not always been adequately impressed on senior bank management or directors. The agencies intend now to highlight large concentrations and to ensure that a bank's board of directors considers fully the risks associated with such exposures, including in-house monitoring of the bank's lending to individual countries.

At the same time, procedures will be developed to incorporate the level and concentration of a bank's transfer risk and country exposure into the agencies' own analysis of the condition of a bank. In particular, banks with relatively large concentrations of credit in individual countries will be expected to maintain higher capital ratios than those institutions that are well diversified.

The program will also require that banks establish special reserves against credits to borrowers in countries that have demonstrated protracted debt-service problems. This proposal is based on the belief that when a borrower has been unable to service its debts over an extended period of time, whether or not that borrower is a sovereign, it is appropriate to recognize the diminished value of these assets. Such reserves would be established through deductions from current earnings and would not be included in capital for regulatory and accounting purposes.

The program would also impose specific standards in accounting for the fee income associated with international lending. To the extent that so-called front-end fees have been taken into income in the quarter or year in which they are charged, rather than spread over the life of the loan, there may have been an incentive to promote international loans in order to boost earnings. The regulators' proposal would reduce this incentive by requiring fees that are not identifiable as reimbursement of direct costs to be taken into income over the expected life of a loan.

The program also requires that country exposure information be reported by banks and published by the agencies in aggregate form quarterly, instead of semiannually, and that full information on concentrations of country exposure at individual banks be made public. This increased reporting will allow the regulators to monitor exposure levels more closely and provide more information to lenders on the aggregate bank indebtedness of individual countries. The increased disclosures will improve information to investors and depositors and should enhance the prospects of market discipline.

The final point in the program prepared by the agencies concerns coordination and cooperation with foreign bank regulators and through the IMF. Problems in international lending affect all participants in the world banking system and resolution of these problems requires a common effort. For this reason and also to help avoid competitive inequities the agencies propose to make every effort to strengthen relations with foreign bank regulators.

Those relationships have materially improved in recent years, notably through participation in the work of the committee on banking regulations and supervisory practices at the BIS. Indeed, the Federal Reserve Board was instrumental in founding that committee in 1975 and has been active in its work ever since. The Office of the Comptroller of the Currency now also is a participant.

The committee—which is sometimes known as the Basle committee because it meets in Basle, or the Cooke committee after its present chairman—has as its objectives the establishment and maintenance of close working relationships among national bank regulators to facilitate resolution of common problems and the achievement of greater coordination of approaches to bank supervision. The Cooke committee is concerned with bank supervisory matters; it is not concerned with lender-of-last-resort responsibilities. It is a consultative body; it is not empowered to enter into agreements among its members. However, it does seek to establish general principles to which bank supervisors around the globe may subscribe.

International cooperative efforts by their very nature are difficult and time consuming. While the Cooke committee has been successful in reaching agreement in principle on a number of matters dealing with good practices in international banking, implementation is effected at the national level. Thus, while the U.S. banking agencies are determined to strengthen cooperation with foreign bank regulators, that process will necessarily be a continuing effort, with results becoming apparent only over time.

National bank regulatory systems differ substantially from one country to another, and what is sought is not international uniformity but rather a convergence of supervisory approaches. For instance, very few countries in the world have bank examinations at the center of the supervisory process as we do. Thus, the part of our program dealing with improved examination techniques in relation to international lending has few parallels abroad. In these circumstances, we will be consulting with foreign regulatory agencies, through the Cooke committee and otherwise, on ways of achieving a common goal of limiting excessive exposures. Similarly, we have a formal rating system in this country for assessing capital adequacy and appraising asset quality. Other countries have quite different sytems. As part of our program, we intend to develop procedures through which country exposures can be factored systematically into our evaluation of capital. Internationally, there is agreement in principle that capital standards should not be allowed to erode further. And some countries, for example, the Netherlands, have already begun to include elements of country risk in their capital assessment systems.

The subject of reserves or loan–loss provisions on country lending has been discussed within the Cooke committee over an extended period. From a strictly technical point of view, the subject is a difficult one. Provisioning policies in most of the countries represented on the committee are still largely determined by, and are the responsibility of, the banks themselves. As a consequence, a good deal of variation exists in the country credits against which provisions have been made and in the proportions of credits reserved. At the same time, there is a growing practice for the banking authorities of the various countries to hold consultations with the banks about appropriate provisioning. In this connection, I hope that the reserve proposal we have made will provide impetus to achieving greater progress in this area of supervision.

On disclosure, which is an important element of our program, I do not expect much near-term progress on the international front. Other countries do not have the same approach to disclosure about the affairs of individual banks that we do as a matter of national policy. Again, the U.S. example will certainly help in efforts to hasten the day when other countries also call for fuller disclosures.

One can be more optimistic about improved reporting requirements on aggregate international lending by national banking systems. An important function of the BIS in recent years has been to collect and publish data on international banking activity.[1] These data are accompanied by a fairly detailed commentary (copies of which have been provided for the committee's records), and are made available to all commercial banks from whom data are collected.

Because of the complexity of the system, the BIS semiannual series often has not been available until about six months after the report date, though efforts are now under way to accelerate that process. Various efforts are also under way to improve the coverage of the BIS data, including converting the semiannual series to a consolidated basis, and expanding the coverage of banks in the quarterly series. In addition, the IMF, in consultation with the BIS, is preparing to collect international banking data from countries not currently covered by the BIS data, and this expanded coverage should help to improve the overall banking data.

Questions have been raised concerning the lag in availability of international banking statistics. While reporting has not been as timely or as complete as might have been desirable, I want to emphasize that data were readily available from existing sources pointing up the growing external bank debt of major countries. For example, BIS data available in mid-1981 indicated that in the 18 months to December 1980 total bank claims on Mexico had increased about two-thirds, and short-term bank claims had more than doubled. Therefore, while statistical reporting systems can and should be improved, clearly there is room for lenders and regulators to make better use of existing information.

The IMF, of course, plays a central role in the international financial system, and strengthening the role of the IMF is an important aspect of the regulators' proposal. In particular, we believe that the surveillance process of the IMF can be improved by encouraging it to monitor more closely the external indebtedness of member countries and to report to its executive board when such indebtedness appears to be growing excessively relative to debt-service capacity. In developing stabilization programs the IMF should be encouraged to place limits on short-term external public sector borrowing when appropriate. The IMF also needs to consider whether it can provide more data and analysis to the international banking community without jeopardizing its access to confidential information from its members.

A stronger surveillance role for the IMF, as well as the proposed increase in resources of the IMF to provide credit to countries adopting appropriate adjustment programs, will help contribute to the safety and soundness of the international financial system. In this context the regulators have included the IMF provision in their program, and we all support the IMF legislation before you. □

1. The appendix, which describes the role of the BIS in gathering and disseminating international lending data, is available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Additional statements follow.

Statement by Anthony M. Solomon, President, Federal Reserve Bank of New York, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, Washington, D.C., April 25, 1983.

Good afternoon, Mr. Chairman. With your permission, I am here in response to your invitation to Chairman Volcker to review the recent efforts of the Federal Reserve System in its surveillance of the government securities market, in order to contribute to the orderly and effective operation of that market.

The Federal Reserve Bank of New York, acting on behalf of the Federal Open Market Committee (FOMC), conducts open market operations to implement the FOMC's monetary policy directives, mainly through transactions involving U.S. government securities. Most dealers in such securities are located in New York City, and many of the nation's largest banks are also headquartered there. Additionally, in common with the other 11 Federal Reserve Banks, the New York Reserve Bank acts as fiscal agent for the U.S. Treasury in the sale of new Treasury debt issues. Altogether, more than half of the Treasury's securities are sold through New York financial institutions.

Nearly one year has elapsed since a dealer in government securities, Drysdale Government Securities, Inc. (Drysdale), was unable to pass on to counterparties interest on securities purchased under repurchase agreements. In addition to causing two major banks to absorb significant losses, Drysdale's default sent shock waves through the market that contributed to the subsequent failure of two other firms—Comark and Lombard-Wall. These events led to a heightened degree of awareness among all the participants in the market regarding the risks inherent in certain market practices and the need to be more cognizant of the financial conditions of one's counterparties in conducting market transactions.

None of the three firms that failed was a primary dealer conducting government securities transactions with the Federal Reserve Bank of New York. However, the Federal Reserve had previously transacted business in bankers acceptances with Lombard-Wall. In November 1981, the Federal Reserve discontinued dealing in bankers acceptances with Lombard-Wall because of dissatisfaction over its financial condition. Comark and Drysdale had approached the Federal Reserve to establish formal reporting relationships in government securities, but Comark failed to qualify and Drysdale applied only days before its collapse. Nonetheless, their failures were a cause of concern to us in that such events tend to affect the functioning of the market as a whole. In my statement before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs on May 25 last year, I expressed this concern, and indicated that the Federal Reserve would reexamine its traditional informal surveillance role and work with the dealer community in seeking to remedy the practices that led to these difficulties.

Much progress has been made in the ensuing 11 months. With the active encouragement of the New York Reserve Bank, dealers have effectively eliminated one of the market practices that enabled Drysdale to overextend itself—the failure to include accrued interest in valuing securities for repurchase transactions—and are considering a number of proposals to address other market practices when a need for change has been recognized. For our part, the surveillance efforts of the New York Bank have shifted into high gear with the increase in our professional staff devoted to this effort.

In my remarks, I would like to begin with a brief overview of the government securities market and a review of the developments of the past year. I will then discuss in some detail the specific areas of concern that we see at the present time with respect to financial and operational matters affecting the dealers and the market. I will address the question you raised: whether the market will be able to absorb the Treasury's financing needs resulting from the projected deficits of the next few years without undue upward pressure on interest rates. Finally, I will turn to the issues that remain to be resolved, including the questions you posed regarding the number of dealers with whom the Federal Reserve has a direct relationship: whether the Federal Reserve should be directly empowered to regulate the government securities dealers; how repurchase transactions in government securities and certain other instruments should be treated for purposes of the bankruptcy law; and questions regarding the level of capital needed to support a given level of operations for a dealer firm and whether specific capital ratios should be imposed on the firms.

Overview of the Government Securities Market

The market for U.S. government securities, which comprises trading in Treasury bills, notes, and bonds, is the most active capital market in the world and hundreds of firms participate in it. But it centers chiefly on some 36 primary dealer firms that submit to the Federal Reserve Bank of New York daily and periodic supplemental position and volume reports as well as regular financial statements. Most of these firms are located in New York, although several are in Chicago, Los Angeles, and San Francisco. This primary dealer group presently includes 12 bank dealers, which are among the nation's largest commercial banks, and 24 nonbank dealers, which range from comparatively small specialty firms confining their activities to this market to several of the largest diversified investment banking firms.

Some measure of the importance of the 36 primary dealers is provided by their participation in the market for new Treasury issues. While the amounts vary, these dealers usually purchase from 35 to 75 percent of the total amount sold by the Treasury at each auction. In addition, they make secondary markets in these issues, standing ready to bid or offer outstanding Treasury obligations to customers and to each other. By and large, this market functions quite well, with the result that over the years the Treasury's huge financing requirements have been met efficiently. Investor confidence in Treasury issues is fortified by the knowledge of their extraordinary liquidity in the secondary market.

Although the Federal Reserve has for decades exercised informal surveillance of the market, primarily through its monitoring of reports submitted by dealers with which it does business, there has never been any formal regulation of the market. Historically, the lack of a perceived need for formal regulation was due in part to the essentially riskless nature of government securities from a credit standpoint. Several other factors are relevant here.

1. Many of the dealers are subject to formal regulation in some form, either because they are banks or subsidiaries of bank holding companies or because they are part of nonbank securities firms that operate in regulated markets.
2. Although the purchase and sale of government securities are not regulated as such, they remain subject to the general antifraud provisions of the federal securities laws, thus affording protection to the individual investor in those respects.
3. In the usual case the ability of any market participant to carry excessive security positions or engage in other imprudent practices is constrained by its relationships with the other participants, including the degree of credit risk exposure they are willing to assume toward that participant.

The role of the Federal Reserve as a key participant in the market has also served as an important deterrent to abusive practices. In order to qualify as a primary dealer that may transact business with the Federal Reserve, we require that a firm be actively engaged in the distribution of Treasury securities among investors, have adequate capital and capable management, make markets, and have a "track record" manifesting a long-term commitment to the market. In addition, the dealer must submit periodic, audited financial statements to us, as well as daily reports of its market positions. Not until all of these requirements are met, over a period of time, will a dealer be added to the "reporting list." From time to time, dealers that have not maintained these standards—for reasons such as insufficient activity, inadequate capital, or a business decision to reduce their level of participation in the government securities market—have been dropped from the list.

Inclusion in the reporting list does not ensure a trading relationship; at any given time, one or more of the firms on the reporting list may not actually have a trading relationship with the Federal Reserve. A firm in this position may have been added to the reporting list while we are still evaluating its ability to meet our somewhat more stringent criteria for a trading relationship. Alternatively, it might be a firm that has been suspended from a trading relationship while a reporting relationship continues. In effect, we do what other participants in the market should be doing—constantly review the soundness of the firms with which we do business. We do not, however, represent that a trading or reporting relationship with the Federal Reserve is a guarantee of a firm's soundness.

Developments over the Past Year

The most significant development in the government securities market in the past year was, of course, the Drysdale failure and the subsequent problems of Comark and Lombard-Wall. On September 15, 1982, the Federal Reserve Bank of New York submitted to the Congress a report on these developments. To review briefly, the common thread running through the three cases was that the firms were able to circumvent in some fashion the self-regulating mechanisms of the market, thereby raising working capital from careless or unwitting customers, and using that capital in their own activities.

In the Drysdale case, the firm essentially raised funds by borrowing securities, typically securities with large amounts of accrued interest, and then selling them to realize principal and accrued interest in excess of the cash margin it provided when it borrowed the securities. It was able to engage in this activity on a large scale by exploiting two market practices—the failure to include accrued interest in the value of securities used in repurchase transactions in determining how much cash should be posted, and the practice of "blind brokering," which enabled Drysdale to conceal its identity from its counterparty—in effect hiding behind the banks that acted as brokers in arranging the transactions.

In the Comark situation, some of the firm's customers apparently allowed Comark to retain custody of securities they had purchased from it. The firm's accounting system had fallen into disarray, and allegations are that it posted the securities as collateral to secure borrowings that allowed it to continue functioning, even though its capital had been depleted. It eventually proved unable to meet its demands by customers for their securities.

In the Lombard-Wall situation, some customers advanced funds in excess of the value of the securities they received under repurchase agreements. Others received funds from Lombard-Wall of lesser value than the securities they provided. Again, the firm was able to employ these excess funds to support activities well beyond the level warranted by its own capital.

In the wake of these developments, the Federal Reserve moved to take the lead in working with dealers and other market participants to improve procedures and eliminate the practices that were identified as having caused or contributed to these breakdowns in the market's normal self-corrective mechanisms. At the same time, the dealers began moving toward needed changes in some areas without the Federal Reserve being actively involved.

In the immediate aftermath of the disclosure that Drysdale could not honor its commitment on some $160 million of accrued securities interest payments due to Chase Manhattan Bank last May 17, our primary concern at the Federal Reserve was to preserve the orderly functioning of the market until the situation could be resolved. We recognized some risk that failure to make these payments could cause a widespread "seizing up" of the market in which normally major participants would be reluctant to undertake new commitments or perhaps even to perform on their existing commitments.

As the major intermediary between Drysdale and its counterparties in these transactions, the Chase Manhattan Bank contacted the New York Federal Reserve Bank and arranged for a meeting at our offices with the dealer firms that were involved. The key issue was who should bear the loss resulting from Drysdale's default. The firms that had provided the securities through Chase expected that bank to honor the interest payments due, while Chase was looking to Drysdale as the responsible party. The immediate crisis was resolved two days later on May 19, with the announcement by Chase and Manufacturers Hanover, which was involved to a lesser extent, that they would make the interest payments in question and would undertake to unwind Drysdale's securities positions.

During these difficult two days, the New York Reserve Bank took a number of actions aimed at facilitating a resolution of the crisis and making sure to the extent possible that the market continued to function smoothly. On May 18 we informed the 12 New York Clearing House banks and all of the primary dealers that we were closely monitoring the situation and stood ready to assist any bank facing an unusual liquidity problem with a loan at our discount window. In addition, we extended normal deadlines for our securities and funds transfer systems to make sure that the day's transactions could be completed.

The Open Market Desk also helped by acting a bit earlier than usual in meeting projected reserve needs on May 18, and in the period immediately thereafter, we tended to resolve any doubts as to the timing of our actions on the side of meeting anticipated needs more promptly and fully. But I should emphasize that the reserve objectives themselves were shaped by monetary policy considerations and were not affected by Drysdale-related factors.

Following the commitment of Chase and Manufacturers Hanover to unwind Drysdale's position, the Federal Reserve also helped out by alerting the dealers that we would temporarily liberalize our rules for making short-term loans of government securities from our portfolio. As a result, the volume of securities owned by the Federal Reserve and out on loan—such volume is normally in the vicinity of about $200 million—briefly reached a high of about $2 billion on May 25, before dropping back by early June as dealers found other sources for the securities they needed.

Beyond helping to contain the effects of the immediate situation last spring and summer, the Federal Reserve has moved to strengthen its own commitment to overseeing the market. Last August, we announced the appointment of a Senior Vice President to head a new unit within our Open Market function devoted exclusively to market surveillance. This individual, Edward Geng, has had broad experience in government securities at several private firms, as well as a previous stint at the Federal Reserve and at the U.S. Treasury. Early this year we filled out, for the time being, the staffing of this new area, which presently includes two officers; five professional employees with experience in financial analysis, dealer operations, and law; and a few support personnel. We anticipate that this staff will be adequate to meet our present needs, although we are prepared to expand it if warranted by new developments—such as, for example, a significant increase in the number of dealers reporting data to us. In addition, our surveillance effort draws upon the Bank's other professional resources as necessary for legal, analytical, and operating support.

The basic ongoing work of the surveillance unit consists of receiving and reviewing the regular daily and weekly reports of securities positions and transactions submitted by the reporting dealers, as well as their monthly and annual reports of financial condition. With the aid of computer programs and other analytical tools, this review is aimed at identifying abnormal dealer behavior and incipient undesirable trends. The inferences and opinions formed by our analytical team from examining these statistical reports are supplemented by regular telephone calls and visits to the reporting dealer firms. While we have traditionally made on-site surveillance visits to the reporting dealers, the visits have been expanded in both scope and frequency and the procedure for conducting them is more systematic. Essentially, every reporting dealer will be visited at least once annually, and more often as necessary if areas of concern have been identified. As I mentioned earlier, we would be prepared to suspend a trading relationship with a reporting dealer, or to remove the dealer from the reporting list, if our surveillance efforts reveal that it is not complying with our standards and it does not take appropriate steps to alleviate our concerns.

A little further on I will address some of the specific issues of concern being examined by our surveillance staff. To bring you up to date, however, I would like to mention briefly several issues that already have been dealt with successfully.

First, the Drysdale situation made clear that the failure to include accrued interest in valuing securities for repurchase transactions carried a potential for abuse that was inconsistent with the sound functioning of the markets. The Association of Primary Dealers in Government Securities put itself on record as favoring inclusion of accrued interest for evaluation purposes, and we at the Federal Reserve strongly endorsed this change as well. In a letter dated July 29, 1982, addressed to the head of each dealer firm, I expressed the support of the New York Reserve Bank for this change and informed the dealers that we would make the change in August with respect to our own repurchase transactions. I should add that this change was not necessary to protect our own position; rather, we undertook it with a view to providing leadership and encouragement to the rest of the market.

A bit later we became concerned that the initial momentum in the dealer community toward making this practice more general had bogged down as dealers considered the time and expense to make changes, for example, to their computer systems. In individual consultations with reporting dealers, we concluded that it would be feasible for market participants to make the change in accrued interest accounting with customers other than the Federal Reserve by early October. Accordingly, in late August we wrote to each reporting dealer once again, indicating that we expected the changeover to be completed by October 4, 1982—as it eventually was with few problems.

The self-corrective mechanisms of the market have also contributed to inhibit some of the practices that led to last year's problems. In general, market participants became much more cautious about the dealers with whom they were willing to transact business and in what amounts. As a result, the total of reported repurchase agreements fell from some $100 billion on May 12, just before the Drysdale incident, to about $87 billion by mid-June. Subsequently, as confidence has returned to the market, the volume of repurchase transactions has recovered in the aggregate. But for a while thereafter those dealers regarded as less creditworthy continued to experience some difficulty securing repurchase financing, or found they had to pay higher interest rates. Consistent with this atmosphere of renewed caution and attention to one's counterparties, the practice of blind brokering of repurchase agreements has diminished substantially. Moreover, market participants are giving closer attention to the role of intermediaries in all types of transactions.

CURRENT ISSUES

Let me turn now to more current issues. By and large, these are the matters identified in your letter, Mr. Chairman: whether the number of reporting dealers should be expanded and how this might be accomplished; the development and implementation of more explicit capital adequacy standards for the dealer firms; and the treatment of repurchase agreements under the bankruptcy laws. In addition, I will touch upon another area to which we have been devoting considerable thought and effort, "when-issued" trading—transactions in new issues between announcement and settlement date.

Number of Dealers

As I have mentioned, 36 dealers are on the Federal Reserve's reporting list, including 12 commercial banks and 24 nonbanks. Although this number has been fairly stable in recent years, it has grown considerably from the level that prevailed historically. Through the 1960s the number of dealers remained stable at around 20, including 12 to 14 nonbanks and 5 to 8 banks. In the 1970s, however, the number of dealers increased as the Treasury's financing needs grew and the market expanded in depth and breadth. The present level was reached in the latter part of the 1970s.

From the standpoint of conducting open market operations competitively and flexibly, the present number of reporting dealers appears to be satisfactory. We do not believe that a large expansion in the number of firms with reporting or trading relationships would significantly improve our ability to operate in the market. Indeed, a sizable expansion in trading relationships could be an encumbrance to speedy and flexible operations. Nevertheless, the door is open to additional firms, if they meet our criteria and are prepared to comply with our reporting requirements. As noted, a dozen or so firms have been added to the primary dealer reporting list over the past decade and we continue to look at the possibility of some further additions on a case-by-case basis. The addition of new firms has tended to benefit the market not only by providing a broadened base of participation and increased capital, but also by keeping the older established firms on their toes through enhanced competition.

However, while our present reporting list is adequate to meet our foreseeable trading needs, we have concluded that it is not sufficient for monitoring purposes—even though we believe these firms account for the bulk of trading activity in government securities. The experience of last year has shown that problems among the nonreporting dealers can cause shock waves that affect the entire market, including the reporting dealers. With this in mind, we have been giving considerable thought in recent months to the question whether there should be some more systematic surveillance of presently nonreporting firms that are relatively active in the government securities market. We have concluded that effective surveillance of the government securities market calls for our getting acquainted with a greater number of firms on a more regular basis, and we plan to do so.

Our plans are still in a formative stage, but our present intention is to request cooperation in terms of data submission from a group of dealers that are less sizable and active than the primary reporting dealers. This group would include only nonbank firms, as the chief focus here is on the financial viability of the firms, and bank dealers are already under close regulatory scrutiny that we would not seek to duplicate in our market surveillance. We are thinking in terms of a substantial number of additional dealer firms that would be invited to submit regular reports to the New York Reserve Bank on a considerably less frequent and detailed basis than the primary reporting dealers.

As with the existing reporting group, the submission of reports from a second dealer group would be entirely voluntary. This second reporting group would form a logical pool of candidates from which future primary reporting firms might emerge, thereby furnishing an incentive for the firms to comply with our requests. I also believe that as a matter of policy any sizable participant in the government securities market would not want to be in the position of declining to disclose information in confidence to the Federal Reserve.

We are not suggesting a detailed and comprehensive reporting system such as would be entailed in a formal regulatory relationship with all dealers in government securities. At this point, our judgment is that a fully comprehensive and mandatory reporting system is not justified on the basis of likely costs and benefits. We do believe, though, that there is enough activity in government securities beyond the current primary reporting dealer group to warrant a more systematic effort to receive some information from the more active and sizable nonreporting dealers. This information would help to provide leads on which follow-up inquiries could be pursued, and additionally foster a greater awareness of standards in regard to good market practice and capital adequacy across a broader spectrum of market participants.

In your letter to Chairman Volcker, Mr. Chairman, you asked whether we had any concern that imposing additional standards on the government securities dealers could reduce the number of firms available to handle the forthcoming heavy volume of Treasury financings. I do not see either our present reporting requirements or our plans for the foreseeable future as posing any problem in this regard. It seems to me that as long as our standards are reasonable and geared to the legitimate business practices of the dealer firms, a firm that has the resources and the desire to be a significant market participant is not likely to withdraw from this market—which is, after all, a large and profitable source of business.

As a related matter, you have expressed some concern regarding the budget deficit and the market's ability to absorb the expected volume of Treasury financing without compromising the soundness of the dealer firms or causing undue upward pressure on interest rates. With the economy just beginning to recover from a deep recession, I do not regard the current year's federal deficit as a significant problem. As in past recessions, weak private credit demands have allowed the government to increase its demands on the credit market without exerting undue pressure on rates. In fact, as you know, rates have fallen substantially in the last 10 months or so in reflection of weakened private credit demands and a growing perception that inflation has slowed substantially. As recovery proceeds, however, there is a real danger that still-excessive federal deficits would mean that the Treasury is competing on a massive scale with the rising private credit demands that are the natural accompaniment to a reviving economy. This would inevitably have an effect on interest rates, and pose the potential danger of inhibiting orderly economic recovery.

Such an outcome would not be a function of the current structure of the government securities market, however, but simply of the outsize federal deficits at a time when a much more nearly balanced federal fiscal posture is called for. The government securities dealers that report to the Federal Reserve are in a position to withstand the possible strains that the deficit and resulting large public sector borrowing requirements could generate in the market. The capital positions of these dealers have strengthened in recent years. Despite the difficulties of predicting market movements, most dealers have ably weathered periods of market volatility, in part due to their increasingly sophisticated trading techniques and ability to adapt to shifting market environments. During periods of favorable market conditions they have added significantly to their capital base, which I believe is adequate to the tasks ahead—provided, as always, that attention is paid to market and credit risks. This does not mean, of course, that heavy Treasury deficits will not present problems for the overall economy, but only that the dealers should be able to perform their underwriting task.

Repurchase Agreements

As I have noted, one major area of concern involving repurchase agreements—the inclusion of accrued interest in repurchase accounting—has largely been dealt with to our satisfaction. There is another issue involving "repos" that has arisen in the past year, however, specifically as an outgrowth of the Lombard–Wall bankruptcy. I refer to the question of how repurchase agreements may be treated in a bankruptcy proceeding.

On August 12 last year, Lombard–Wall filed a voluntary bankruptcy petition under chapter 11 of the bankruptcy code. Most of its customers, who had entered into repurchase or reverse repurchase agreements with the firm, found that their transactions were frozen pending a decision by the court on how to deal with these transactions. The inability of these customers to use either their funds or their securities weakened confidence in the repo market. The underlying legal issue was whether these transactions should be characterized as secured loans or as purchases and sales.

The principal problem with the former characterization is that if a repo is treated as a loan, the "lender" of funds (purchaser of securities) runs the risk that his funds could be tied up for a protracted period of time if the counterparty were to enter bankruptcy proceedings before the repurchase portion of the transaction were completed. In addition to tying up his funds, this could place the "lender" in the position of unsecured creditor with respect to any portion of his loan not covered by the value of the securities. Thus, if the securities were to decline in value, he could lose money in what he had thought to be an essentially riskless transaction.

While I cannot define precisely the extent to which the government securities market would be impaired if the secured loan characterization of repos were to prevail, I am confident that some deterioration would result. Indeed, there has already been some deterioration, which might well have gone further but for the anticipation by many market participants that the legal questions overhanging the status of repos will be favorably resolved. At the least, the market would lose a significant measure of liquidity as some risk-averse participants withdrew or reduced their exposure; the interest rate paid on such transactions would rise to reflect the greater risk and lessened willingness of temporary investors to participate; and market participants with less-established track records would experience some loss of business and higher financing costs. I would foresee these factors hampering to some degree the Treasury's ability to market its offerings as well as increasing its financing costs.

Repurchase agreements have emerged over the years as a particularly useful tool in conducting Federal Reserve open market operations, because they allow us to adjust reserves for short periods of time. Thus, a diminution in the liquidity of the repo market could also hamper the conduct of monetary policy.

In letters dated September 29, 1982, to Chairman Dole of the Subcommittee on Courts, Senate Judiciary Committee, and January 20, 1983, to Chairman Rodino of the House Judiciary Committee, Chairman Volcker recommended that the Congress enact proposed legislation that would exempt repos in government and federal agency securities and certain other instruments from the automatic stay provisions of the bankruptcy code, which would otherwise operate to prevent the orderly liquidation of these transactions. I certainly endorse these recommendations and urge the Congress to move forward in this area. Earlier, because of our concern about potentially significant effects on the repo market, and thus on the Federal Reserve's ability to conduct monetary policy, the Federal Reserve Bank of New York had filed an *amicus curiae* brief in the Lombard–Wall case. We took the position that public policy would be better served if repurchase agreements in government securities were not characterized as secured loans.

Capital Adequacy

The question of whether a particular dealer's capital is adequate to support its level of operations is perhaps the single most basic issue of concern in our surveillance efforts. The three firms that failed last year—Drysdale, Comark, and Lombard–Wall—were all thinly capitalized in relation to their volume of business. Thus, the importance of capital adequacy guidelines lies not only in monitoring the reporting dealers, but also in furnishing objective criteria for dealers and others to use in appraising their trading counterparties.

Unfortunately, the evaluation of capital adequacy on any basis that attempts to give weight to different circumstances in a fair and realistic manner can be enormously complex. The vast changes in market practices and trading vehicles in recent years, including the development of forward, future, and option transactions, as well as the increasingly intricate use of repos and reverse repos, have all complicated the task.

Up to now, our surveillance staff has looked at capital adequacy on a case-by-case basis. Reporting dealers have from time to time been cautioned when position risks have seemed excessive in relation to capital or when they have financed certain transactions that have swollen balance sheet totals excessively. In light of these increasing complexities and the desire to create a model of capital adequacy that may be used also by dealers and customers to evaluate their trading counterparties, our feeling is that more specific and objective criteria must be developed that apply across the board.

The surveillance staff has assigned this project top priority, and efforts are under way to develop objective criteria for measuring dealer capital and its usage. Clearly the starting point is a concept of available or liquid capital. To measure the adequacy of such capital an evaluation system should encompass several broad considerations. First, a dealer's portfolio positions, both gross and net, must be measured and risk evaluated for each maturity and type of instrument, taking account of acceptable hedging techniques that may be employed to limit exposure. Second, the risk entailed in financing transactions, especially in "matched books" (offsetting repurchase and reverse repurchase agreements), should be analyzed as part of any such system. The surveillance staff is presently developing a variety of statistical measures and computer programs that look toward systematic analysis of dealer positions and risk exposure.

We expect that, when developed, such objective criteria of capital adequacy will be applied in the first instance to the primary reporting dealers. We would suggest and expect voluntary compliance with such standards of capital adequacy by the large or active nonreporting dealers as well, on the assumption that clearing and lending banks as well as customers would look for such compliance with generally accepted standards of capital adequacy.

It would, of course, be essential that any evaluation system also continue to take into account more subjective measures of risk such as the type of customers, internal controls, and credit and margin monitoring procedures, as well as management's overall business philosophy, capacity, and experience. For our part, I know of no way to assess these factors other than through a case-by-case approach including the surveillance visits and individual firm contacts we have been pursuing. Even a firm with apparently adequate or conservative capital could nonetheless find itself in serious difficulty in a short period of time if it is poorly managed. Obviously, a purely mechanical approach to the capital adequacy question cannot guarantee the elimination of such problems.

When-Issued Trading

In the aftermath of the Drysdale situation, we discussed with dealers other areas in which future problems might arise. One area mentioned frequently involves when-issued trading. This term refers to transactions in which the parties commit to trade a security that has not yet been issued but will be issued in the near future, with the transactions to be completed when the security is issued. The volume of this type of forward trading has reached very high levels in recent years.

Under current market practice no money changes hands until the securities are actually issued and delivered. It is, therefore, possible for a market participant to trade in very large volume on a when-issued basis without employing any capital at all. Additionally, while prudent practices might lead an individual firm to limit its exposure to a particular counterparty in this type of trade, nothing in the present system would prevent a market participant from entering into a large number of such trades with many different firms—each of which would be unaware of the extent of the participant's total commitments. Because these transactions can remain open for up to three weeks before the security is issued, the possibility exists that an adverse market move could render such a trader unable to honor his commitments when the security is issued.

At the present time, we are actively discussing a variety of proposals regarding when-issued trading with market participants, most of whom share our concern about this practice in varying degrees. The most comprehensive proposal would set up a central facility to clear when-issued trading and to maintain margins on transactions. The organized futures exchanges typically deal with this problem through a "mark to market" mechanism run by the exchange itself. We are continuing to have discussions with the dealers as we seek a generally acceptable solution that will deal with potential excessive exposure from when-issued trading. While we are prepared to insist on a Federal Reserve solution if necessary, we would much prefer—and indeed, expect—to reach a satisfactory agreement with the dealers on a voluntary basis, as they perceive that their own long-term interests are best served by adequate safeguards on when-issued trading.

SHOULD THE FEDERAL RESERVE HAVE A FORMAL REGULATORY ROLE?

The final question I would like to address this afternoon is whether the surveillance role of the Federal Reserve should be made formal and expanded through a legislative mandate. At the present time, I continue to believe that the failure of a handful of nonreporting dealers does not in itself justify a move to a more encompassing regulatory structure—any more than the absence of such failures for a number of years before that should have been cause for complacency. Certainly, these recent events indicated a need for more active and forceful market monitoring and surveillance, and as my remarks here have indicated we at the New York Reserve Bank have taken responsive actions along these lines.

But in the final analysis, whether it is necessary or desirable to impose a more formal regulatory structure in the public interest is not a question that can be answered in the abstract or by ideological preference, but only on the basis of carefully evaluated experience. In my judgment, the principal consideration that should guide the Congress is an assessment of the efficacy of any particular approach in containing the "shock waves" caused by occurrences such as these three failures—in other words, preventing a single firm's failure, which in itself may not be a serious or even an undesirable event, from becoming a systemic failure. In this context, I think the events of last year, and the Federal Reserve's response to those events I alluded to earlier, show that the present structure affords us the means and the flexibility to act promptly and decisively through several avenues—the Open Market Desk, the discount window, and, not least in importance, the exercise of moral leadership as we did in the accrued interest question.

As a second consideration, the Congress might also want to consider the likelihood that members of the public participating in this market might suffer losses resulting from the types of abuses we have discussed—balanced against the costs associated with the establishment of a formal regulatory structure. In considering the costs, I would include not just the "out-of-pocket" expense, but also the potential costs that could result from hampering the market's flexibility and responsiveness.

To put the discussion in perspective, there are essentially three general approaches to regulating a market such as the government securities market. First, one could rely in the first instance on the self-regulating mechanisms inherent in the market itself, fortified by informal oversight by the Federal Reserve. This, of course, is essentially the structure in effect at the present time. Second, a more formalized and structured self-regulatory organization could be established, with market participants setting and enforcing rules governing such matters as trading practices and capital adequacy, under the oversight of a governmental body with explicit authority to enforce those rules. This is essentially the approach followed with respect to such organizations as the New York Stock Exchange and the National Association of Securities Dealers. Third, the governmental authority in question could directly regulate the market, imposing rules pursuant to a legislative mandate and taking disciplinary action as necessary to enforce those rules.

Based on the considerations I have outlined, I can see no justification for the third approach, direct regulation. In my judgment, it would be inconsistent with the objective sought, that of preventing a recurrence of lapses of proper practices or overcommitments in relation to capital that led to the failures of the three dealer firms last year. As you know, the Congress has moved affirmatively to reduce the level of regulation in banking, as it has in other industries, and I think to start thinking at this time about direct regulation of a market that traditionally has functioned well without it would be counterproductive.

The next question is whether the current self-regulatory structure should be made more formal than it has been, and whether the Federal Reserve's oversight role should be made more explicit through the legislative process. On balance, I conclude that those steps are not necessary at this time. I think we should keep in mind that the losses incurred in last year's three failures—unpleasant and undesirable though they were—fell almost entirely on large and sophisticated market participants, rather than on small individual investors. Logic and experience tell us that when significant market participants incur losses of this type they are likely thereafter to take the lead in promoting the necessary reforms and insuring that the market's normal self-corrective mechanisms come into play. I have some concern that there is less incentive for them to do so under a more formal structure.

It is sometimes tempting, in the wake of market disturbances such as those of last year, to jump to the conclusion that more formal regulation would have prevented the problem, but I seriously doubt that such a conclusion is warranted at this time. This market has generally functioned quite well in a self-regulatory environment—and no degree of regulation can guarantee that accidents won't happen from time to time. The existence of the Securities Investor Protection Corporation (SIPC) is, after all, a tacit recognition that even those securities firms that operate in regulated markets with strict capital-ratio requirements are not immune from failure. The same could be said of deposit insurance for banks and thrift institutions.

So at this time I conclude that formal regulatory authority for the Federal Reserve is not the best way to go. But I would emphasize that our minds remain open on this score. At times some of the dealers appear to have permitted a measure of complacency to return now that the immediate threat of market disruption is over. To the extent that this attitude becomes more widespread and cannot be overcome by us in our surveillance role, I would have some concern that the momentum of self-regulatory reform could be lost as the events of last year recede into the past. If this were to happen, the time may yet come when formal regulation imposed by the Congress will be necessary. And in closing, let me emphasize that we would have no hesitation in recommending such an action if we were to reach that conclusion. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, April 26, 1983.

We in the Federal Reserve welcome your initiative in undertaking these hearings to review, from a broad perspective, developments in markets for banking and other "financial services," laying the groundwork for future legislative initiatives. There can be no doubt that a reexamination of the existing legislative framework has become urgent. Our financial system has been evolving rapidly in recent years. Much of the change is a constructive response to technological or market pressures and the opportunities made possible by deregulation. But it is also clear that the process has been rushing forward with little conscious sense of some of the broad public interests at stake—the need to maintain a safe and stable financial system, to assure equitable and competitive access to services by businesses and consumers, and to preserve an effective mechanism for transmitting the influence of monetary, credit, and other policies to the economy.

Many of the laws intended to guide and shape the development of the financial system were enacted under far different circumstances. They may or may not serve today's purposes, and in some instances may themselves be a source of distortion, competitive imbalance, and weakness. For all these reasons, I appreciate the opportunity to set forth some general considerations that we in the Federal Reserve feel are relevant in assessing particular legislative proposals. At a later time, we would of course be prepared to set forth more specific suggestions.

THE CURRENT SITUATION

The accelerated pace of change in the structure of our financial system in recent years has reflected irreversible technological as well as market forces. The low cost and speed of data transmission, communication, and personal transportation have vastly enlarged the market reach of banking and financial institutions. The technical capabilities of providing a variety of essentially computerized financial services are broadly available. At the same time, the number and wealth of potential customers have multiplied, and with this increase a demand for a greater array of financial services and more sophistication in seeking out maximum returns. Diversification of investments beyond traditional deposit accounts, ready access to sources of borrowing power, and the flexibility to change financial strategies rapidly and inexpensively have become increasingly important.

Several other factors affecting the financial environment have also provided impetus for change. Experience with inflation, and with sharply higher and fluctuating interest rates, has seemed to put a premium on financial manipulation, shifting funds rapidly to take advantage of changing yield relationships or perceived changes in the outlook. Institutions with embedded costs or fixed returns inherited from investment decisions made earlier have often been disadvantaged relative to newer market interests. In the new environment, regulatory restraints adding to costs (such as reserve requirements on the established depository institutions) or impairing quick responses to perceived opportunities (such as interest rate ceilings) have chafed more strongly and have distorted competitive positions. At the same time, the decades that have passed since any serious weaknesses in the financial system became evident, a sense of security among depositors rooted in part in the knowledge of a strong governmental "safety net" protecting the financial system, and expectations of a persisting inflationary trend have all seemed to encourage less caution and a willingness—deliberately or not—for managers of financial institutions to undertake greater leverage and risk in the search for higher returns.

In combination, the technological and economic forces at work have led to a search for new financial services and for new ways to package those services, greater competition between traditional depository institutions and other providers or "packagers" of financial services, and a blurring in many of the traditional distinctions among depository institutions themselves.

One reflection has been the rapid growth of such relatively new institutions as money market funds and cash management accounts. Increasing efforts are being made, by means of mergers and otherwise, by securities firms, insurance companies, and others to exploit, when possible, perceived "loopholes" in existing law to cross traditional industry lines into banking and the payments system. Banks and other depository institutions have responded by bidding more vigorously for consumer funds and seeking, successfully, to ease regulatory restrictions. They have, to the extent permitted by law, moved to acquire securities brokers and to develop relationships with mutual funds. Moreover, some nonfinancial firms—retailers or industrial firms—have sought to enter financial markets, further eroding the traditional distinction in the United States between "banking," broadly defined, and commerce.

Worth noting is that, after decades of stability in the relative position of commercial banks in our financial system, the experience of more recent years has suggested some erosion in that position. While that may well prove temporary, the sense of greater competitive pressures, the blurring of distinctions between banks and "nonbanks," and the frustration about an unsettled and partly outmoded regulatory framework have certainly contributed to uncertainty about the future of depository institutions. Concerns of the thrift institutions have been even more pressing. In the past few years, thrift institutions carrying large portfolios of mortgages acquired at lower interest rates have been under particularly strong earnings pressure and their capital positions have sharply eroded. With future prospects seemingly in jeopardy, the whole orientation of the industry is in flux, responding to immediate concerns as much as to any carefully conceived vision of what role these institutions should play in the future.

Whatever the merits of the process of change in responding to felt needs—and they are considerable—certain problems, actual and potential, have plainly emerged. Institutions need to respond to market incentives, and as regulators and legislators concerned with the public interest, our task is not to thwart change or block responses to new needs. But we also want to see change channeled along constructive lines, sensitive to abiding and valid concerns of public policy. One of those basic concerns is the safety and soundness of our payments system and the financial system generally. Matters of competitive equity, both for the providers and consumers of financial services, need to be addressed. The consistency of emerging financial patterns with the needs of monetary and credit policy must be considered. And historical concerns over concentration of financial resources and conflicts of interest in the provision of financial services should be reexamined for their applicability in the light of today's circumstances.

Unfortunately, the interaction between the current legal and regulatory structure and market pressures provides no assurance that these concerns are adequately addressed. Instead, in some ways it has channeled pressures for change in directions that have had unintended and adverse effects. Deposit-like instruments and payments services have sprung up in significant volume outside the framework of governmentally protected and supervised depository institutions. The depository institutions themselves have today a potentially more volatile structure of liabilities and smaller capital cushions than in the past. With the enlarged powers of thrift institutions, we now have competing "banking" systems with different legal and regulatory philosophies, providing incentives to exploit the most "liberal" (or "lax") provisions. Anomalies in the structure of our current regulatory system—and challenges to long-standing regulatory interpretations—are eroding traditional constraints on combining deposit-taking with other activities, in the process threatening to undermine whatever public interest may remain in those constraints.

The new vocabulary springing up of "nonbank banks," "thrift banks," money market fund "checks"—seemingly inconsistent on their face—reflect the blurring of traditional institutional lines and functions. Some of it is healthy, and some is not. What is needed is a broad look at the whole, with a period of public and legislative debate concerning the desirable ends and means, followed by a reshaping of the existing legislative framework.

POSSIBLE INTERIM STEPS

As that process takes place, we cannot expect the market forces to stand still. But I believe we can and should deal, for an interim period, with some of the most obvious distortions and loopholes in the present regulatory structure that tend to channel change in specific forms that may in some instances be contrary to a desirable longer-term evolution. To that end, the Federal Reserve has broadened the definition of "commercial lending" to forestall, or limit, avoidance of the basic purposes of the Bank Holding Company Act. To the same end, I welcome the Comptroller's moratorium on new chartering of nonbank banks so that the Congress has time to address the underlying issues. But clearly these measures are not sufficient to maintain even a limited "status quo," as indicated by the backlog of pending applications and a subsequent announcement of an intended combination of a state-chartered bank and an insurance company and proposed combinations of thrift institutions and securities houses. Therefore, I would suggest that the Congress consider limiting combinations of nonbank banks (and thrifts) with nondepository institutions for a strictly limited period of time so that it can decide on an appropriate policy approach rather than be faced with a fait accompli.

A similar, and possibly more serious, reordering of the national financial structure, without congressional review and determination, is implicit in the recent actions and proposals in a number of states to allow the banks or thrift institutions they charter to engage across the country in a much wider range of financial and nonfinancial activities than banks or thrifts chartered by federal authorities. The motivation of states in large part, appears to be a desire to compete for jobs, rather than careful consideration of a desirable evolution of the financial structure for the nation.

The federal concern in this regard extends beyond the fact that financial markets are increasingly national in scope and the institutional setting has national implications. State-chartered depository institutions have federal support through deposit insurance and access to the discount window, reflecting the interdependence among banks and the national concern for their stability.

The Federal Reserve, in administering the Bank Holding Company Act, has for some years maintained a policy of permitting state-chartered bank affiliates of bank holding companies to engage in any activity such a bank is permitted to engage in under its state charter. This policy has been premised upon the view that a certain degree of experimentation and difference in approach among the states is a legitimate and desirable aspect of our dual banking system and that differences in powers allowed by states would be acceptable to the extent that they would not dominate established congressional policy. In view of current developments, I believe that policy should be reviewed to consider whether the result is to undercut the federal standards set forth in the Bank Holding Company Act, particularly when the wider powers might clearly be exercised largely beyond the borders of the state providing the authority.

AN APPROACH TOWARD THE REGULATION OF DEPOSITORY INSTITUTIONS

In conducting a reexamination of the regulatory framework more generally, a number of goals should be kept in mind: enhancing competition; promoting efficiency in the allocation of capital and credit; assuring protection of consumers, depositors, investors, and others against discrimination, conflicts of interest, and other potential abuses; and encouraging consistency and equity in the treatment of competing financial institutions. It is important to keep in mind that some of these goals will sometimes be best served by less regulation rather than more.

Another consideration that has historically been of special importance in public policy toward banks and other depository institutions is plain, old-fashioned concern for safety and soundness. After decades in which the unfortunate experience of the 1920s and 1930s has receded in memory, there is a tendency to question the value of prudential concerns. But, as we approach regulatory reform, the old saying about the relative values of an ounce of prevention and a pound of cure is appropriate. Concerns recently expressed in this committee and elsewhere about international lending, for example, amply demonstrate that the best time to think through appropriate approaches is before a problem arises.

Against that general background, the main lines of my own thinking about our approach toward the regulation of depository institutions can be summarized as follows:

1. *Banks perform a critical role in the financial system and in the economy.* Banking institutions, as operators of the payments system, as custodians for the bulk of the liquid savings in the economy, as essential suppliers of credit, and as the link between monetary policy and the economy, have a unique function in our economy.

2. *The critical role of banks implies particular governmental concerns.* Because of their role, the deposit liabilities of banks, and the stability of depository institutions generally, are protected to a degree by a governmental "safety net." The provision of that safety net requires and justifies a certain amount of prudential regulation and supervision to protect the government and the public interest. The precise terms of this "compact"—to assure efficiency, competitive balance, and sensitivity to new needs—should be reexamined periodically.

3. *A bank cannot be wholly insulated from its affiliates.* In the nature of things, parts of an organization under common management and, in public perception, related to each other will, to some degree, be affected by the fortunes of other important parts. Consequently, concern about the activities undertaken within a bank holding company or otherwise within a consumer management structure is a natural and legitimate extension of interest in the safety and soundness of the bank itself. These activities may not require the same degree of supervision as a bank, need not be frozen in an historical pattern, and should be regularly reviewed in the light of economic changes and the desirability of maintaining a reasonable competitive balance.

4. *The central bank has an inherent concern with the evolving financial structure.* The core responsibilities of a central bank for economic and financial stability entail concern over the strength and stability of the banking system and the consistency of the institutional structure with the needs of monetary policy. Those concerns are appropriately and necessarily reflected in an ongoing presence in the regulation and supervision of the banking system.

Banks and Their Regulation

The public concern with the safety and soundness of depository institutions has historically been related to the fact that these institutions have been custodians of the bulk of the liquid savings of the country, a situation that still holds. That concern is interrelated with another pervasive public interest—protection of the payments system. The individual components of the banking and payments system are, to a large extent, mutually dependent; adverse developments in one institution, particularly of substantial size, can dramatically and suddenly affect other unrelated institutions, some of which may not even have a business relationship with the institution in difficulty. While secondary and tertiary effects are, of course, present in some degree in the failure of any business firm, seldom will the effects be so potentially contagious or so disruptive as when the stability of the banking system or the payments mechanism is at stake. Then, serious implications for overall output, employment, and prices—indeed, for the entire fabric of the economy—are apparent.

The first and most important line of defense is the interest of banking institutions themselves in maintaining the confidence of their customers. But long ago, in establishing the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Savings and Loan Insurance Corporation, the government determined that normal market incentives and protections needed to be supplemented by an official support apparatus. That support apparatus—importantly reflected in access to the discount window at the Federal Reserve and to deposit insurance—provides advantages in the competition for the public's funds. But there are offsetting costs as well in, for instance, reserve requirements and insurance premiums.

More broadly, the protection provided on the liability side of the balance sheet, in tempering the discipline of the marketplace, can potentially change attitudes and behavior over time with respect to risk-taking. Consequently, the logical extension of the public concern with the stability of the banking system is a continuing interest in avoiding excessive risk-taking, limiting the potential for contagious failures or drains upon the public "backstop" facilities. Those concerns are reflected in a number of restrictions and regulations on how banks (or thrifts) can do business, and the operations and assets of those institutions are examined periodically as part of a continuing supervisory process.

The practical and ongoing issue in this area, it seems to me, is not to revolutionize the basic approach, but to achieve an appropriate balance—balance between desirable risk-taking and safety, and balance among competing depository and nondepository institutions. These considerations, for instance, are immediately relevant to the discussion by the committee of the appropriate treatment of foreign lending and approaches toward assuring the capital adequacy of banks and thrift institutions.

One important area that is receiving attention is the appropriate structure of deposit insurance. The various insurance agencies have submitted reports to the Congress suggesting ways to modify the current insurance system to achieve an appropriate balance of market and supervisory discipline; I have not reviewed those reports and cannot comment on them specifically. But I do welcome the process the Congress has set in motion to consider the public policy questions in this area, recognizing that deposit insurance has become such a significant element in the support apparatus for depository institutions that substantial change requires careful assessment of the possible consequences.

One corollary of the need to protect the integrity of the payments system deserves mention. In seeking an overall balance of protections and restrictions for banks, we can, and should, avoid competitive disadvantage to the depository institutions themselves; to do otherwise is to erode the vitality and strength of the very sector of the financial system deemed of special importance. To the extent that other institutions operating outside the "protected" framework nonetheless tend to "take over" the essential functions of banks, there are three alternatives: we can encompass those institutions within the framework of banking supervision in some respects (such as reserve requirements on transactions balances); we can, if consistent with other objectives, relieve the regulatory burden (such as by paying interest on required reserves); or we can confine the performance of certain essential banking functions (such as third-party payments and direct access to the clearing mechanism) to banks alone.

Bank Holding Company Regulation

In the framework of existing law and policy, concern with the activities of banking organizations has not stopped with the bank itself. The restrictions are importantly rooted in prudential considerations; experience strongly suggests the difficulty of insulating a bank from the problems of a company affiliated with a bank through a holding company. To be sure, the fortunes of the bank and its affiliates can be (and are) separated to a degree by restrictions on the transactions among them; section 23A of the Federal Reserve Act already contains a number of rules pertaining to such transactions. But I doubt the insulation can ever be made so complete—at least without defeating the business purpose in the affiliation—as to rely on those rules alone. The holding companies themselves, the securities markets, and the general public look upon these organizations as consolidated units. Our experience is that difficulties in a nonbank affiliate can affect the price and availability of funds to the bank (or vice versa), even if transactions between the two are controlled. The public realizes that a holding company with a troubled nondeposit subsidiary cannot be a source of strength to its deposit-taking affiliates and will be under pressure to draw funds from the bank, directly or indirectly, to support other troubled operations. Moreover, while financial flows among affiliates can be circumscribed by regulation, management attention and expertise cannot be; and the more diverse the area of activity, the less attention the bank itself may receive at the top level.

Other concerns—potential conflicts of interest and concentration of resources—can also be addressed by law or regulation. But again, insulation is not likely to be complete.

At the same time, segregating certain activities of a bank holding company outside the bank itself may provide certain advantages. While, from a safety and soundness standpoint, the entities cannot be assumed to be entirely insulated from each other, segregation may well make it easier to assure consistency and equity in the application of those regulations appropriate to particular activities conducted in either the bank or an affiliate. That consideration, for instance, could well be relevant in any extension of authority to bank holding companies to engage in securities underwriting, in mutual funds, and in insurance activities.

Regulations specific to such activities may not reflect certain of the prudential concerns of bank supervision; to that degree, nonbanking activities conducted by banking organizations may have to conform to some rules that would not be necessary or appropriate for nonbanking firms. But there may also be advantages in combining certain activities with a banking license; when bank holding companies engage in nonbanking activities we should seek to avoid competitive advantages arising from the ability to draw upon the implicit government support provided by the banking organization as a whole. One consideration in this regard is the capitalization of the nonbanking activity; a higher degree of leverage in banking should not automatically extend to nonbanking activities. Indeed, adequate capitalization of a bank holding company as a whole, taking account of the particular nature of the nonbanking activities, is important to the safety and soundness of the bank.

In the end, the appropriate range of activities for a bank holding company should remain, in my judgment, a matter for determination by a balance of public policy considerations; it should not be solely a matter of market incentives, and some degree of supervisory oversight over the activities of the holding company as a whole will remain important. The traditional presumption of some separation of banks from businesses engaged in a general range of commercial and industrial activities, and vice versa, still seems to me a reasonable starting point in approaching particular questions. That separation is, at the margin, arbitrary, but in a broad way it reflects continuing concerns about risk, conflicts of interest between the bank as owner of a nonfinancial firm and as creditor, and the implications of excessive concentration of economic power, especially given the central place of banks in our economy. Moreover, to the degree that affiliation with a bank implies the need for some regulatory or supervisory oversight, practical and desirable limitations on the reach of such regulation into industrial and commercial activities imply some limitation on the scope of bank holding company affiliations.

Within this general framework, the precise line dividing what ought to be permissible for banking organizations and what should be proscribed does need reexamination in the light of current market conditions, changes in technology, consumer needs, and the regulatory and economic environment. Some activities now denied banks would seem natural extensions of what these institutions currently do, involving little additional risk or new conflicts of interest, and potentially yielding significant benefits to consumers in the form of increased convenience and lower costs. For some time, for instance, the Federal Reserve has suggested that banking organizations be allowed to underwrite municipal revenue bonds, establish commingled investment accounts, and distribute mutual funds. Certain brokerage activities have already been approved within existing law, as have a wide range of data processing services.

Other activities seem ripe for consideration, but need a public airing of views and congressional consideration. One general category would be further extension of brokerage activities related to the financial needs of bank customers, including sales of a variety of real estate, insurance, and travel products. Some kinds of insurance underwriting, beyond current limitations to credit-related insurance, have been urged by some.

Other activities that have been discussed raised considerably greater questions in my mind because of factors of risk or conflicts of interest that could not be contained without the most elaborate and self-defeating kinds of regulation. Corporate securities underwriting, real estate development, and, more generally, significant equity positions in unrelated nonfinancial activities fall into that category.

In any event, to the extent that regulation is needed, the goal should be to minimize the costs and burdens of regulation consistent with the public interest. For example, experience has convinced us that the present statutory requirement for public hearing in the Bank Holding Company Act sometimes leads to unnecessary delays in the processing of applications. This requirement could be modified to relax the requirement for public hearing, while retaining discretion for the Federal Reserve Board to conduct informal hearings in cases when public comment is warranted. This change alone would reduce significantly the time required to process some applications filed under the provisions of the Bank Holding Company Act. Also, the statutory requirements for approval of nonbanking activities could be modified to place greater emphasis on safety and soundness and less emphasis on the finding of net benefits, and provision could be made for the Board to follow more expedited procedures in the processing of applications.

CONSISTENCY IN BANK–THRIFT REGULATIONS

The observation that thrift institutions have essentially become bank-like institutions is indisputable with respect to the powers they are allowed to exercise; it is increasingly accurate with respect to the powers they do exercise. But questions are posed not just by the fact that powers of thrift institutions have been expanded to matters previously the province of commercial banks alone; in important instances thrift powers extend well beyond those available to banks. Considerations of competitive equity alone would seem to dictate that the special privileges and restrictions of banks and thrifts be brought into more coherent relationship.

The significance goes beyond equity considerations. In today's world, the kind of consideration I have just reviewed with respect to the powers of banking organizations, flowing basically from banks' participation in the payments mechanism, cannot be valid for commercial banks alone; limitations on bank holding companies could not be effective to the extent thrift instititutions, with the corresponding banking powers, could simply substitute as a vehicle for combining various activities. I recognize there are difficult questions posed by the firms that already have operations on both sides of the line between commerce and thrift banking, but we will need to find some way to resolve these questions and establish a firmer policy for the future if we are to bring about a rational structure in this regard. The same consideration bears upon a number of other issues—particularly branching and interstate powers—when the differences between regulatory treatment of banks and thrift institutions have become increasingly anomalous.

The implication is not that all thrift institutions and their holding companies must be regulated in all ways like commercial banking organizations. There may well be ways of distinguishing among institutions, depending on the scope and extent of their actual activities, which would allow us to achieve necessary functional consistency and assure the integrity of our policy intent, while retaining the advantages of a degree of specialization among financial institutions. As I understand it, the Congress had such concerns in mind in linking the more liberal treatment of unitary savings and loan holding companies in important respects to satisfying a certain asset test originally developed for tax purposes. However, that asset test—the proportion of an institution's portfolio in real estate mortgages, government securities, and certain other "qualified" assets—seems to me inadequate for the purpose. The interest of investment companies and other nonbanking firms in acquiring savings and loan associations suggests that such an asset limitation would not deter substantial nonbank participation in deposit-taking and payments services.

Federal–State Relations

For more than a century this country has maintained a dual system for the regulation and supervision of banking. On the whole, this dual banking system has played a useful and constructive role in encouraging innovation in the financial regulatory environment and in helping to accommodate local differences in the needs of banking organizations and their customers.

The system has worked as well as it has because to a significant degree the goals and techniques of regulation were commonly shared and the divergences between federal and state treatment were kept within tolerable bounds. As I mentioned earlier, this comity appears to be breaking down, as states consider vast expansions of powers for banks and thrifts that go far beyond standards allowed by federal law and yet still rely on federal protections for their state-chartered institutions. The issue will need to be addressed by the Congress as to whether it is properly a federal prerogative to establish the outer bounds within which the dual banking system may continue to be a useful and constructive force.

The geographic scope of depository institutions has long been a key question of federal–state relations. The proliferation of nonbank affiliates of bank holding companies operating across state lines, the loan production and Edge Act offices, the integrated national markets for money and credit at the wholesale level, the current action of some states themselves to permit entry of out-of-state banking organizations, the broadened power of thrift institutions able to operate interstate, and the credit card itself have by now led to interstate banking de facto for most banking services. But, as a general matter, we still prohibit on an interstate basis that portion of retail banking and some other services that require a brick and mortar presence, and we force other activities into "unnatural," and less efficient, channels.

I believe your deliberations will need to consider whether the time has come to rationalize this situation. Appropriately structured, banking across state lines can increase competition for the delivery of financial services and by so doing should enable users of these services to obtain them at lower cost and in a more convenient manner. Indeed, broadened geographic scope can even serve to reduce risk to the banks themselves, and perhaps reduce pressures to extend their franchise to less suitable areas of activity. I recognize the controversies and sensitivities surrounding the McFadden Act and Douglas amendment. I also know a number of approaches could be taken in easing or removing those restrictions; a period of transition may still be useful. Indeed, I am encouraged that some states have already chosen to take the lead. But I sense the time for congressional review of the issue is here.

Regulatory Structure

The rapid evolution of the financial system inevitably raises new questions about how the government's role in regulation should be organized and implemented. As you know, this subject is being reviewed by a task group under the leadership of Vice President Bush, on which I participate. Without going into any detail on the pros and cons of the many different ways the regulatory agencies could be organized, I do want to comment briefly on the implications, as I see them, for carrying out the basic responsibilities of the central bank for the strength and stability of the financial system.

The argument has sometimes been put forward that supervision and regulation of the banking system can be divorced from monetary policy, and that the Federal Reserve ought to stick to the latter. That argument is premised on a view of monetary policy and inherent Federal Reserve responsibilities that seems to me far too narrow; pressed to its logical conclusion, both monetary policy and supervision would be gravely weakened. The basic objective of the Federal Reserve—and the principal reason for its very founding—is to contribute to a stable and smoothly functioning financial system, one that is capable of supporting and responding to the financial requirements of the nation under a variety of circumstances. Out of those concerns, the Federal Reserve Act explicitly provided the Federal Reserve with both an operational role in the payments mechanism and wide supervisory authority, and I believe those concerns remain valid today.

Over the past 70 years of the Federal Reserve's existence, the specifically monetary policy function—explicit attention to control of the total supply of money and credit and stabilization policy—has been developed and refined. But monetary and credit policy works through the banking and payments system and the individual institutions within it; in the last analysis monetary policy cannot be successful independent of the strength and resiliency of that banking system. Conversely, history is filled with examples of a breakdown in the banking system overriding, in its adverse economic consequences, the effects of more general policy instruments.

The interrelationships are not theoretical; they are embedded in our daily operating experience. A key "monetary policy" instrument is the administration of the discount window, through which we advance funds to meet temporary liquidity needs and can act, if necessary, to meet our responsibilities as lender of last resort to the financial system and to the economy as a whole. By its nature, provision of funds through the discount window presumes an intimate awareness of the circumstances of the particular borrowers, skill and experience in financial analysis, and a degree of supervisory authority.

More broadly, the Congress and others, quite properly and understandably, look to the Federal Reserve for advice and, when necessary and possible within the framework of our statutes, for action in dealing with points of immediate financial strain and crisis. But those responsibilities seem to me to entail a continuing responsibility for participation in the regulatory structure, "hands on" supervisory capability, and a strong voice in the evolution of the banking system.

Moreover, monetary policy, as more conventionally defined, needs to be conditioned by circumstances as they exist in the financial world. A financial system that is too fragile, for example, might constrain our flexibility to pursue certain goals—most especially that of combating inflation. More general tendencies in the financial system—such as the shift toward increasingly liquid assets in recent years—can affect the behavior of money and other policy indicators that we rely upon in conducting monetary policy, and in some cases could have destabilizing effects on financial markets and institutions.

None of this dictates a particular regulatory structure; indeed, there are areas of regulation or supervision of only peripheral interest to our central responsibilities. But we do feel that a continuing role in regulation and supervision is an inherent part of effective central banking.

Announcements

Pricing Federal Reserve Float

The Federal Reserve Board has approved procedures to eliminate or price the remaining categories of Federal Reserve check float. This type of float is the value of checks for which the Federal Reserve has given credit to the institution that deposited the checks for collection, but for which the Federal Reserve has not yet received payment.

The Board acted under the Monetary Control Act of 1980, which requires the System to reduce and price remaining Federal Reserve float. The Board's approval of these procedures is the latest in a series of actions to fulfill these requirements.

In November 1982, the Board requested public comment on a proposal to charge depository institutions for large ($50,000 or more) interterritory checks as a result of a wire notification from the returning Federal Reserve Bank when such a check is returned. Interterritory returned checks cause Federal Reserve float because Reserve Banks are unable to debit immediately the original depositing institution's account for the returned checks.

After reviewing comment received, the Board decided not to adopt the proposal. As suggested by commenters, the Board deferred credit for interterritory returned items for one day. This one-day deferral of credit will eliminate $130 million of interterritory return-item float. This procedure will be implemented in August 1983 to provide Reserve Banks and depository institutions sufficient time to make necessary operational changes.

In April 1982, the Board proposed an amendment to Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds) to require paying banks to pay for checks delivered or made available to them on days the paying banks are closed and on which the Reserve Bank is open. Such days consist of midweek closing days—regular weekdays on which a depository institution closes as permitted by state law—and nonstandard holidays—days on which the paying bank is closed because of a state or local holiday.

In response to comment received, the Board did not adopt the proposed amendment at this time. As an alternative, the Board decided to eliminate or price float arising from midweek closings and nonstandard holidays, beginning in October 1983, by giving Reserve Banks the following three options to deal with such float:

1. A Reserve Bank could modify its availability schedule for local depositors so that credit for checks drawn on closed institutions would be deferred an additional day.
2. A Reserve Bank could modify its current practice of posting funds received for the account of the institution on the day the institution is closed.
3. A Reserve Bank could price all or any remaining float arising from midweek closings or nonstandard holidays by including the value of such float in the cost of the Federal Reserve's check collection service.

The Board also had requested comment in November 1982 on proposals to price intraterritory transportation float and the other remaining categories of check float. The Board has approved the proposals to price these categories of check float by adding the cost of such float to the cost of the check collection service. The addition of these costs to the costs of the check collection service will begin in October 1983.

With the implementation of these procedures, all Federal Reserve check float arising from the provision of check collection services to depository institutions will be eliminated or priced.

Interim Fee Schedule

The Federal Reserve Board has approved an interim fee schedule to be used in a pilot program for making corporate trade payments by electronic means through automated clearinghouses (ACHs).

Currently, ACH payments are made chiefly in connection with consumer transaction deposits. A study carried out by the National Automated Clearing House Association indicated that corporations are interested in making trade payments through ACHs. The use of the ACH for corporate trade payments is scheduled to begin during June 1983, with a limited number of originators and recipients. It is anticipated that the pilot will be completed by the end of 1983 at which time the use of the ACH for corporate trade payments will be available to any company that wishes to make use of the service.

The Board approved the following interim fee schedule for the pilot program, effective June 2, 1983:

Item	Cents
Intra-ACH	
Debits originated	4.5
Credits received	4.5
Each addenda record after the first 15	.1
Inter-ACH	
Debits originated	7.5
Credits received	7.5
Each addenda record after the first 15	.2
New York intra-ACH	
Debits originated	1.5
Credits received	1.5
New York inter-ACH	
Debits originated	4.5
Credits received	4.5
Each addenda record after the first 15	.1

PROPOSED ACTION

The Federal Reserve Board has proposed for public comment certain criteria for adding depository institutions to the Federal Reserve check collection services as part of a program to accelerate the collection of checks. Comments must be received by June 17, 1983.

REGULATION D: AMENDMENTS

The Federal Reserve Board has approved amendments to its Regulation D (Reserve Requirements of Depository Institutions) designed to reduce the deposit-reporting burden for small institutions. The action, taken after consideration of comment received on a proposal published in March, is effective April 28, 1983.

The Board's action implements provisions of the Garn–St Germain Depository Institutions Act of 1982 directing the Board to reduce the administrative burden associated with deposit reporting at commercial banks and thrift institutions with $2.1 million or less in total reservable liabilities. In implementing the act the Board is to take into account its responsibility for insuring compliance with the reserve requirement provisions of Regulation D and for collecting data necessary for monitoring and controlling the monetary and credit aggregates.

Currently, small depository institutions either are excused from reporting requirements or are required to file a report of at least 22 items weekly or quarterly.

The principal features of the amendments follow:

1. Institutions (other than U.S. branches and agencies of foreign banks or Edge and Agreement corporations) with $2.1 million or less in reservable liabilities (fully exempt institutions) will be subject to a three-tier reporting system, based on their total deposits: Available data will be used to estimate deposits at fully exempt institutions with less than $2 million in total deposits; fully exempt institutions with total deposits of at least $2 million but less than $15 million will file an annual two-item report (FR 2910a) covering one day each June; fully exempt institutions with $15 million or more in total deposits will file a condensed six-item report (FR 2910q) for the same week each quarter.

This system in essence will keep the preponderance of institutions previously deferred from reserve and reporting requirements free of reporting requirements, will convert current quarterly reporters that become fully exempt from reserve requirements into annual reporters, and will convert weekly reporters that become fully exempt from reserve requirements into quarterly reporters. The number of items reported by the latter two groups also will be substantially reduced.

2. All nonexempt quarterly respondents will begin reporting on the same schedule as those fully exempt institutions that will file the new, reduced quarterly report. At present, institutions that report quarterly do so on a staggered basis, one-third each month.

3. U.S. branches and agencies of foreign banks and Edge and Agreement corporations will continue to file a weekly report of transaction accounts, other deposits, and vault cash (FR 2900) and the weekly

report of certain Eurocurrency transactions (FR 2950 and FR 2951), even if the family of related institutions has less than $2.1 million in reservable liabilities.

Proposed Legislation

The Federal Reserve Board sent to the Congress on April 18, 1983, proposed legislation for simplifying the Consumer Leasing Act. The act, passed in 1976, applies to personal property leased for more than four months for personal, family, or household use.

The Board said it is proposing simplification of the act to reduce the number and complexity of the disclosures, thereby lessening the burden of compliance on creditors and highlighting important information for consumers.

In addition, the draft legislation adds coverage of rental-purchase agreements. These agreements are not presently covered by either the Consumer Leasing Act or the Truth in Lending Act. Under a rental-purchase agreement, the consumer rents the property (generally a television or other home appliance) for a term of one week or one month. The rental is automatically renewed with each subsequent payment, and after a certain number of payments the consumer can become the owner of the property for little or no additional money.

The draft legislation proposes coverage of these agreements because of public concern about the number of consumers who are entering into such agreements without the benefit of adequate cost disclosures.

The Board welcomes public comment on this proposal.

Change in Board Staff

The Board has announced the resignation of Joe M. Cleaver, Assistant Director, Division of Research and Statistics, effective May 20, 1983.

System Membership: Admission of State Banks

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

Arizona

Phoenix............. Western Security Bank

Colorado

Meeker .... Peoples State Bank

Florida

Naples .... Collier Bank

Illinois

Schaumburg .... Northern Trust Bank/ Woodfield

Texas

Gainesville..... North Texas Bank and Trust

Odessa .... Odessa Industrial Bank

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors adopted in final form amendments to Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204) to reduce substantially the amount of reporting required from most depository institutions that have total reservable liabilities of $2.1 million or less. Such institutions generally will be required to submit either a six item report each calendar quarter, a two item report once each year, or no report at all, depending upon their total deposit levels.

Effective April 28, 1983, sections 204.3 of Regulation D is amended as set forth below:

Part 204—Reserves of Depository Institutions

1. By amending section 204.3(c) by removing the first sentence, "Computation of required reserves.", and inserting in its place, "Computation of required reserves for institutions that report on a weekly basis."; and by revising paragraphs (a) and (d) as set forth below.

Section 204.3—Computation and Maintenance

(a) Maintenance of required reserves. A depository institution, a U.S. branch or agency of a foreign bank, and an Edge or Agreement Corporation shall maintain reserves against its deposits and Eurocurrency liabilities in accordance with the procedures prescribed in this section and § 204.4 and the ratios prescribed in § 204.9. Penalties shall be assessed for deficiencies in required reserves in accordance with the provisions of § 204.7. Every depository institution, U.S. branch or agency of a foreign bank, and Edge or Agreement Corporation shall file reports of deposits in accordance with the instructions of the Board, based on the level of its deposits and reservable liabilities consistent with the Board's need for data to carry out its responsibility to monitor and control monetary and credit aggregates. For purposes of this part, the obligations of a majority owned (50% or more) U.S. subsidiary (except an Edge or Agreement Corporation) of a depository institution shall be regarded as obligations of the parent depository institution.

(1) * * *

* * * * *

(d) Computation of required reserves for institutions that report on a quarterly basis. For a depository institution that is permitted to report quarterly, required reserves are computed on the basis of the depository institution's daily average deposit balances during a seven-day computation period that begins on the third Thursday of March, June, September, and December. In determining the reserve balance that such a depository institution is required to maintain with the Federal Reserve, the average daily vault cash held during the computation period is deducted from the amount of the institution's required reserves. The reserve balance that is required to be maintained with the Federal Reserve shall be maintained during a corresponding period that begins on the fourth Thursday following the end of the institution's computation period and ends on the third Wednesday after the close of the institution's next computation period. Such reserve balance shall be maintained in the amount required on a daily average basis during each week of the quarterly reserve maintenance period.

* * * * *

2. The Board also amends section 204.3(c), published at 47 FR 44707, October 12, 1982, to become effective February 2, 1984, by removing the first sentence, "Computation of required reserves.", and inserting in its place, "Computation of required reserves for institutions that report on a weekly basis."; and by revising section 204.3(d), also published at 47 FR 44707, to become effective February 2, 1984, as set forth below:

(d) Computation of required reserves for institutions that report on a quarterly basis. For a depository institution that is permitted to report quarterly, required reserves are computed on the basis of the depository institution's daily average deposit balances during a seven-day computation period that begins on the third Tuesday of March, June, September, and December. In determining the reserve balance that such a depository institution is required to maintain with the Federal Reserve, the daily average vault cash held during the computation period is deducted from the amount of the institution's required reserves. The reserve balance that is required to be maintained with the Federal Reserve shall be maintained during a corresponding period that begins on the fourth Thursday following the end of the institution's computation period and ends on the fourth Wednesday after the close of the institution's next computation period.

* * * * *

AMENDMENTS TO REGULATION E

The Board of Governors has adopted technical amendments to Regulation E (Electronic Fund Transfers) 12 C.F.R. Part 205 to conform certain provisions that refer to Regulation Z (Truth in Lending). These changes reflect redesignated sections in revised Regulation Z.

Effective April 1, 1983, sections 205.5, 205.6, 205.9 and 205.11 are amended as set forth below:

Part 205—Electronic Fund Transfers

1. By revising §§ 205.5(c)(i),(ii),205.5(c)(2)(i), 205.6(d)(l)(i), 205.9(b)(3), and 205.11(i) to refer to the revised section of Regulation Z, to read as follows:

Section 205.5—Issuance of Access Devices

* * * * *

(c) Relation to Truth in Lending

(1) ***

(ii) Addition to an accepted credit card, as defined in 12 C.F.R. 226.12(a)(2), footnote 21 (Regulation Z), of the capability to initiate electronic fund transfers; and

* * * * *

(2) ***

(i) Issuance of credit cards as defined in 12 C.F.R. 226.2(a)(15);

* * * * *

Section 205.6—Liability of Consumer for Unauthorized Transfers

* * * * *

(d) Relation to Truth in Lending.

(1) ***

(i) Was initiated by use of an access device that is also a credit card as defined in 12 C.F.R. 226.2(a)(15), or

* * * * *

Section 205.9—Documentation of Transfers

* * * * *

(b) Periodic Statements. ***

(3) The total amount of any fees or charges, other than a finance charge under 12 C.F.R. 226.7(f), assessed against the account during the statement period for electronic fund transfers or the right to make such transfers, or for account maintenance.

* * * * *

Section 205.11—Procedures for Resolving Errors

* * * * *

(i) Relation to Truth in Lending. Where an electronic fund transfer also involves an extension of credit under an agreement between a consumer and a financial institution to extend credit when the consumer's account is overdrawn or to maintain a specified minimum balance in the consumer's account, the financial institution shall comply with the requirements of this section rather than those of 12 C.F.R. 226.13(a), (b), (c), (e), (f), and (h).

AMENDMENTS TO REGULATION Z

The Board of Governors has amended revised Regulation Z (12 C.F.R. Part 226) to implement Truth in Lending amendments made in the Garn- St Germain Depository Institutions Act of 1982. The amendments delete from coverage arrangers of credit and exempt certain student loans. For purposes of administrative enforcement, two footnotes relating to disclosure errors caused by the use of faulty calculation tools are also amended.

Effective October 1, 1982, sections 226.2, 226.3, 226.14 and 226.22 are amended as set forth below:

Part 226—Truth in Lending

1. By removing and reserving paragraph (a)(3), and reserving footnote 2 to paragraph (a)(3) of § 226.2; removing paragraph (a)(17)(ii) of § 226.2 and redesignating paragraphs (a)(17)(iii), (iv), and (v) as paragraphs (a)(17)(ii), (iii), and (iv), respectively; adding a new paragraph (f) to § 226.3; and removing the last sentence of both footnote 31a to § 226.14 and footnote 45a to § 226.22, to read as follows:

Section 226.3—Exempt Transactions

* * * * *

(f) Student loan programs. Loans made, insured, or guaranteed pursuant to a program authorized by Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

* * * * *

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

Orders Under Section 3 of Bank Holding Company Act

Banco De Vizcaya, S.A., Bilbao, Spain

Order Approving Acquisition of a Bank

Banco de Vizcaya, S.A., Bilbao, Spain, has applied for the Board's approval under section 3(a)(l) of the Bank Holding Company Act (12 U.S.C. § 1842) to become a bank holding company through the acquisition of 68 percent of the voting shares of Banco Comercial de Mayaguez, Mayaguez, Puerto Rico ("Bank").

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

Banco de Vizcaya is the fifth largest publicly owned banking institution in Spain, with total assets of $12 billion and total deposits of $7.8 billion.[1] Banco de Vizcaya presently operates a branch in New York and agencies in Miami and San Francisco, but does not engage directly or indirectly in any nonbanking activities in the United States. Banco de Vizcaya proposes to acquire the shares of Bank as part of the purchase of the assets of Banco Occidental, S.A., Madrid, Spain, from the Fund for the Guarantee of Deposits in Banking Institutions, Madrid, Spain (the "Fund"). The Fund is an agency of the Spanish Government established for the purpose of aiding and administering ailing financial institutions in Spain, and acquired the assets of Banco Occidental, including the shares of Bank, pursuant to its emergency powers. Banco de Vizcaya has been awarded the purchase of the assets of Banco Occidental by the Fund, and has taken possession of those assets except for the shares of Bank, which have been retained by the Fund pending Board action on this application.[2]

Bank, with total assets of $254 million and total deposits of $191.2 million controls approximately 1.6 percent of the total deposits in commercial banks in Puerto Rico and is the tenth largest commercial banking organization in Puerto Rico.[3] Inasmuch as Applicant does not conduct any banking operations or other business in the Commonwealth of Puerto Rico, consummation of the proposed transaction would have no adverse effects on either existing or potential competition in any relevant market and would not increase the concentration of resources in any relevant market. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

Based on the entire record, including comments made by the Protestants regarding the financial strength of the Applicant, the Board is of the view that the financial and managerial resources of the Applicant appear generally satisfactory and its future prospects appear favorable. The financial and managerial resources of Bank appear generally satisfactory and the future prospects of Bank appear favorable, especially in light of commitments made by Applicant to inject additional capital into Bank. Based on these and other commitments, the Board has determined that considerations relating to banking factors are consistent with approval of this application.

Affiliation with Applicant will permit Bank to develop an international banking department as well as to continue its current retail services. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the proposed transaction would be in the public interest.

Based upon the foregoing, including all the facts of record and 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

1. All banking data for Applicant are as of September 30, 1982.

2. Protestants allege that Applicant and the Fund have each violated the BHC Act by acquiring the assets of Banco Occidental, which is itself a registered bank holding company (67 Federal Reserve Bulletin 186 (1981)), without the prior approval of the Board. Protestants also allege that the Fund has violated the BHC Act by holding the shares of Bank pending Board action on this application. The record does not support the conclusion that Applicant has already acquired control of the shares of Bank. Applicant has not taken possession of or voted the shares of Bank, and has applied for the Board's approval for its proposed acquisition. On the basis of the entire record, the Board has determined that Applicant has not acquired control of Bank under the BHC Act. Protestants' allegation that the Fund has violated the BHC Act is not relevant to this application. Moreover, the Board has determined that, under the circumstances of this case, the Fund, which exercises functions similar to those of the Federal Deposit Insurance Corporation, has not violated the BHC Act. The Board has also determined that the allegations made by Protestants regarding the fairness of the proposed acquisition by Applicant to the minority shareholders do not, in light of the facts of this case, reflect adversely on the managerial factors of Applicant and do not warrant denial of this application.

3. All banking data for Bank are as of December 31, 1982.

by the Federal Reserve Bank of New York, under delegated authority.

By order of the Board of Governors, effective April 19, 1983.

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

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

Northwest Kansas Banc Shares, Hutchinson, Kansas

Southwest Kansas Banc Shares, Hutchinson, Kansas

Santa Fe Trail Banc Shares, Hutchinson, Kansas

Arkansas Valley Banc Shares, Hutchinson, Kansas

Order Approving Acquisition of Shares of a Bank Holding Company

Northwest Kansas Banc Shares, Inc. ("Northwest"), Southwest Kansas Banc Shares, Inc. ("Southwest"), Santa Fe Trail Banc Shares, Inc. ("Santa Fe"), Arkansas Valley Banc Shares, Inc. ("Arkansas"), all in Hutchinson, Kansas (together "Applicants"), each a registered one-bank holding company within the meaning of the Bank Holding Company Act as amended, 12 U.S.C. § 1841 et seq. ("BHC Act"), have applied for the Board's approval under section 3(a)(3) of the BHC Act, 12 U.S.C. § 1842(a)(3), to acquire approximately 16.7 percent each of the voting shares of Garden Banc Shares, Inc., Hutchinson, Kansas ("Garden"), and thereby indirectly acquire an interest in The Fourth Bank of Garden City, N.A., Garden City, Kansas ("Bank"), a de novo bank.[1]

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

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

Arkansas, Santa Fe, and Southwest are affiliated through common management and shareholders.[3] Principals of these Applicants will also serve as directors and officers of Garden and Bank and will own shares of Garden in their individual capacity.[4] The remaining 25 percent of Garden's voting shares will be owned by unaffiliated individual investors.

Inasmuch as Bank is a de novo bank, the Board views consummation of the proposed transaction as procompetitive. Accordingly, the Board concludes that the proposal will not have adverse effects on competition in any relevant area and that the competitive effects are consistent with approval of the applications.

The financial and managerial resources of Applicants, their banking subsidiaries and Bank are regarded as generally satisfactory and their future prospects

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

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

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

4. Pursuant to the Supreme Court's decision in *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Company*, 379 U.S. 411, 419 (1965), the Board may not approve an application that would result in a violation of a valid State law. Kansas law prohibits the formation of a bank holding company defined as a company that directly or indirectly owns or controls or holds with power to vote 25 percent or more of the voting shares of two or more banks, or controls the election of a majority of the directors of two or more banks. Based on opinions of the Kansas Bank Commissioner and the Kansas Attorney General, the Board recently approved applications by these Applicants, each a one-bank holding company located in Kansas, to acquire approximately 20.06 percent of the voting shares of another one-bank holding company located in Kansas, *Northwest Kansas Banc Shares, Inc., et al.*, 69 FEDERAL RESERVE BULLETIN 98 (1983); see also, *Sierra Petroleum Company, Inc. & K&B Producers, Inc.*, 63 FEDERAL RESERVE BULLETIN 938 (1977).

In light of the similarity of that proposal to the present one, the Board believes that the proposed acquisition of Garden by Applicants is consistent with state law. In addition, as reflected in this Order, the proposal is consistent with competitive, financial and convenience and needs criteria of the BHC Act. Moreover, as it concluded in *Northwest*, the Board does not believe that any regulatory purpose would be served in requiring Applicants to file an application and register as a single multi-bank holding company because each Applicant is already a registered bank holding company subject to the Board's supervision.

appear favorable. The Board has indicated on previous occasions that a holding company should serve as a source of 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 each of the Applicants will incur some acquisition debt, the Board concludes that the amount of debt involved in each case would not preclude Applicants from serving as a source of strength to Bank and their subsidiary banks. Accordingly, considerations relating to banking factors are consistent with approval of these applications.

Since Bank is a de novo institution, Bank will serve as a new source of banking services in the market. Thus, the Board believes that considerations relating to the convenience and needs of the community to be served lend some weight towards approval of these applications. Accordingly, it is the Board's judgment that consummation of Applicants' acquisition of shares of Bank would be in the public interest and that the applications should be approved.

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

By order of the Board of Governors, effective April 5, 1983.

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

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

W.T.B. Financial Corporation, Spokane, Washington

Order Approving Acquisition of Bank

W.T.B. Financial Corporation, Spokane, Washington, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)), to acquire Security Bank of Washington, Ephrata, Washington.

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

Applicant, a one-bank holding company by virtue of its control of Washington Trust Bank, Spokane, Washington ("Washington Bank"), is the eighth largest commercial banking organization in Washington, with total domestic deposits of $320 million, representing 1.4 percent of the total deposits in commercial banks in the state.[1] Bank is the fifteenth largest commercial banking organization in Washington, with deposits of $70.2 million, representing 0.4 percent of the total deposits in commercial banks in the state. Consummation of the proposed transaction would increase Applicant's share of the total deposits in commercial banks in the state by 0.4 percent and its rank would remain unchanged. Accordingly, the Board concludes that consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in the state of Washington.

Both Applicant and Bank compete in the Moses Lake/Warden banking market.[2] The four largest commercial banking organizations in the Moses Lake/Warden banking market control 89.4 percent of total deposits in commercial banks in the market.[3] Applicant, the fifth largest of six commercial banking organizations in this market, operates two branches which hold deposits of $11.2 million, representing 9.8 percent of the total deposits in commercial banks in the market.[4] Bank is the smallest banking organization in the market with deposits of $0.9 million, representing 0.8 percent of the total deposits in commercial banks in the market. Acquisition of Bank would increase Applicant's share of the total deposits in commercial banks in the market to 10.6 percent; and Applicant's rank in the market would remain unchanged.

Consummation of the proposed transaction would eliminate existing competition between Applicant and Bank in the Moses Lake/Warden banking market; however, the following and other facts of record mitigate the competitive effects of this transaction. First, the level of concentration in the market is due, in

1. Unless otherwise indicated, all banking data are as of September 30, 1982.
2. The Moses Lake/Warden banking market is approximated by 320 square miles of southeastern Grant County, Washington, and includes the cities of Moses Lake and Warden.
3. The Herfindahl-Hirschman index ("HHI") of the Moses Lake/Warden market is 2284 and will increase by 16 points to 2300 upon consummation. Under the Department of Justice merger guidelines, in a market where the post-merger HHI is over 1800, the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 50 points.
4. All market data are as of June 30, 1982, and include the deposits held by Fidelity Mutual Savings Bank, which was merged into First Interstate Bank of Washington on March 15, 1983.

large part, to the market shares of the two leading firms which together control approximately 54.6 percent of the market's deposits. In addition, Bank is not a strong competitor in the market. In this regard, since its opening in 1978, the share of the market's deposits held by Bank's branch has declined and, absent affiliation with Applicant, the branch likely would have been closed by Bank. Based on the foregoing and other facts of record, the Board concludes that the competitive effects of the transaction would not be so serious as to warrant denial of the proposal.

The Board has considered also the effects of this acquisition on probable future competition in light of its proposed guidelines for assessing the competitive effects of bank holding company acquisitions and mergers.[5] In this regard, there are a number of markets in which Bank or Applicant, but not both, competes. With respect to those markets in which Bank competes and in which Applicant is not now represented, under the Board's existing standards none of these markets is considered attractive for de novo entry, and it appears unlikely that Applicant would enter these markets by alternative means. With respect to those markets where Applicant competes and in which Bank is not now represented, because of its size, Bank does not appear to be a probable future entrant into any of these markets. In light of these facts, the Board concludes that the acquisition would not have a substantial adverse effect on probable future competition in any relevant area. Thus, the Board concludes competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory. Although Applicant will incur debt in connection with the proposed acquisition, Applicant appears able to meet its debt-servicing requirements without adversely affecting Washington Bank or Bank. Thus, banking factors are consistent with approval. In addition, Applicant will assist Bank to expand its services to include trust services, a leasing program and ATMs. In light of the proposed expansion in services, the Board concludes that considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application and outweigh any slightly adverse competitive effects that may result from consummation of the proposal. Accordingly, the Board concludes that consummation of the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 28, 1983.

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

[SEAL]

WILLIAM W. WILES,
Secretary of the Board

Orders Under Section 4 of Bank Holding Company Act

Independent Bankshares Corporation, San Rafael, California

Order Approving Acquisition of Company Engaged in Management Consulting Services

Independent Bankshares Corporation, San Rafael, California, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire Learnex Corporation, La Jolla, California ("Corporation"), and thereby engage in providing management consulting services to nonaffiliated depository institutions.[1] This activity, subject to certain conditions, has been determined by the Board to be closely related to banking and, therefore, permissible for bank holding companies (12 C.F.R. § 225.4(a)(12)).

Notice of the application, affording interested persons an opportunity to submit comments and views on the public interest factors, has been duly published (48 *Federal Register* 7009 (1983)). The time for filing

5. 47 *Federal Register* 9017 (March 3, 1982). See also, *Shawmut Corporation*, 68 FEDERAL RESERVE BULLETIN 309 (1982); *Colorado National Bankshares, Inc.*, 68 FEDERAL RESERVE BULLETIN 553(1982); *Old Kent Financial Corporation*, 69 FEDERAL RESERVE BULLETIN 102 (1983).

1. Applicant also intends to provide management consulting services through Corporation to itself and its subsidiary banks. Applicant is not required to obtain the Board's prior approval to engage in this activity pursuant to section 4(c)(l)(C) of the Act (12 U.S.C. § 1843(c)(l)(C)).

comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, the 20th largest banking organization in California, controls six banking subsidiaries with aggregate deposits of $654 million, representing approximately 0.4 percent of total deposits in commercial banks in the state.[2] In addition, Applicant engages, through nonbanking subsidiaries, in trust company and mortgage banking activities.

Corporation provides management consulting services to depository institutions, specializing in the provision of personnel development and marketing technique programs. Applicant proposes to market Corporation's services throughout the United States. Affiliation with Applicant will enable Corporation to market its services more effectively. Accordingly, it is the Board's view that approval of this application would produce benefits to the public and would be in the public interest. Moreover, there is no evidence in the record to indicate that Applicant's engaging in this activity would lead to any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application is approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasions thereof. The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

By order of the Board of Governors, effective April 26, 1983.

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

WILLIAM W. WILES,
Secretary of the Board

[SEAL]

2. All banking data are as of September 30, 1982.

The Maybaco Company, Baltimore, Maryland

Equitable Bancorporation, Baltimore, Maryland

Order Approving Acquisition of Shares of ABG Associates, Inc.

The Maybaco Company ("Maybaco") and Equitable Bancorporation ("Equitable") both of Baltimore, Maryland, and both bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) have applied for the Board's approval under section 4(c)(8) of the Act and section 225.4(b) of the Board's Regulation Y (12 C.F.R. § 225.4(b)), directly to acquire voting shares of ABG Associates, Inc., Baltimore, Maryland ("ABG"), a joint venture currently held in part by Equitable's subsidiary, Equitable Bank, National Association, Baltimore, Maryland ("EBNA").[1]

ABG is a specialized mortgage banking firm engaged principally in the arrangement, placement, and servicing of government-assisted mortgage loans. Most of the transactions in which ABG plays a role involve the financing of low- and moderate-income apartment and nursing home projects. ABG also engages to a limited extent in conventional mortgage loan servicing and in the provision of financial advisory services to public housing authorities and other units of state and local governments with respect to the construction or rehabilitation of housing projects. Each of these activities has been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (3), and (5)). ABG has offices in Baltimore, Maryland; Richmond, Virginia; and Washington, D.C., and the geographic areas served are Maryland, Pennsylvania, Delaware, the District of Columbia, West Virginia, Virginia, and North Carolina.

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly Published (48 *Federal Register* 3049 (1983)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

ABG was formed in 1980 as a de novo corporation by its current shareholders, EBNA; Baker, Watts & Co. ("Baker, Watts"); and ATN & Company, Inc.

1. Maybaco is a party to this application only because it owns 33.6 percent of Equitable's voting shares. Maybaco is a limited partnership formed by one of Equitable's shareholders solely to hold the Equitable stock controlled by him. Maybaco engages in no other activities other than the holding of Equitable's stock.

("ATN").[2] EBNA currently owns 49 percent of ABG's voting common stock and 65.3 percent of its nonvoting preferred stock. Through this application, Equitable proposes directly to acquire EBNA's interest in ABG through a transfer of the stock as a dividend from EBNA to Equitable.[3] Baker, Watts now owns 26 percent of ABG's common stock and 34.7 percent of its preferred stock, while ATN holds 25 percent of ABG's common stock.

ATN is owned by three officers of ABG and engages in no activity apart from its ownership of ABG's common stock. Consequently, ATN's role as a joint venturer in this proposal would have no effect on existing or potential competition in any relevant market. Baker, Watts is a member of the New York Stock Exchange ("NYSE") and is engaged principally in the activities of: 1) underwriting and dealing in securities; 2) securities brokerage, and; 3) rendering financial planning and advisory services. The facts of record indicate that Baker, Watts ranks as a medium-sized firm among the mid-Atlantic NYSE-member investment banking firms. Equitable is the second largest banking organization in Maryland, controlling approximately $1.8 billion in aggregate deposits, or 13.2 percent of commercial bank deposits in the state.[4] Through its nonbank subsidiaries, Equitable engages in permissible credit-related insurance activities, investment advisory activities, and in the holding of bank premises.

Neither Equitable nor Baker, Watts currently engages directly or indirectly in the specialized mortgage banking activities and related advisory services that ABG provides. Equitable engages in conventional mortgage lending activities through EBNA, but the Board regards any overlap with ABG's activities as minimal. The record indicates that ABG's principal activities involve the origination and servicing of an entire package of government-assisted construction and permanent financing for low- and moderate-income housing and nursing home projects. These activities frequently involve short-term construction lending by ABG as an incidental part of an overall financing package. However, ABG generally sells participations in such loans to other lenders and does not attempt to build a substantial loan portfolio for itself. Construction lending for EBNA, on the other hand, is an end in itself intended to build a profitable loan portfolio. Consequently, it appears that Equitable and ABG are not principally engaged in the same line of commerce for purposes of competitive analysis. In addition, since ABG's principal customers are developers of low- and moderate-income housing and nursing home projects, while EBNA makes construction loans to a much broader group of individuals and businesses, any competitive overlap between ABG and EBNA is further mitigated by the fact that they largely serve different markets. Accordingly, it is the Board's judgment that consummation of the proposal would not have any adverse effect on existing competition.

The Board has also considered the effects of consummation of this proposal on probable future competition in the relevant line of commerce, particularly in light of the fact that this application involves the use of a joint venture to engage in the relevant activities. In this regard, although Equitable could presumably engage in these specialized mortgage banking activities independently, the Board does not consider Equitable to be a likely independent entrant into the market because it does not possess the necessary expertise to engage separately in these highly specialized activities, and the cost of doing so on a de novo basis would likely be prohibitive.[5] The elimination of Equitable as a probable future entrant into this line of commerce, therefore, would have little effect on probable future competition in the market. Accordingly, the Board concludes that consummation of the proposed joint venture would not significantly decrease competition in any market.

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

It is the Board's view that approval of this application could reasonably be expected to produce substantial benefits to the public. Specifically, Equitable's acquisition of ABG would permit the continuation of public benefits which have resulted from ABG's operations since its inception in 1980. The record indicates that the ownership interests of EBNA and Baker,

2. At the time of ABG's formation, EBNA was a state-chartered institution, The Equitable Trust Company. It became a national bank in July 1982.

3. The Comptroller of the Currency is requiring EBNA to divest its ABG stock because ABG does not qualify as an "operating subsidiary" in compliance with Federal law and the Comptroller's regulations. 12 U.S.C. § 24 (Seventh), 12 C.F.R. § 7.7376.

4. All banking data are as of June 30, 1982.

5. See, *Florida Coast Banks, Inc.*, 68 FEDERAL RESERVE BULLETIN 781 (1982); *Svenska Handelsbanken*, 68 FEDERAL RESERVE BULLETIN 788 (1982).

Watts have enabled ABG to operate as a uniquely effective participant in its field, producing gains in efficiency and increased competition, and materially assisting in the creation of new low- and moderate-income housing and nursing homes.

With regard to possible adverse effects, in prior cases the Board has considered whether the involvement of a bank holding company in a joint venture with a nonbanking firm may in itself constitute a generalized adverse effect, in the form of an undue concentration of economic resources or otherwise, that would preclude approval of an application.[6] In a case such as this one, where a bank holding company and a securities firm propose to engage in a joint venture, an additional question is raised as to whether approval of the proposal would violate the letter or the intent of the Glass-Steagall Act.[7]

The facts of record indicate that there is no "affiliation" between Equitable and Baker, Watts, within the meaning of the Glass-Steagall Act. Accordingly, the Board has determined that approval of this proposal would not result in a violation of any provision of that Act. The Board has also determined that the ownership interests of Equitable and Baker, Watts in ABG would not create a level of involvement between the bank holding company and the securities firm sufficient to circumvent the intent of the Glass-Steagall Act. In this regard, ABG would not engage in securities activities, and none of its officers or directors would be a director, partner or employee of Baker, Watts. Further, upon consummation of the proposal, Baker, Watts has agreed to the redemption of all of the nonvoting preferred stock of ABG it currently owns and to the sale of enough of its voting common stock to reduce its ownership interest in ABG from 26 percent to 19.07 percent.[8] In addition, Baker, Watts would place approximately 14.07 percent of its ABG common stock into an independent voting trust, which would deprive Baker, Watts of the power to vote those shares.[9] Consequently, upon consummation of this proposal, Baker, Watts would have voting rights over only 4.99 percent of ABG's common stock. Applicants have further agreed that, upon consummation of this proposal, the two ABG directors formerly elected by Baker, Watts would instead be elected by the trustees of the voting trust; no partner, officer or employee of Baker, Watts would be eligible to serve as a director of ABG at any time. Accordingly, it is the Board's view that Applicants have taken sufficient measures to ensure that the Glass-Steagall Act's prohibition against affiliation between the banking and securities industries would not be violated by approval of this application. Further, there is no evidence in the record to indicate that consummation of this proposal would result in an undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) favors approval of this application. In addition, the financial and managerial resources and future prospects of Equitable and ABG are considered consistent with approval, and the Board has determined that the application should be and hereby is approved.

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

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

By order of the Board of Governors, effective April 6, 1983.

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

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

6. See, *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981); *Maryland National Corporation*, 65 FEDERAL RESERVE BULLETIN 271 (1979).

7. See, 12 U.S.C. §§ 78, 221a(b), 377.

8. Specifically, Baker, Watts would sell 6.93 percent of its common stock to ATN. ATN's share ownership would thereby increase to 31.93 percent.

9. The trust would have three trustees, none of whom could be an officer, partner or employee of Equitable, ATN or Baker, Watts. Baker, Watts would continue to receive dividends from the shares, but could not exercise any voting rights over them.

Old Colony Co-Operative Bank, Providence, Rhode Island

Order Approving Establishment of De Novo Branch

Old Colony Co-Operative Bank, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act

(12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to engage in the activities of a mutual building-loan association at a de novo branch office in East Providence, Rhode Island. Applicant is a state-chartered mutual building-loan association that engages primarily in accepting share deposits and making real estate mortgage loans. Applicant's accounts are insured by the Federal Savings and Loan Insurance Corporation ("FSLIC").

The Board has not added the operation of a Rhode Island mutual building-loan association to the list of activities specified in section 225.4(a) of Regulation Y as generally permissible for bank holding companies. In 1972, however, the Board determined that the operation of such an institution is closely related to banking in Rhode Island and approved Applicant's proposal to become a bank holding company and to continue to engage in the activities of a mutual building-loan association. The Board also approved Applicant's proposals to acquire the Mayflower Savings and Loan Association, Providence, Rhode Island ("Mayflower"), a Rhode Island mutual building-loan association, in 1980, and to retain a de novo branch office in 1982.[1]

Notice of the application, affording opportunity for interested persons to submit comments, has been duly published (48 *Federal Register* 7009 (1983)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the act.

Applicant (consolidated assets of $798.8 million), is a bank holding company by virtue of its control of Newport National Bank, Newport, Rhode Island (deposits of $59.6 million).[2] As of June 30, 1981, Applicant was the second largest thrift institution and the fifth largest commercial banking organization in Rhode Island. Applicant operates its commercial banking and thrift activities in common offices at 21 locations in Rhode Island, and seeks to operate the branch that is the subject of this application in tandem with Newport National.

While Applicant does not seek to engage in a new activity under the Bank Holding Company Act, the Board is required to assess the public interest factors in each section 4(c)(8) application, including an application for a de novo branch of an approved subsidiary. The Board has previously determined that the operation of a Rhode Island mutual building-loan association by a Rhode Island bank holding company is so closely related to banking as to be a proper incident thereto. In its 1972 approval of Applicant's application to become a bank holding company and to continue to engage in the activities of a mutual building-loan association, the Board determined that, because of the historical affiliation of mutual thrift associations and commercial banks in Rhode Island, Applicant's operation of a thrift institution is so closely related to Rhode Island banking as to be a proper incident thereto.[3] The Board reaffirmed this determination in 1980 and 1982.[4] Because no evidence has been presented to indicate that banking conditions have substantially changed in Rhode Island since the Board's last consideration of this issue, the Board confirms its finding that the operation of a mutual building-loan association is so closely related to banking in Rhode Island as to be a proper incident thereto.

Notwithstanding this general finding, the Board must also consider the particular facts of this case to determine whether the establishment of this office can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Establishment of this branch would have no adverse effect on competition because it is a de novo office. The Board views de novo entry as procompetitive and a positive public benefit because such entry provides an additional source of competition in a market.[5] Consummation of the proposal will provide an additional source of banking services in the East Providence area.

In considering similar applications involving the affiliation of commercial banks and thrift institutions in New Hampshire, the Board has expressed the view that serious adverse effects may result from tandem operation of these two types of institutions, which only compelling public benefits will outweigh under section 4(c)(8) of the Act.[6] With regard to such affiliations in the State of Rhode Island, however, the Board has said:

> The Board recognizes that a different view of tandem operations in Rhode Island is possible because of

1. *Old Colony Co-Operative Bank*, 58 FEDERAL RESERVE BULLETIN 417 (1972); *Old Colony Co-Operative Bank*, 66 FEDERAL RESERVE BULLETIN 665 (1980); *Old Colony Co-Operative Bank*, 68 FEDERAL RESERVE BULLETIN 785 (1982). Under section 333 of the Garn-St Germain Depository Institutions Act, Applicant is not a "bank" within the meaning of section 2(c) of the Bank Holding Company Act because its accounts are insured by the FSLIC.

2. All financial data are as of December 31, 1982, unless otherwise indicated.

3. 58 FEDERAL RESERVE BULLETIN 417 (1972).

4. 66 FEDERAL RESERVE BULLETIN 665 (1980); 68 FEDERAL RESERVE BULLETIN 785 (1982).

5. *Virginia National Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).

6. *First Financial Group of New Hampshire, Inc.*, 66 FEDERAL RESERVE BULLETIN 594 (1980).

historical and legal peculiarities affecting the operations and competitive position of the state's depository institutions. Nearly all thrift institutions in Rhode Island are associated with commercial banks in varying degrees, and over half of them conduct common lobby operations. Consequently it is clear that the expansion of tandem operations in the state will be less unsettling structurally than it would be elsewhere.[7]

Based on the evidence in the record, the Board concludes that there are significant structural differences between the tandem operations of commercial bank-thrift institutions in Rhode Island and New Hampshire and that there is no basis to impose restrictions on such operations in Rhode Island. In New Hampshire, the extent of tandem operations is limited. In considering an application by a bank holding company to acquire a previously unaffiliated thrift in New Hampshire in 1980, the Board expressed its concern that approval would result in circumvention of the interest rate differential between commercial banks and thrifts in that state, and imposed restrictions on tandem operations.[8] In Rhode Island, however, the Board has reoognized a longstanding and widespread integration of the operations of depository institutions.[9] Every thrift of any size in Rhode Island that now owns a commercial bank operates its thrift and bank offices in tandem. The unique historical and legal development of commercial bank and thrift affiliation in Rhode Island indicates that such affiliation results, at least partly, from Rhode Island's efforts to afford competitive equity among thrift institutions.

7. *Old Colony Co-operative Bank*, 66 FEDERAL RESERVE BULLETIN 665, 666 (1980).

8. *First Federal Group of New Hampshire, Inc.*, 66 FEDERAL RESERVE BULLETIN 594, 596 (1980). See, also, *Heritage Banks, Inc.*, 66 FEDERAL RESERVE BULLETIN 917, 918 (1980); *Heritage Banks, Inc.*, 66 FEDERAL RESERVE BULLETIN 590 (1980) (In this case, the Board did not apply its restriction against tandem operations because it found mitigating factors which clearly indicated that the proposal was not a device by the Applicant to evade the interest rate differential).

9. In *Old Colony Cooperative Bank*, 66 FEDERAL RESERVE BULLETIN 665, 666, n.6. (1980), the Board stated:

> The activities and powers of depository institutions in the state are uniquely integrated, and have been for a long time. Each of Rhode Island's seven mutual savings banks, having authority under state law to own a commercial bank, had acquired a commercial bank by 1967. Congress enacted section 2(a) (5) (F) of the Act in order to exempt these combined savings-commercial bank institutions from bank holding company status. In order partially to redress the competitive imbalance resulting from the superior competitive position of the seven savings-commercial bank institutions, the Rhode Island legislature, in May 1970, authorized state-chartered building-loan associations to establish or acquire stock in a bank or trust company. In 1971, the state authorized state-chartered credit unions with deposit shares over $1 million to accept demand deposits.

There is no evidence of any other potential adverse effects that might be associated with this proposal. Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors the Board is required to consider under section 4(c)(8) is favorable.

Accordingly this application is approved.[10] This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. The transaction shall be made not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Boston acting pursuant to authority hereby delegated.

By order of the Board of Governors, effective April 28, 1983.

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

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

Orders Under Sections 3 and 4 of Bank Holding Company Act

Banc One Corporation, Columbus, Ohio

Order Approving Merger of Bank Holding Companies and Acquisition Of Companies Engaged in Leasing, Insurance, and Mortgage Banking Activities

Banc One Corporation, Columbus, Ohio ("Banc One"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Winters National Corporation, Dayton, Ohio ("Winters"), also a bank holding company. As a result of the merger, Banc One would

10. In connection with this application, the Board hereby delegates authority to the Federal Reserve Bank of Boston to approve applications by Applicant to open additional de novo offices, pursuant to section 225.4(b)(l) of Regulation Y (12 C.F.R. § 225.4(b)(l)).

acquire Winters' four subsidiary banks, all in Ohio: Winters National Bank & Trust Company, Dayton; Euclid National Bank, Cleveland; First National Bank of Circleville, Circleville; and Winters National Bank of Cincinnati, Cincinnati.

Banc One 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 following nonbanking subsidiaries of Winters, all in Dayton, Ohio: Winters National Mortgage Corporation, which engages in mortgage banking activities; Winters National Leasing Corporation, which engages in leasing personal property and equipment; and Winters National Life Insurance Company, which provides credit life and credit accident and health insurance in connection with installment loans made by Winters' banking subsidiaries. These activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (3), (6), and (9)).

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (48 *Federal Register* 6592 (1983)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.[1]

Banc One, the third largest commercial banking organization in Ohio, controls 24 banks with aggregate domestic deposits of $4.0 billion, representing 8.9 percent of the total deposits in commercial banks in Ohio. Winters, the tenth largest commercial banking organization in Ohio, controls four subsidiary banks with aggregate deposits of $1.1 billion, representing 2.5 percent of the total deposits in commercial banks in the state.[2] Upon consummation of this transaction, Banc One's share of the total deposits in commercial banks would be 11.4 percent and Banc One would become the largest commercial banking organization in Ohio.

The Board has carefully considered the effects of the proposal on statewide banking structure and upon competition in the relevant markets. The proposal involves a combination of sizeable commercial banking organizations that are among the leading banking organizations in the state. In terms of the concentration of deposits in commercial banks, however, Ohio is one of the least concentrated states in the United States and would remain so upon consummation of the proposal. In addition, a large number of banking organizations of substantial size would continue to operate in the state following consummation of this proposal.[3] On the basis of these considerations, the Board concludes that the proposed merger would have no substantial adverse effects on the concentration of banking resources in Ohio.

Banc One and Winters compete directly with each other in five banking markets in Ohio: Dayton, Cleveland, Cincinnati, Columbus, and Middletown. The Cincinnati banking market is unconcentrated and contain numerous competitors, and Winters controls less than 1 percent of the deposits of commercial banks in these markets. The Middletown banking market is a rural market and Winters is the smallest commercial banking organization in the market with less than 1 percent of the market's deposits. The Columbus banking market is highly concentrated, with the four largest commercial banking organizations controlling 85.9 percent of the market. Applicant, through its lead bank, is the market's third largest commercial banking organization and controls 19.6 percent of the market. Winters' affiliate in the market controls less than one percent of the market's deposits. After consummation, Banc One would remain the third largest commercial banking organization in the market. In addition, 19 commercial banks would continue to operate in the Columbus market after consummation. Accordingly, consummation of the proposal would have no significant adverse effect on existing competition in those markets.

Winters is the largest commercial banking organization in the Dayton banking market[4] and controls 33.6 percent of the deposits of commercial banks there.[5] Banc One operates the tenth largest bank in the market and controls 1.7 percent of the deposits of commercial banks in the market. The four largest banks in the Dayton market control 75.2 percent of the deposits in commercial banks in the market and consummation of the proposal would ordinarily raise concern about the elimination of existing competition in this market. However, Banc One has committed to divest its existing bank subsidiary in Dayton in order to eliminate any anticompetitive effect that might otherwise resort from the merger. The proposed divestiture

1. The Board received comments during the comment period from Mr. William Kuntz regarding the operation of the trust department of Winters National Bank & Trust Company. Mr. Kuntz's comments do not reflect adversely on the proposed acquisition of Winters by Banc One and have been referred to the Comptroller of the Currency.

2. Statewide banking data are as of June 30, 1982, and reflect bank holding company acquisitions as of March 1, 1983.

3. Ten banking organizations with assets of over $1 billion and four organizations with assets over $500 million would remain in Ohio after consummation of the proposal.

4. The Dayton banking market is approximated by Montgomery, Greene and Miami Counties; Bethel and Mad River Townships in Clark County; and Clear Creek, Massie, and Wayne Townships in Warren County, all in Ohio.

5. Banking data are as of June 30, 1981.

conforms with the Board's policy requiring that such divestitures take place prior to or concurrent with consummation of the proposed acquisition.[6] The Board concludes that, in the circumstances of this case, the adverse effects on existing competition in the Dayton banking market would be mitigated by Banc One's proposed actions to divest its banking subsidiary in the market.

In light of the proposed divestiture of Banc One's subsidiary in Dayton, the Board has considered the effect of consummation of this proposal upon probable future competition in the Dayton banking market. In this regard, the record indicates that the Dayton market has a three-firm concentration of 69.9 percent and thus the market is considered unconcentrated under the Board's guidelines. Based upon this fact and the structure of the market, the Board has determined that consummation of this proposal would not result in any significant adverse effects on probable future competition in the Dayton banking market.

The Cleveland market[7] is moderately concentrated, with a four-firm concentration ratio of 72.7 percent. Banc One operates four banks in the market and controls $434 million in commercial bank deposits representing 3.9 percent of market deposits. Winters is the eighth largest commercial banking organization in the market, and controls $253.8 million in commercial bank deposits representing 2.3 percent of the market's deposits. Consummation of this proposal would increase Banc One's market share to 6.2 percent. However, Banc One would remain the sixth largest commercial banking organization in the market and 22 commercial banking organizations would remain in the market after consummation of the proposal. Thus, the Board concludes that consummation of this proposal would not have an adverse effect on existing competition in the Cleveland market.

The Board has considered the effects of this proposal on probable future competition and also examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[8] In evaluating the effects of a proposed merger or consolidation upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for entry on a de novo or foothold basis absent approval of the acquisition. After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

Winters operates in the Darke County and Preble County banking markets, two markets in which Banc One does not operate. Because of its size and substantial managerial resources, Banc One appears to be a probable future entrant into these markets. The Preble banking market is concentrated, with a three-firm concentration ratio of 76 percent. There are, however, a large number of probable future entrants into the Preble County and Darke County markets. In addition, Winters' subsidiaries control 2 percent and less than 1 percent of the Preble and Darke banking markets, respectively. Accordingly, the Board concludes that the proposal would not have substantial adverse effects on probable future competition in the Preble County or Darke County banking markets.

Banc One operates in thirty markets in which Winters does not operate.[9] It appears that Winters has the financial and managerial resources to enter these markets. Seventeen of these markets are small, rural markets with less than $250 million in commercial bank deposits and, thus, are excluded from analysis under the Board's guidelines because the possibilities for alternative procompetitive entry are limited. Of the remaining thirteen markets, five of them have three-firm concentration ratios of less than 75 percent. Moreover, each of the thirteen markets has numerous other probable future entrants. Accordingly, the Board concludes that consummation of the proposed merger would not have such adverse effects on probable future competition in these markets as to warrant denial of the proposal.

The financial and managerial resources and future prospects of Banc One, Winters and their respective subsidiaries are considered satisfactory and consistent with approval. Although there is no evidence in the record indicating that the banking needs of the communities to be served are not being met, consummation of the merger would result in expanded services for Winters' customers, such as access to a statewide system of automated teller machines, more flexible

6. See, *Barnett Banks of Florida*, 68 FEDERAL RESERVE BULLETIN 180 (1982).

7. The Cleveland market is approximated by Cuyahoga, Lake, Lorain, and Geauga Counties; northern Medina County; the northwest portion of Portage County and the northern township in Summit County, all in Ohio.

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

9. These markets are the Akron, Ashland, Ashtabula, Athens, Barnesville, Brown, Cadiz, Cambridge, Coshocton, Dover, Freeport, Harden, Lima, Mansfield, Marion, Meigs, Morgan, Mount Gilead, New Lexington, Oxford, Salem, Sandusky, Scioto, Shelby, Steubenville, Wapakoneta, Wheeling, Windham, Wooster, and Youngstown banking markets.

banking office hours, and a wider range of international banking services. In addition, Banc One has committed to inject additional capital into Winters' subsidiary bank in Cleveland within six months of the merger. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval.

Banc One has also applied, pursuant to 4(c)(8) of the Act, to acquire Winters' three nonbanking subsidiaries, and the Board has weighed the possible adverse effects and reasonably expected public benefits associated with the acquisition of each subsidiary. Winters National Life Insurance Company reinsures credit life and credit accident and health insurance for loan customers of Winters' banking subsidiaries. This insurance is sold only in connection with loans made by Winters' respective subsidiaries and thus consummation of the proposal would not result in any significant adverse effects on competition.

Banc One Mortgage Company and Winters National Mortgage Corporation both engage in mortgage banking. Banc One Mortgage Company functions solely as the servicing agent for mortgages originated by Banc One's subsidiary banks. It originates no mortgage loans, nor does it extend any type of credit on its own. Winters National Mortgage Corporation engages in mortgage servicing activities but, unlike Banc One Mortgage, it also originates residential mortgages and construction loans, primarily in the Dayton-Springfield vicinity. Because Banc One Mortgage conducts no mortgage origination activities, approval of the proposed transaction would not eliminate any direct competition between these subsidiaries in the local markets for residential mortgage originations or in the national market for construction loans. Both affiliates do perform mortgage servicing activities. Neither company, however, holds any appreciable share of the national market for mortgage servicing, and there are numerous providers of this service. Accordingly, consummation would have no measurable effect on competition in this line of business.

Finally, Banc One and Winters operate subsidiaries that engage in the leasing of personal property. The record indicates, however, that the companies serve different segments of the market. Winters National Leasing Corporation has offices in Dayton and Cleveland and originates capital equipment leases for its own customers and those of other Winters' affiliates. Banc One Corporation does not originate leases for its own portfolio, but provides personal property leasing for affiliated banks. In light of this market segmentation and the large number of suppliers of leasing services, consummation of this proposal would not result in decreased competition in the leasing industry. In addition, 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 in any market. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4 of the Act is consistent with approval of the application.

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 are hereby approved. The merger shall not be made before the thirtieth calendar day following the effective date of this Order, and neither the merger nor the acquisition of the nonbanking subsidiaries shall be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, pursuant to delegated authority. The determination as to Banc One's acquisition of the nonbank subsidiaries is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)) 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 April 26, 1983.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, and Gramley. Voting against this action: Governor Teeters. Governor Wallich abstained from consideration of the application to acquire Winters National Life Insurance Company.

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

Dissenting Statement of Governor Teeters

I dissent from the Board's action approving this application. I believe that the merger of these two bank holding companies will eliminate a significant amount of existing competition in the Columbus and Middletown banking markets and will have a significant adverse effect on probable future competition in the Dayton, Akron, and Oxford banking markets. Moreover, Winters and Banc One each are strong competitors in Ohio and, without any corresponding public benefits, one will be eliminated by consummation of this proposal.

Banc One and Winters currently compete directly in the Columbus banking market. Banc One is the third largest commercial banking organization in the Columbus market, controlling 19.6 percent of market deposits. Winters controls approximately 1 percent of the market's deposits. The Columbus banking market is highly concentrated, with the four largest firms in the market controlling 85.9 percent of the market's deposits. In light of the substantial market share controlled by Banc One and the highly concentrated nature of the market, I believe that consummation of this proposal will eliminate significant existing competition in the Columbus banking market.

Banc One and Winters also directly compete in the Middletown banking market, which contains only four banks. Banc One is second largest commercial bank in the market and controls 35.5 percent of market deposits. Winters entered the market in 1981, by establishing a branch bank that now controls approximately 1 percent of the market's deposits. I believe that the elimination of competition between Banc One and Winters in the Middletown market, particularly in light of the limited number of banking alternatives remaining in that market, will have significant anticompetitive results.

I further believe that consummation of this proposal will result in the elimination of significant probable future competition in the Dayton, Akron, and Oxford banking markets. In the Dayton market, for example, Banc One plans to divest its existing subsidiary and to acquire Winters. Winters is the largest banking organization in the Dayton market with 33.6 percent of the deposits of commercial banks in the market. The market's average growth rate of deposits for the past two years has been greater than the average national growth rate for the same period and, because Banc One currently competes in Dayton, the market obviously is attractive for entry by Banc One. There are only five probable future entrants into the market with total assets over $1 billion. Finally, as the four largest firms in the market will control 76.9 percent of the market after the consummation of the proposed divestiture, the market may be characterized as concentrated. Nonetheless, the Board would permit Banc One to increase its market share by acquiring the largest banking organization in the market, even though less anticompetitive means certainly exist for Banc One to accomplish its objectives. Accordingly, I believe that consummation of the proposal will result in the elimination of significant probable future competition in the Dayton market.

In addition, I am concerned about the elimination of probable future competition in the Akron and Oxford banking markets. These are markets in which Banc One, but not Winters, competes. Winters, however, has been an aggressive competitor in entering new markets and should be considered a likely probable future entrant into these markets. In this regard, the evidence indicates that the Akron banking market is attractive for entry because the market's deposits for the past two years have grown faster than the state and national averages. In addition, there are only three probable future entrants into Akron and the market is moderately concentrated with a three-firm ratio of 65.6 percent. Thus, elimination of Winters as a probable future entrant, in my opinion, will have an adverse effect on probable future competition in the Akron market.

The Oxford market also is very attractive for entry by Winters. It is strategically located proximate to other markets in which Winters currently operates and has evidenced an average growth rate of deposits for the past two years that has been far above the national and state averages. The market is highly concentrated, with the three largest firms controlling 89.9 percent of the market's deposits. Also, Banc One is the largest bank in the market. In my opinion, the elimination of Winters as an entrant will have an adverse effect on probable future competition in the Akron and Oxford banking markets.

In summary, I believe that the Board's action approving this application represents another situation in which the Board's proposed guidelines relating to probable future competition permit combinations of bank holding companies that have substantially anticompetitive consequences. I continue to believe the Board should develop and apply standards that more realistically reflect the adverse effects of the elimination of probable future competition.

April 26, 1983

InterFirst Corporation, Dallas, Texas

Order Approving the Merger of Bank Holding Companies and the Acquisition of Companies Engaged in Insurance and Data Processing Activities

InterFirst Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842) to acquire the successor by merger to First United Bancorporation, Inc. ("First United"), Fort Worth, Texas. As a result of the acquisition, Applicant would acquire indirectly First United's 15 subsidiary banks.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's

Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire Texas Credit Life Insurance Company, Fort Worth, Texas, a company that engages in underwriting of life, accident, and health insurance policies directly related to extensions of credit by subsidiaries of First United, and First United Services, Inc., Fort Worth, Texas, a company that engages in data processing activities. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.4(a)(8) and (a)(10)) and this determination has not been affected by the recent amendments to section 4(c)(8) of the Act limiting the permissible insurance activities of bank holding companies.[1]

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (47 *Federal Register* 55734 (1982)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

Applicant is the largest banking organization in Texas with 52 subsidiary banks that control aggregate deposits of $14.4 billion, representing 11.56 percent of the total deposits in commercial banks in the state.[2] First United is the tenth largest banking organization in the state, with 15 banking subsidiaries that control aggregate deposits of $1.9 billion, representing 1.52 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition and all planned divestitures, Applicant's share of the total deposits in commercial banks in the state would increase to 12.7 percent. Although the Board is concerned about the effect of this merger of the largest and tenth largest banking organizations in Texas on the concentration of banking resources within the state, certain conditions that would exist after the proposed acquisition mitigate that concern. A number of other large multibank holding companies, which are active competitors throughout the state, would remain upon consummation of this proposal, and the share of commercial bank deposits held by the four largest banking organizations in Texas would increase to only 40.3 percent after consummation of the proposed merger. Thus, Texas would remain one of the least concentrated states in the United States upon consummation of the proposal. Accordingly, it is the Board's view that consummation of this acquisition would not have any significantly adverse effects on the concentration of commercial banking resources in Texas.

In order to assess the competitive effects of a merger under section 3 of the Act, the Board must first determine the appropriate relevant geographic market. The Board has previously indicated that the relevant geographic market within which to evaluate the effects of a transaction must reflect commercial and banking realities and should consist of the localized area where the banks involved offer their services and where local customers can practicably turn for alternatives.[3] In view of certain demographic and other economic developments in the Dallas-Fort Worth area of Texas, the Board has considered whether the two cities and their respective adjoining areas have become one relevant geographic market and, thus, whether consummation of the proposal would substantially lessen competition between the subsidiary banks of Applicant and First United in this market.

Dallas and Fort Worth are 30 miles apart and are separated by a number of smaller communities (the "mid-cities"). In previous cases, the Board considered Dallas and Fort Worth as separate banking markets. The record shows that recently, there has been substantial economic and demographic development in the "mid-cities" region. There has been considerable growth in the populations of the communities between the two cities and considerable commercial development in this area, including construction of the airport that is located between the two cities. This evidence indicates that, through economic and demographic evolution, Dallas and Fort Worth might be in the process of merging into a single metropolitan banking market and that competitive influences in one city are transmitted to the other city.

Although the record contains some evidence demonstrating that these two markets might be merging into a single banking market, the record indicates that there is little deposit overlap between banks headquartered in Dallas and banks headquartered in Fort Worth and little cross-area advertising of commercial banking services. In addition, the available evidence does not indicate that substantial commuting occurs between the cities of Dallas and Fort Worth. Thus, it does not appear at this time that banks in one city provide a commercial banking alternative to banking customers in the other city. The Board therefore concludes that the relevant geographic markets within which to evaluate the competitive effects of this proposal are the

1. See Garn-St Germain Depository Institutions Act of 1982, Pub. L. No. 97-320, § 601, 96 Stat. 1469, 1536-38 (1982).

2. Unless otherwise indicated, deposit data are as of June 30, 1982, and reflect bank holding company formations and acquisitions approved as of December 31, 1982.

3. *Wyoming Bancorporation*, 68 FEDERAL RESERVE BULLETIN 313, 314 (1982); *St. Joseph Valley Bank*, 68 FEDERAL RESERVE BULLETIN 673, 674 (1982).

Dallas[4] and Fort Worth[5] banking markets as previously defined by the Board.

Subsidiary banks of Applicant compete directly with subsidiary banks of First United in the Dallas, Odessa, and Killeen-Temple banking markets. On September 30, 1982, Applicant sold its only bank in the Fort Worth market—InterFirst Bank Cleburne, N.A., Cleburne, Texas.[6] As a result of this divestiture to private investors, consummation of this proposal would not result in elimination of existing competition between Applicant and First United in the Fort Worth market.

Applicant's lead bank, InterFirst Bank of Dallas (total deposits of $6.0 billion), is the largest banking organization in the Dallas banking market and holds 29.9 percent of the total deposits in commercial banks in the market. First United is the sixteenth largest banking organization in the Dallas market, with four subsidiary banks located in suburban areas of the market that hold $99.2 million in deposits, representing 0.4 percent of the total deposits in commercial banks in the market. The Dallas banking market has a four-firm concentration ratio of 74.1 percent and an Herfindahl-Hirschman Index ("HHI") of 1874.[7] While consummation of the acquisition would eliminate some existing competition in the Dallas banking market, the competitive effect of this transaction in the Dallas market would not be so adverse as to warrant denial in view of the small market share and absolute size of First United in the Dallas banking market and the number of banking alternatives remaining in the market.

Applicant is the largest banking organization in the Odessa banking market[8] with a single banking subsidiary that controls total deposits of $197.1 million, representing 25.2 percent of total deposits in commercial banks in the market. First United's subsidiary in the market, State National Bank of Odessa, is the market's second largest banking organization with $155.3 million in deposits, representing 19.9 percent of the total deposits in commercial banks in the market. The Odessa banking market contains six banks and the four-firm concentration ratio in this market is 80.6 percent. A combination of Applicant and First United in the market would result in a single banking organization controlling 45.1 percent of the total deposits in commercial banks in the market and an increase in the market's four-firm concentration ratio from 80.6 percent to 93.3 percent. In the Board's view, the effect of this transaction, absent any planned divestiture, may be substantially to lessen competition in the Odessa market. However, First United has committed to divest all of its interest in State National Bank of Odessa to Southwest Bancshares, Inc., Houston, Texas, on or before the date of consummation of the proposed merger.[9] The Board concludes that the sale of State National Bank, if consummated on or before the consummation of Applicant's acquisition of First United, will eliminate any substantial adverse effects on existing competition that might otherwise be produced by this merger in the Odessa market.

Applicant is the largest banking organization in the Killeen-Temple banking market, with two subsidiary banks holding total deposits of $117.4 million, representing 18.6 percent of the total deposits in commercial banks in the market.[10] First United, which established its subsidiary in this market de novo in 1974, is the eleventh largest organization in the market with total deposits of $24.4 million, representing 3.9 percent of the total deposits in commercial banks in the market. In order to eliminate any anticompetitive effect that might result in this market from Applicant's acquisition of First United, First United has committed to divest its subsidiary in this market, Citizens National Bank of Temple, to Texas American Bancshares, Fort Worth, Texas, on or before the date of consummation of the proposed merger. Based upon First United's commitment to divest its bank in the Killeen-Temple banking market, the Board concludes that the proposed merger would not have any significant effect on existing competition in this market.

4. The Dallas banking market is approximated by Dallas County, the southeast quadrant of Denton County (including Denton and Lewisville), the southwest quadrant of Collin County (including McKinney and Plano), the northern half of Rockwall County, the communities of Forney and Terrell in Kaufman County, Midlothian, Waxahatchie, and Ferris in Ellis County, and Grapevine and Arlington in Tarrant County.

5. The Fort Worth. banking market is approximated by Tarrant County excluding Grapevine and Arlington, the community of Cleburne in Johnson County, the eastern half of Parker County (including Weatherford and Springtown), the communities of Boyd and Rhome in Wise County, and the community of Roanoke in Denton County.

6. Deposit data for InterFirst's Fort Worth bank have been excluded from the data appearing in this order.

7. Under the Department of Justice's merger guidelines, in a market where the post-merger HHI is 1800 or more, the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 50 points. In this case, the increase in the HHI would be only 21 points, from 1874 to 1895, and therefore the merger is not likely to be challenged under the guidelines.

8. The Odessa market is approximated by the Odessa SMSA. Deposit data are as of December 31, 1981, reflecting bank holding company formations and acquisitions approved as of November 30, 1982.

9. The Board's policy with regard to competitive divestitures, as stated in its Order approving the acquisition by *Barnett Banks of Florida, Inc.*, Jacksonville, Florida, of *First Marine Banks, Inc.*, Riviera Beach, Florida, 68 FEDERAL RESERVE BULLETIN 190 (1982), requires that divestitures intended to cure the anticompetitive effects resulting from a merger or acquisition occur on or before the date of consummation of the merger to avoid the existence of anticompetitive effects. See also *InterFirst Corporation*, 68 FEDERAL RESERVE BULLETIN 243 (1982).

10. The Killeen-Temple market is approximated by the Killeen-Temple SMSA.

There are 25 markets in Texas in which either Applicant or First United, but not both, competes.[11] The Board has considered the effects of the proposal on probable future competition in these geographic markets and has also examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[12] In evaluating the effects of a proposed merger or acquisition upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the attractiveness of the market for de novo and/or foothold entry, and the size and market position of the firm to be acquired. The Board has also considered the likelihood that Applicant or First United would enter each other's markets de novo or on a foothold basis absent approval of the acquisition.

In view of the proximity of the Dallas and Fort Worth markets and the fact that Applicant had established a banking subsidiary in the Fort Worth banking market which it sold in anticipation of this transaction, the Board believes that Applicant is a likely probable future entrant into the Fort Worth market absent approval of this proposal. However, the Fort Worth banking market is not highly concentrated as indicated by a three-firm concentration ratio of 63.6 percent, and there is no indication that the market is not competitive. Thus, the Board does not view the elimination of Applicant as a probable future entrant into the market as having a substantial adverse effect on probable future competition in the market.

There are two other markets in which First United, but not Applicant, competes. These are rural markets, not located in SMSA's and each market has total deposits of less than $250 million. In addition, there are numerous other probable future entrants into each of the markets. Accordingly, the Board finds that consummation of the proposal will not have a substantially adverse effect on probable future competition in these markets.

As noted, there are two markets, Odessa and Killeen-Temple, in which First United has a banking subsidiary that will be divested upon consummation of this proposal. While these divestitures eliminate any adverse effect the proposal may have upon existing competition, the Board must examine the proposal for any adverse effect upon probable future competition in these markets. Because of its size and financial resources, and the fact that it had already entered these markets, First United is viewed as a likely probable future entrant into these markets. However, the Killeen-Temple market is unconcentrated and there are numerous probable future entrants into the Odessa market. Therefore, the Board does not view the elimination of First United as a probable future entrant into these markets as substantially anticompetitive.

Of the remaining 20 markets in which only InterFirst now competes, ten are rural markets not located in SMSA's into which there are numerous probable future entrants besides First United. Moreover, eight of these ten markets have total deposits in commercial banks of less than $250 million. Of the remaining 10 markets, five are not highly concentrated, one has numerous other probable future entrants besides First United, and in four, InterFirst's subsidiary bank is not among the three largest competitors in the market or does not control a market share of 10 percent or more. Based on the foregoing and other facts of record, including the specific economic, demographic, and structural characteristics of all of the relevant geographic markets, the Board concludes that consummation of the proposal would not have any significant adverse effect on probable future competition in any relevant market. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiaries are regarded as generally satisfactory, and their future prospects appear favorable. Since this transaction will be accomplished through an exchange of shares, it will not have any adverse effect on Applicant's financial resources. Financial and managerial considerations are, therefore, consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of the application.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Texas Credit Life Insurance Company ("Texas Credit"), Fort Worth, Texas, a wholly-owned subsidiary of First United, through which Applicant proposes to engage in underwriting, directly or as reinsurer, of credit life and credit accident and health insurance directly related to extensions of credit by the banking subsidiaries acquired by Applicant from First United. Credit life and credit accident and health insurance policies are generally made available by banks and other lenders and are designed to assure repayment of a loan in the event of

11. The 22 markets in which only Applicant operates are: Abilene, Austin, Beaumont, Bosque County, Brownsville-Harlingen, El Paso, Ennis County, Galveston, Henderson County, Hill County, Houston, Hunt County, Kaufman County, Lamar County, Navarro County, San Antonio, Sherman-Denison, Titus County, Tyler, Victoria County, Waco, and Wichita Falls. The three markets in which only First United competes are Fort Worth, Brown County, and Erath County.

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

death or disability of the borrower. In connection with its addition of the underwriting of such insurance to the list of permissible activities for bank holding companies, the Board stated:

> To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. 12 C.F.R. § 225.4(a)(10), n. 7.

At the time First United applied to engage in these activities through Texas Credit, it committed to maintain reduced rates following approval of the application, a result the Board regards as being in the public interest. That commitment is reflected in the order approving these activities issued by the Federal Reserve Bank of Dallas on December 5, 1977. As a condition of approval of this application, Applicant will be expected to honor First United's commitment with respect to reduced rates.

It does not appear that Applicant's acquisition of Texas Credit would have any significant adverse effects upon existing or potential competition. Although Applicant engages, through several subsidiaries, in these same activities, with respect to its banking subsidiaries, no adverse competitive effect would result from this acquisition because the services of Texas Credit would be limited to insurance with respect to extensions of credit made by the banking subsidiaries of First United acquired through this transaction.

Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

Applicant has also applied, pursuant to section 4(c)(8) of the Act to acquire First United Services, Inc., Fort Worth, Texas, a company that would provide data-processing services to bank subsidiaries of First United. It does not appear that Applicant's acquisition of this subsidiary would have any significant adverse effects upon existing or potential competition. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire Texas Credit and First United Services, Inc.

Based on the foregoing and the facts of record, the Board has determined that the applications under section 3(a)(5) and 4(c)(8) of the Act should be and hereby are approved subject to the condition that complete divestiture of Citizens National Bank of Temple and State National Bank of Odessa take place on or before the date of consummation of the merger and that the merger shall not be made before the thirtieth calendar day following the effective date of this Order and neither the merger nor the acquisition of the nonbanking subsidiaries shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)) 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 April 20, 1983.

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

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

Preferred Equity Investors of Florida, Inc., Knoxville, Tennessee

Order Approving Formation of a Bank Holding Company and Acquisition of Companies Engaged in Mortgage Financing, Insurance, Data Processing, and Leasing Activities

Preferred Equity Investors of Florida, Inc., Knoxville, Tennessee ("Preferred Equity"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") to become a bank holding company by acquiring approximately 28.6 percent of the voting shares of Landmark Banking Corporation of Florida, Fort Lauderdale, Florida ("Landmark"), and, thereby, indirectly acquiring an interest in Landmark's five subsidiary banks: Landmark Bank of Brevard, Melbourne, Florida ("Brevard Bank"); Landmark First National Bank of Fort Lauderdale, Fort Lauderdale, Florida ("Fort Lauderdale Bank"); Landmark Bank of Tampa, Tampa, Florida ("Tampa Bank"); Landmark Bank of Orlando, Orlando, Florida ("Orlando Bank"); and Landmark Union Trust Bank of St. Petersburg, N.A., St. Petersburg, Florida ("St. Petersburg Bank"), (collectively, "Banks").

Preferred Equity has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire indirectly an interest in the following nonbanking subsidiaries of Landmark: (1) Landmark Mortgage Corporation, with offices in Sunrise and St. Petersburg, Florida, which engages in the origination of mortgages on real estate and the sale of mortgages to institutional investors; (2) Landmark Agency, Inc., Fort Lauderdale, Florida, which engages in the sale of credit life and disability insurance in connection with loans made by Landmark's subsidiaries; (3) Landmark Data Services Corporation, located in Fort Lauderdale, St. Petersburg, and Orlando, Florida, which engages in the provision of data processing and transmission services for Landmark and its subsidiaries and for other banks, where the data to be processed is financial, banking, or economic in nature; and, (4) Capital America, Inc., with offices in Fort Lauderdale and Orlando, Florida, and in Atlanta, Georgia, (5) Capital Associates, Inc., located in Pompano Beach, Florida, and Atlanta, Georgia, and (6) American Capital Leasing, Inc., Rolling Meadows, Illinois, all three of which engage in the leasing of personal property and equipment. These activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (6), (8), (9)).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (47 *Federal Register* 55034 (1982)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) and the considerations specified in section 4 of the Act.

Applicant, a nonoperating Florida corporation, was organized for the purpose of becoming a bank holding company by acquiring all of Landmark's newly issued cumulative convertible preferred stock, which represents approximately 28.6 percent of the total voting power in Landmark.[1]

Upon acquisition of its interest in Landmark, Applicant would control the tenth largest banking organization in Florida, with approximately $1 billion in deposits, representing 2.4 percent of the total deposits in commercial banks in the state.[2]

None of Landmark's subsidiary banks compete in the same banking market. Brevard Bank is the third largest of eight commercial banking organizations in the South Brevard County banking market and holds approximately 18.41 percent[3] of total deposits in commercial banks in the market.[4] Fort Lauderdale Bank competes in the Miami-Fort Lauderdale banking market and is the fifth largest of 68 commercial banking organizations in the market, controlling about 4.09 percent of total commercial bank deposits therein.[5] Tampa Bank, Orlando Bank, and St. Petersburg Bank compete in the Tampa, Orlando, and Pinellas County, banking markets, respectively.[6] Tampa Bank is the eighth largest of 24 banking organizations in the Tampa banking market, holding approximately 3.53 percent of commercial bank deposits therein. Orlando Bank is the eleventh largest of 21 commercial banking organizations in the Orlando market, controlling 2.09 percent of commercial bank deposits in the market. St. Petersburg Bank is the second largest of 32 banking organizations in the Pinellas County market, holding approximately 8.50 percent of total deposits in commercial banks in the relevant market. Neither Applicant nor any of its principals is affilated with any other banking organization in any of the relevant markets, and it appears that consummation of the proposal would not result in any adverse effects upon competition or in an increase in the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Preferred Equity, Landmark, and its subsidiaries are regarded as generally satisfactory and consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Further, there is no evidence in the record to indicate that approval of this proposal would result in undue con-

1. Although Applicant has agreed to certain restrictions on the voting and disposition of its preferred stock interest in Landmark, Applicant would nevertheless control Landmark for purposes of the BHC Act. (12 U.S.C. § 1841(a)(2)(A)).

2. Landmark banking data are as of June 30, 1982.

3. Banking data for Banks are as of June 30, 1981.

4. The South Brevard County banking market is approximated by Brevard County, south of the town of Bonaventure, Florida.

5. The Miami-Fort Lauderdale banking market is approximated by Broward and Dade Counties, Florida.

6. The Tampa banking market is approximated by Hillsborough County, and the community of Land O'Lakes in Pasco County, Florida. The Orlando market is approximated by Orange and Osceola Counties, and the southern half of Seminole County, Florida. The Pinellas County banking market is approximated by Pinellas County, Florida.

centration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4 of the Act is consistent with approval of the application.

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 Landmark's shares shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta acting pursuant to delegated authority. The determination as to Preferred Equity's acquisition of an interest in the nonbank subsidiaries is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)) 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 April 11, 1983.

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

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

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

Section 3

Applicant	Bank(s)	Board action (effective date)
Barnett Banks of Florida, Inc., Jacksonville, Florida	Barnett Bank of Osceola County, N.A., Kissimmee, Florida	April 29, 1983
First Dickson Corporation, Dickson, Tennessee	The First National Bank of Dickson, Dickson, Tennessee	April 27, 1983

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alvord Financial Corporation, Alvord, Texas	Alvord National Bank, Alvord, Texas	Dallas	April 8, 1983
American Bankshares, Inc., Bowman, Georgia	The American Bank, Bowman, Georgia	Atlanta	April 1, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Americorp Financial, Inc., Rockford, Illinois	American National Bank and Trust Co., Rockford Illinois Colonial Bank of Rockford, Rockford, Illinois First National Bank of Woodstock, Woodstock, Illinois Carpentersville Savings Bank, Carpentersville, Illinois	Chicago	March 29, 1983
Auburn Security Bancshares, Inc., Auburn, Kansas	The Security State Bank, Auburn, Kansas	Kansas City	April 11, 1983
Bank of New Hampshire Corporation, Manchester, New Hampshire	The Bristol Bank, Bristol, New Hampshire	Boston	April 15, 1983
Bay Bancorporation, San Leandro, California	Bay Bank of Commerce, San Leandro, California	San Francisco	March 31, 1983
Bay Bancshares, Inc., La Porte, Texas	Bayshore National Bank of La Porte La Porte, Texas Bayport National Bank, La Porte, Texas	Dallas	April 4, 1983
Bazine Bancorp, Inc., Bazine, Kansas	The Bazine State Bank, Bazine, Kansas	Kansas City	April 4, 1983
CCB Financial Corporation, Durham, North Carolina	Central Carolina Bank and Trust Company, Durham, North Carolina	Richmond	April 4, 1983
Choteau Bancorporation, Inc., Choteau, Montana	The Citizens State Bank of Choteau, Choteau, Montana	Minneapolis	April 19, 1983
Commerce Bancorp, Inc., Marlton, New Jersey	Commerce Bank, N.A., Marlton, New Jersey	Philadelphia	April 17, 1983
Dekalb Financial Corp., Waterloo, Indiana	Citizens State Bank, Waterloo, Indiana	Chicago	March 29, 1983
Egyptian Bancshares, Inc., Carrier Mills, Illinois	The Egyptian State Bank, Carrier Mills, Illinois	St. Louis	April 15, 1983
Fairplay Bancorporation, Inc., Fairplay, Colorado	The Bank of Fairplay, Fairplay, Colorado	Kansas City	April 8, 1983
Farmers Bancshares of Erick, Inc., Erick, Oklahoma	The Farmers National Bank of Erick, Erick, Oklahoma	Kansas City	April 11, 1983
First City Financial Corporation, Albuquerque, New Mexico	Bank of the Southwest, Rio Rancho, New Mexico	Dallas	March 28, 1983
First Citizens Bancshares Corporation, Pineville, Louisiana	First Bank, Pineville, Louisiana	Atlanta	March 29, 1983
First Granite Bancorporation, Inc., Granite City, Illinois	Colonial Bank of Granite City, Granite City, Illinois	St. Louis	April 12, 1983
First Guaranty Corporation, Martin, Kentucky	The First Guaranty Bank, Martin, Kentucky	Cleveland	March 21, 1983
First National of Nebraska, Inc., Omaha, Nebraska	Valley State Bank, Yankton, South Dakota	Kansas City	April 14, 1983
First Overton Bancorp, Overton, Nebraska	Bank of Overton, Overton, Nebraska	Kansas City	April 15, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Service Bancshares, Inc., Greenville, Kentucky	First State Bank of Greenville, Greenville, Kentucky	St. Louis	April 4, 1983
First United Corporation, Jackson, Mississippi	Ashland Capital Corporation, Ashland, Alabama First National Bank of Ashland, Ashland, Alabama	Atlanta	April 8, 1983
Gaines Bancshares, Inc., Seminole, Texas	First National Bank, Seminole, Texas	Dallas	April 8, 1983
Kansas National Bancorporation, Inc., Goodland, Kansas	The First Insurance Agency, Inc., Goodland, Kansas First National Bank, Goodland, Kansas	Kansas City	April 13, 1983
Lake Bancshares Corporation, Langley, Oklahoma	Bank of the Lakes, Langley, Oklahoma	Kansas City	April 14, 1983
Michigan Bancorp, Inc., South Bend, Indiana	Western State Bank, South Bend, Indiana	Chicago	April 13, 1983
Middle States Bancorporation, Inc., East Moline, Illinois	Colona Avenue State Bank East Moline, Illinois	Chicago	April 15, 1983
North Central Financial Corporation, Melbourne, Arkansas	The Bank of North Arkansas, Melbourne, Arkansas	St. Louis	March 30, 1983
Orange Bancorp, Fountain Valley, California	Prudential Bancorp, Long Beach California Southern Pacific Thrift and Loan Association, Long Beach, California	San Francisco	April 5, 1983
Outagamie Bank Shares, Inc., Appleton, Wisconsin	The Outagamie Bank, Appleton, Wisconsin	Chicago	March 31, 1983
Phalia Bancshares, Inc., Westphalia, Kansas	State Bank of Westphalia, Westphalia, Kansas	Kansas City	March 28, 1983
Pharr Financial Corporation, Pharr, Texas	Security State Bank, Pharr, Texas	Dallas	April 8, 1983
St. Paul Bancorporation, Inc., St. Paul, Nebraska	St. Paul National Bank, St. Paul, Nebraska	Kansas City	March 29, 1983
South Mississippi Capital Company, Prentiss, Mississippi	South Mississippi Bank, Prentiss, Mississippi	Atlanta	April 4, 1983
Sunshine Bankshares Corporation, Fort Walton Beach, Florida	Sunshine Bank, Fort Walton Beach, Florida	Atlanta	April 11, 1983
T-Mark, Inc., Cheyenne, Wyoming	Farmers State Bank, Lyman, Nebraska	Kansas City	April 5, 1983
Texas Independent Bancshares, Inc., Hitchcock, Texas	Bank of the West, Galveston, Texas	Dallas	April 19, 1983
WCB Corporation, Omro, Wisconsin	Winnebago County Bank, Omro, Wisconsin	Chicago	April 7, 1983
Windsor Bancorporation, Inc., Windsor, Colorado	Bank of Windsor, Windsor, Colorado	Kansas City	April 15, 1983

Sections 3 and 4

Applicant	Bank(s)/Nonbanking company or activity	Reserve Bank	Effective date
St. Ansgar Bancorporation, St. Ansgar, Iowa	St. Ansgar State Bank, St. Ansgar, Iowa To engage in general insurance activities	Chicago	April 8, 1983

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
C. C. State Bank, Celina, Ohio	The Citizens Commercial Bank & Trust Company, Celina, Ohio	Cleveland	March 28, 1983
Citizens Bank, Sheboygan, Wisconsin	Citizens South Side Bank, Sheboygan, Wisconsin Citizens Bank of Manitowoc, Manitowoc, Wisconsin	Chicago	April 11, 1983
BNH Acquisition Bank, Manchester, New Hampshire	The Bristol Bank, Bristol, New Hampshire	Boston	April 15, 1983
First Virginia Bank, Falls Church, Virginia	Farmers and Merchants State Bank, Fredericksburg, Virginia	Richmond	March 30, 1983

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Jet Courier Services, Inc., et al. v. *Federal Reserve Bank of Atlanta, et al.,* filed February 1983, U.S.C.A. for the Sixth Circuit.

Securities Industry Association v. *Board of Governors, et al.,* filed February 1983, U.S.C.A. for the Second Circuit.

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

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

Hayton v. *State of Utah, et al.,* filed September 1982, U.S.D.C. for the District of Utah.

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

Bowler v. *Treasurer of the U.S., et al,* filed July 1982, U.S.C.A. for the First Circuit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1982			1983	1982		1983		
	Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.
Reserves of depository institutions									
1 Total	4.8	5.1	11.0	1.1	14.3	11.1	−19.5	6.6	19.7
2 Required	5.4	4.9	10.1	0.8	14.5	8.3	−21.2	10.2	20.0
3 Nonborrowed	8.5	11.5	12.7	0.6	10.1	10.9	−16.7	5.1	13.7
4 Monetary base[2]	7.7	6.8	8.0	8.6	7.6	8.7	4.7	11.4	15.0
Concepts of money and liquid assets[3]									
5 M1	3.2	6.1	13.1	14.0	13.6	10.6	9.8	22.4	15.6
6 M2	7.0	10.9	9.3	19.8	9.5	8.9	29.8	23.9	10.7
7 M3	8.5	12.5	9.5	9.7	9.3	3.7	12.0	13.2	7.7
8 L	10.5	12.1	8.8	n.a.	7.2	6.7	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	13.4	18.2	3.2	12.1	−5.0	5.5	27.4	8.7	3.0
10 Savings[4]	−1.7	−1.8	13.1	−44.4	28.8	−21.7	−88.2	−57.1	−18.3
11 Small-denomination time[5]	17.0	18.7	−0.4	−48.6	−2.2	−18.2	−83.6	−63.6	−38.7
12 Large-denomination time[6]	17.0	26.8	−6.8	−58.6	−22.9	−44.3	−97.1	−60.9	−28.1
13 Thrift institutions[7]	4.1	6.5	6.2	11.1	7.4	4.5	8.3	20.3	16.8
14 Total loans and securities at commercial banks[8]	−6.7	6.0	5.5	9.8	1.5	10.5	12.8	7.6	11.2

Item	Interest rates (levels, percent per annum)								
	1982			1983	1982	1983			
	Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.
Short-term rates									
15 Federal funds[9]	14.52	11.01	9.28	8.65	8.95	8.68	8.51	8.77	8.80
16 Discount window borrowing[10]	12.00	10.83	9.25	8.50	8.73	8.50	8.50	8.50	8.50
17 Treasury bills (3-month market yield)[11]	12.42	9.32	7.90	8.11	7.94	7.86	8.11	8.35	8.21
18 Commercial paper (3-month)[11,12]	13.81	11.15	8.80	8.34	8.51	8.17	8.34	8.52	8.53
Long-term rates									
Bonds									
19 U.S. government[13]	13.74	12.94	10.72	10.87	10.62	10.78	11.03	10.80	10.63
20 State and local government[14]	12.33	11.39	9.90	9.43	9.96	9.50	9.58	9.20	9.05
21 Aaa utility (new issue)[15]	15.73	14.25	12.10	11.89	11.84	12.05	12.08	11.70	11.41
22 Conventional mortgages[16]	16.63	15.65	13.79	13.26	13.62	13.44	13.18	13.17	13.02

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.
2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.
3. M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.
M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and broker/dealer).
M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations and balances of institution-only money market mutual funds.
L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.
4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.
5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000.
6. Large-denomination time deposits are those issued in amounts of $100,000 or more.
7. Savings and loan associations, mutual savings banks, and credit unions.
8. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities.
9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
10. Rate for the Federal Reserve Bank of New York.
11. Quoted on a bank-discount basis.
12. Unweighted average of offering rates quoted by at least five dealers.
13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
14. *Bond Buyer* series for 20 issues of mixed quality.
15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1983			1983						
	Feb.	Mar.	Apr.	Mar. 16	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20p	Apr. 27p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**155,365**	**155,883**	**159,155**	**155,642**	**157,044**	**155,475**	**157,764**	**157,557**	**160,482**	**159,622**
2 U.S. government securities[1]	134,379	135,201	137,877	135,149	136,337	134,460	136,396	136,576	138,847	138,223
3 Bought outright	133,961	135,087	137,453	135,149	136,337	134,460	136,396	136,576	138,847	137,690
4 Held under repurchase agreements	418	114	424	0	0	0	0	0	0	533
5 Federal agency securities	8,945	8,929	8,931	8,915	8,915	8,915	8,915	8,912	8,908	8,920
6 Bought outright	8,924	8,917	8,910	8,915	8,915	8,915	8,915	8,912	8,908	8,908
7 Held under repurchase agreements	21	12	21	0	0	0	0	0	0	12
8 Acceptances	17	9	72	0	0	0	0	0	0	41
9 Loans	557	850	995	890	641	893	1,757	575	665	1,171
10 Float	2,083	1,948	1,901	1,838	2,098	1,957	1,566	2,250	2,631	1,746
11 Other Federal Reserve assets	9,384	8,946	9,379	8,851	9,054	9,250	9,129	9,244	9,431	9,521
12 Gold stock	11,142	11,138	11,137	11,138	11,138	11,138	11,138	11,138	11,137	11,135
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	151,650	153,186	155,354	153,369	153,367	153,356	154,670	155,812	155,643	155,098
16 Treasury cash holdings	457	482	514	481	485	493	505	513	515	519
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,200	3,361	3,841	3,690	3,387	2,534	3,861	3,009	3,267	4,165
18 Foreign	236	244	254	229	219	231	300	239	236	253
19 Other	551	547	642	565	584	521	616	622	636	636
20 Required clearing balances	511	578	625	579	597	598	610	616	633	634
21 Other Federal Reserve liabilities and capital	4,776	4,858	4,995	4,843	4,809	4,911	4,964	4,883	5,018	5,015
22 Reserve accounts[2]	23,530	22,168	22,470	21,427	23,138	22,373	21,780	21,404	24,075	22,839

Factors	End-of-month figures			Wednesday figures						
	1983			1983						
	Feb.	Mar.	Apr.	Mar. 16	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**153,936**	**158,047**	**161,866**	**158,633**	**157,499**	**156,688**	**158,967**	**156,759**	**161,279**	**165,501**
24 U.S. government securities[1]	135,561	136,651	141,550	136,293	136,811	134,660	136,791	135,419	138,899	141,108
25 Bought outright	135,561	136,651	137,864	136,293	136,811	134,660	136,791	136,419	138,899	137,376
26 Held under repurchase agreements	0	0	3,686	0	0	0	0	0	0	3,732
27 Federal agency securities	8,923	8,915	9,156	8,915	8,915	8,915	8,915	8,908	8,908	8,995
28 Bought outright	8,923	8,915	8,908	8,915	8,915	8,915	8,915	8,908	8,908	8,908
29 Held under repurchase agreements	0	0	248	0	0	0	0	0	0	87
30 Acceptances	0	0	704	0	0	0	0	0	0	285
31 Loans	1,155	2,808	848	3,730	825	1,985	887	519	1,263	4,073
32 Float	−2,664	486	−1,124	177	1,590	1,743	3,094	2,559	2,717	1,274
33 Other Federal Reserve assets	10,961	9,187	10,732	9,518	9,358	9,385	9,280	9,354	9,492	9,766
34 Gold stock	11,139	11,138	11,135	11,138	11,138	11,138	11,138	11,137	11,137	11,135
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	151,872	154,307	155,307	153,760	153,675	154,250	155,715	156,224	155,729	155,661
38 Treasury cash holdings	465	498	524	481	485	495	513	513	515	521
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	2,856	3,572	6,015	3,935	3,118	2,116	4,393	3,523	4,596	6,803
40 Foreign	352	425	322	237	199	250	194	212	220	194
41 Other	486	535	796	670	478	575	523	554	620	668
42 Required clearing balances	535	601	641	575	595	598	608	615	633	634
43 Other Federal Reserve liabilities and capital	4,988	4,834	5,253	4,828	4,683	4,757	4,763	4,764	4,818	4,994
44 Reserve accounts[2]	21,924	22,816	22,547	23,688	23,807	23,188	21,799	19,895	23,689	25,564

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

2. Excludes required clearing balances.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1981	1982					1983			
	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 Reserve balances with Reserve Banks[1]	26,163	24,471	23,385	24,252	24,604	24,804	24,431	23,530	22,168	22,470
2 Total vault cash (estimated)	19,538	19,500	19,921	19,578	19,807	20,392	21,454	20,035	19,484	19,568
3 Vault cash at institutions with required reserve balances[2]	13,577	13,188	13,651	13,658	13,836	14,292	14,602	13,705	13,027	13,305
4 Vault cash equal to required reserves at other institutions	2,178	2,518	2,927	2,677	2,759	2,757	2,829	2,562	2,844	2,753
5 Surplus vault cash at other institutions[3]	3,783	3,794	3,343	3,243	3,212	3,343	4,023	3,768	3,613	3,510
6 Reserve balances + total vault cash[4]	45,701	43,971	43,306	43,830	44,411	45,196	45,885	43,565	41,652	42,038
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	40,177	39,963	40,587	41,199	41,853	41,862	39,797	38,039	38,528
8 Required reserves (estimated)	41,606	39,866	39,579	40,183	40,797	41,353	41,316	39,362	37,602	38,184
9 Excess reserve balances at Reserve Banks[4,6]	312	311	384	404	402	500	546	435	437	344
10 Total borrowings at Reserve Banks	642	510	976	455	579	697	500	557	850	995
11 Seasonal borrowings at Reserve Banks	53	119	102	86	47	33	33	39	53	82
12 Extended credit at Reserve Banks	149	94	118	141	188	187	156	277	318	407

	Weekly averages of daily figures for week ending									
	1983									
	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20p	Apr. 27p
13 Reserve balances with Reserve Banks[1]	24,354	23,778	21,328	21,427	23,138	22,373	21,780	21,404	24,075	22,839
14 Total vault cash (estimated)	18,684	19,663	19,859	20,307	18,297	19,392	19,692	20,059	18,613	19,681
15 Vault cash at institutions with required reserve balances[2]	13,168	13,631	12,992	13,116	12,652	13,137	13,285	13,198	12,935	13,479
16 Vault cash equal to required reserves at other institutions	2,161	2,433	3,039	3,237	2,438	2,779	2,863	3,126	2,402	2,744
17 Surplus vault cash at other institutions[3]	3,355	3,599	3,828	3,954	3,207	3,476	3,544	3,735	3,276	3,458
18 Reserve balances + total vault cash[4]	43,038	43,441	41,187	41,734	41,435	41,765	41,472	41,463	42,688	42,520
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	39,683	39,842	37,359	37,780	38,228	38,289	37,928	37,728	39,412	39,062
20 Required reserves (estimated)	39,377	39,308	36,873	37,369	37,896	37,825	37,296	37,165	39,173	38,619
21 Excess reserve balances at Reserve Banks[4,6]	306	534	486	411	332	464	632	563	239	443
22 Total borrowings at Reserve Banks	475	710	626	890	641	893	1,757	575	665	1,171
23 Seasonal borrowings at Reserve Banks	45	43	44	44	59	62	80	72	77	90
24 Extended credit at Reserve Banks	335	295	297	326	346	305	328	353	405	484

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

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

Averages of daily figures, in millions of dollars

By maturity and source	1983, week ending Wednesday								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27
One day and continuing contract									
1 Commercial banks in United States	61,536	68,175	64,608	60,985	58,326	67,276	69,189	63,218	56,498
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	29,080	29,565	29,296	28,876	24,571	25,310	26,703	28,252	28,902
3 Nonbank securities dealers	4,408	4,471	4,259	4,649	4,250	4,139	4,322	4,164	5,375
4 All other	26,048	24,934	25,052	24,475	23,790	22,385	25,794	24,030	25,893
All other maturities									
5 Commercial banks in United States	4,446	4,376	4,500	4,778	5,292	5,988	4,934	5,270	4,860
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	9,221	9,484	9,806	10,088	11,005	11,456	10,509	10,560	9,681
7 Nonbank securities dealers	5,213	4,997	4,687	4,801	5,518r	5,992	5,323	5,566	5,944
8 All other	9,194	8,918	8,954	8,820	9,714r	10,998	7,904	9,707	8,930
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	24,415	25,700	23,208	22,144	20,411r	25,797	27,486	24,820	22,555
10 Nonbank securities dealers	4,636	5,121	4,467	4,312r	4,356r	4,481	4,532	4,252	4,337

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 4/30/83	Effective date	Previous rate	Rate on 4/30/83	Previous rate	Rate on 4/30/83	Previous rate	Rate on 4/30/83	Previous rate	
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York		12/15/82								12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas		12/14/82								12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years[2]

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

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

Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date
Net transaction accounts[7,8]		
\$0–\$26.3 million	3	12/30/82
Over \$26.3 million	12	12/30/82
Nonpersonal time deposits[9]		
By original maturity		
Less than 2½ years	3	3/31/83
2½ years or more	0	3/31/83
Eurocurrency liabilities		
All types	3	11/13/80

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

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

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

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

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

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

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

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

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

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks (thrift institutions)			
	In effect April 30, 1983		Previous maximum		In effect April 30, 1983		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts[2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts[3]								
Fixed ceiling rates by maturity[4]								
3 14–89 days[5]	5¼	8/1/79	5	7/1/73	(6)	....	(6)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years[7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years[7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years[7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years[8]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
9 6 to 8 years[8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more[8]	7¾	6/1/78	(6)	....	8	6/1/78	(6)	....
11 Issued to governmental units (all maturities)[10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 IRAs and Keogh (H.R. 10) plans (3 years or more)[10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

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

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

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

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

91-day time deposits. Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of $7,500 and a maturity of 91 days. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks. The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions. The maximum allowable rates in April 1983 (in percent) for commercial banks and thrifts were as follows: Apr. 5, 8.664; Apr. 12, 8.165; Apr. 19, 8.03; Apr. 26, 8.15.

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

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

The maximum rates in April 1983 for commercial banks based on the bill rate were as follows: Apr. 5, 8.955; Apr. 12, 8.498; Apr. 19, 8.45; Apr. 26, 8.47, and based on the 4-week average bill rate were as follows: Apr. 5, 8.802; Apr. 12, 8.798; Apr. 19, 8.71; Apr. 26, 8.59. The maximum allowable rates in April 1983 for thrifts based on the bill rate were as follows: Apr. 5, 9.000; Apr. 12, 8.748; Apr. 19, 8.70; Apr. 26, 8.72; and based on the 4-week average bill rate were as follows: Apr. 5, 9.000; Apr. 12, 9.000; Apr. 19, 8.964; Apr. 26, 8.843.

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

1½-year to less than 2½-year time deposits. Effective Aug. 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years. Effective Apr. 1, 1983, the maximum maturity for this category of deposits was reduced to less than 2½ years and the minimum maturity was reduced to 1½ years. Thrift institutions may pay interest on these certificates at a rate not to exceed the average 1½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 1½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in April 1983 (in percent) for commercial banks were as follows: Apr. 1, 9.40; Apr. 12, 9.25; Apr. 26, 9.25; and for thrift institutions: Apr. 1, 9.65; Apr. 12, 9.50; Apr. 26, 9.50.

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

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS

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

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

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

Time deposits of 2½ years or more. Effective May 1, 1982, depository institutions were authorized to offer negotiable or nonnegotiable time deposits with a minimum original maturity of 3½ years or more that are not subject to interest rate ceilings. Such time deposits have no minimum denomination, but must be made available in a $500 denomination. Additional deposits may be made to the account during the first year without extending its maturity. Effective Apr. 1, 1983, the minimum maturity period for this category of deposits was reduced to 2½ years.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1980	1981	1982	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	7,668	13,899	17,067	425	774	2,552	1,897	0	1,456	1,259
2 Gross sales	7,331	6,746	8,369	674	0	0	731	1,983	934	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,389	1,816	3,000	400	0	0	200	900	300	0
Others within 1 year										
5 Gross purchases	912	317	312	0	0	88	0	0	0	0
6 Gross sales	0	23	0	0	0	0	0	0	0	0
7 Maturity shift	12,427	13,794	17,295	733	623	2,819	906	558	4,564	1,198
8 Exchange	−18,251	−12,869	−14,164	−650	0	−1,924	−943	−544	−2,688	−900
9 Redemptions	0	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,138	1,702	1,797	0	0	485	0	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−8,909	−10,299	−14,524	−733	−623	−2,204	−906	−553	−4,564	−1,198
13 Exchange	13,412	10,117	11,804	650	0	1,515	943	544	1,599	900
5 to 10 years										
14 Gross purchases	703	393	388	0	0	194	0	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	−3,092	−3,495	−2,172	0	0	−616	0	−5	229	0
17 Exchange	2,970	1,500	2,128	0	0	250	0	0	650	0
Over 10 years										
18 Gross purchases	811	379	307	0	0	132	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−426	0	−601	0	0	0	0	0	−229	0
21 Exchange	1,869	1,253	234	0	0	159	0	0	439	0
All maturities										
22 Gross purchases	12,232	16,690	19,870	425	774	3,452	1,897	0	1,456	1,259
23 Gross sales	7,331	6,769	8,369	674	0	0	731	1,983	934	0
24 Redemptions	3,389	1,816	3,000	400	0	0	200	900	300	0
Matched transactions										
25 Gross sales	674,000	589,312	543,804	51,983	45,655	39,579	72,123	59,398	35,234	47,892
26 Gross purchases	675,496	589,647	543,173	51,554	46,370	41,724	69,088	59,043	38,204	47,724
Repurchase agreements										
27 Gross purchases	113,902	79,920	130,774	9,649	5,618	4,161	15,229	6,747	6,697	3,526
28 Gross sales	113,040	78,733	130,286	7,035	9,420	4,161	11,525	10,451	6,697	3,526
29 Net change in U.S. government securities	3,869	9,626	8,358	1,535	−2,313	5,596	1,636	−6,943	3,192	1,090
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	668	494	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	145	108	189	5	6	*	6	9	5	8
Repurchase agreements										
33 Gross purchases	28,895	13,320	18,957	1,997	1,776	739	2,566	452	276	379
34 Gross sales	28,863	13,576	18,638	1,225	2,778	739	1,978	1,040	276	379
35 Net change in federal agency obligations	555	130	130	767	−1,008	*	582	−596	−5	−8
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	73	−582	1,285	248	−813	0	1,480	−1,480	0	0
37 **Total net change in System Open Market Account**	**4,497**	**9,175**	**9,773**	**2,550**	**−4,134**	**5,596**	**3,697**	**−9,019**	**3,187**	**1,082**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1983					1983		
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	Feb.	Mar.	Apr.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,138	11,138	11,137	11,137	11,135	11,139	11,138	11,135
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	479	461	453	448	444	508	477	452
Loans								
4 To depository institutions	1,985	887	519	1,263	4,073	1,155	2,808	848
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	0	285	0	0	704
Federal agency obligations								
7 Bought outright	8,915	8,915	8,908	8,908	8,908	8,923	8,915	8,908
8 Held under repurchase agreements	0	0	0	0	87	0	0	248
U.S. government securities								
Bought outright								
9 Bills	53,478	55,609	54,237	57,717	56,194	54,379	55,469	56,682
10 Notes	62,187	62,187	62,187	62,187	62,187	62,187	62,187	62,187
11 Bonds	18,995	18,995	18,995	18,995	18,995	18,995	18,995	18,995
12 Total[1]	134,660	136,791	135,419	138,899	137,376	135,561	136,651	137,864
13 Held under repurchase agreements	0	0	0	0	3,732	0	0	3,686
14 Total U.S. government securities	134,660	136,791	135,419	138,899	141,108	135,561	136,651	141,550
15 Total loans and securities	**145,560**	**146,593**	**144,846**	**149,070**	**154,461**	**145,639**	**148,374**	**152,258**
16 Cash items in process of collection	8,818	10,121	9,682	10,186	8,959	4,207	6,584	6,354
17 Bank premises	552	552	552	552	551	552	552	552
Other assets								
18 Denominated in foreign currencies[2]	5,017	4,971	4,975	4,978	4,983	4,988	4,962	4,957
19 All other[3]	3,816	3,757	3,827	3,962	4,232	5,421	3,673	5,223
20 Total assets	**179,998**	**182,211**	**180,090**	**184,951**	**189,383**	**177,072**	**180,378**	**185,549**
LIABILITIES								
21 Federal Reserve notes	141,439	142,904	143,404	142,906	142,841	139,060	141,497	142,497
Deposits								
22 Depository institutions	23,793	22,408	20,513	24,325	26,201	22,468	23,419	23,193
23 U.S. Treasury—General account	2,116	4,393	3,523	4,596	6,803	2,856	3,572	6,015
24 Foreign—Official accounts	250	194	212	220	194	352	425	322
25 Other	568	522	551	617	665	477	533	791
26 Total deposits	**26,727**	**27,517**	**24,799**	**29,758**	**33,863**	**26,153**	**27,949**	**30,321**
27 Deferred availability cash items	7,075	7,027	7,123	7,469	7,685	6,871	6,098	7,478
28 Other liabilities and accrued dividends[4]	1,699	1,721	1,695	1,748	1,906	1,709	1,752	2,069
29 Total liabilities	**176,940**	**179,169**	**177,021**	**181,881**	**186,295**	**173,793**	**177,296**	**182,365**
CAPITAL ACCOUNTS								
30 Capital paid in	1,393	1,394	1,395	1,398	1,407	1,388	1,393	1,407
31 Surplus	1,359	1,359	1,359	1,359	1,359	1,359	1,359	1,359
32 Other capital accounts	306	289	315	313	322	532	330	418
33 Total liabilities and capital accounts	**179,998**	**182,211**	**180,090**	**184,951**	**189,383**	**177,072**	**180,378**	**185,549**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	109,450	111,114	111,719	111,589	110,748	112,208	112,120	109,843
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	159,624	159,901	160,465	160,915	161,329	159,741	159,568	161,327
36 LESS: Held by bank[5]	18,185	16,997	17,061	18,009	18,488	20,681	18,130	18,830
37 Federal Reserve notes, net	141,439	142,904	143,404	142,906	142,841	139,060	141,438	142,497
Collateral for Federal Reserve notes								
38 Gold certificate account	11,138	11,138	11,137	11,137	11,135	11,139	11,138	11,135
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	125,683	127,148	127,649	127,151	127,088	123,303	125,682	126,744
42 Total collateral	**141,439**	**142,904**	**143,404**	**142,906**	**142,841**	**139,060**	**141,438**	**142,497**

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

2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.

3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.

4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1983					1983		
	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	Feb. 28	Mar. 31	Apr. 29
1 Loans—Total	1,985	887	519	1,263	4,073	1,155	2,808	848
2 Within 15 days	1,968	849	491	1,249	4,040	1,141	2,782	805
3 16 days to 90 days	17	38	28	14	33	14	26	43
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	285	0	0	704
6 Within 15 days	0	0	0	0	285	0	0	704
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	134,660	136,791	135,419	138,899	141,108	135,561	136,651	141,550
10 Within 15 days[1]	4,596	6,207	4,221	5,198	6,694	3,916	3,525	4,947
11 16 days to 90 days	26,664	27,060	27,474	29,732	29,095	28,249	26,664	30,724
12 91 days to 1 year	41,519	41,941	42,141	42,386	43,736	40,865	44,879	44,296
13 Over 1 year to 5 years	32,128	31,830	31,830	31,972	31,972	32,778	31,830	31,972
14 Over 5 years to 10 years	12,970	12,970	12,970	12,828	12,828	12,970	12,970	12,828
15 Over 10 years	16,783	16,783	16,783	16,783	16,783	16,783	16,783	16,783
16 Federal agency obligations—Total	8,915	8,915	8,908	8,908	8,995	8,923	8,915	9,156
17 Within 15 days[1]	309	212	25	110	323	225	309	484
18 16 days to 90 days	508	614	675	564	499	602	508	499
19 91 days to 1 year	1,862	1,853	1,829	1,830	2,026	1,963	1,862	2,026
20 Over 1 year to 5 years	4,614	4,614	4,732	4,756	4,499	4,543	4,614	4,499
21 Over 5 years to 10 years	1,104	1,104	1,129	1,130	1,130	1,072	1,104	1,130
22 Over 10 years	518	518	518	518	518	518	518	518

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982				1983			
					Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**32.83**	**34.23**	**36.23**	**37.93**	**39.66**	**39.93**	**40.41**	**40.78**	**40.12**	**40.34**	**41.00**	**41.31**
2 Nonborrowed reserves	31.96	32.76	34.54	39.45	38.72	39.45	39.79	40.15	39.59	39.76	40.21	40.30
3 Required reserves	32.59	33.91	35.71	39.53	39.27	39.53	40.01	40.28	39.57	39.91	40.57	40.83
4 Monetary base[3]	132.2	142.8	154.9	173.2	172.1	173.2	174.3	175.6	176.3	178.0	180.2	181.3
	Not seasonally adjusted											
5 **Total reserves[2]**	**33.33**	**37.24**	**37.24**	**40.00**	**39.36**	**40.00**	**40.68**	**41.56**	**42.23**	**40.23**	**40.23**	**41.00**
6 Nonborrowed reserves	32.46	35.55	35.55	39.52	38.42	39.52	40.06	40.93	41.69	39.64	39.44	40.05
7 Required reserves	33.10	36.72	36.72	39.59	38.97	39.59	40.28	41.06	41.67	39.79	39.80	40.58
8 Monetary base[3]	134.7	158.2	158.2	173.2	171.7	173.2	175.4	178.9	177.7	175.9	177.7	100.4
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves[2]**	**41.68**	**40.66**	**40.66**	**40.59**	**39.96**	**40.59**	**41.20**	**41.85**	**41.86**	**39.80**	**38.04**	**38.66**
10 Nonborrowed reserves	40.81	38.97	38.97	40.11	39.03	40.11	40.58	41.22	41.33	39.22	37.24	37.65
11 Required reserves	41.45	40.15	40.15	40.18	39.58	40.18	40.80	41.35	41.32	39.36	37.60	38.18
12 Monetary base[3]	144.5	162.5	162.5	173.8	172.4	173.8	176.0	179.3	177.9	176.0	175.9	178.5

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

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

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

4. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustments to eliminate the effect of changes in Regulation D including changes associated with the implementation of the Monetary Control Act. Includes required reserves of member banks and Edge Act corporations and beginning November 13, 1980, other depository institutions. Under the transitional phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows: Effective Nov. 13, 1980, a reduction of $2.9 billion; Feb. 12, 1981, an increase of $245 million; Mar. 12, 1981, an increase of $75 million; May 14, 1981, an increase of $245 million; Sept. 3, 1981, a reduction of $1.1 billion; Nov. 12, 1981, an increase of $210 million; Jan. 14, 1982, a reduction of $60 million; Feb. 11, 1982 an increase of $170 million; Mar. 4, 1982, an estimated reduction of $2.0 billion; May 13, 1982, an estimated increase of $150 million; Aug. 12, 1982 an estimated increase of $140 million; and Sept. 2, 1982, an estimated reduction of $1.2 billion; Oct. 28, 1982 an estimated reduction of $100 million; Dec. 23, 1982 an estimated reduction of $800 million; and Mar. 3, 1983 an estimated reduction of $2.1 billion. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by $60 million to $90 million in December 1981 and $180 million to $230 million in January 1982, mostly reflecting a reduction in reservable Eurocurrency transactions.

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.
	Seasonally adjusted								
Measures[1]									
1 M1	389.0	414.1	440.6	478.2	474.0	478.2	482.1	491.1[r]	497.5
2 M2	1,497.5	1,630.3	1,794.9	1,959.5	1,945.0	1,959.5	2,008.0[r]	2,048.0[r]	2,065.8
3 M3	1,758.4	1,936.7	2,167.9	2,377.6[r]	2,370.2	2,377.6[r]	2,401.5[r]	2,427.8[r]	2,442.8
4 L[2]	2,131.8	2,343.6	2,622.0	2,899.1	2,883.1	2,899.1	n.a.	n.a.	n.a.
Selected Components									
5 Currency	106.5	116.2	123.2	132.8	131.9	132.8	134.2	135.6	135.6
6 Traveler's checks[3]	3.7	4.1	4.5	4.2	4.4	4.2	4.1	4.3	4.5
7 Demand deposits	262.0	266.8	236.4	239.8	237.6	239.8	239.4	238.7	240.0
8 Other checkable deposits[4]	17.0	26.9	76.6	101.3	100.3[r]	104.5[r]	112.5[r]	112.5[r]	116.0
9 Savings deposits[5]	423.1	400.7	344.4	358.7[r]	366.4	358.7	332.5	322.1	318.8
10 Small-denomination time deposits[6]	635.9	731.7	828.6	859.8[r]	874.9	859.8[r]	798.1	756.1[r]	734.9
11 Large-denomination time deposits[7]	222.2	258.9	302.6	333.8	340.4	333.8	310.6	297.9[r]	296.2
	Not seasonally adjusted								
Measures[1]									
12 M1	398.8	424.7	452.1	491.0	479.0	491.0	489.6	480.6	489.1
13 M2	1,502.1	1,635.0	1,799.6	1,964.5	1,943.6	1,964.5	2,016.4	2,040.0	2,061.9
14 M3	1,766.1	1,944.9	2,175.9	2,385.3	2,369.2	2,385.3	2,413.2	2,424.2[r]	2,441.5
15 L[2]	2,138.9	2,350.8	2,629.7	2,907.0	2,882.0	2,907.0	n.a.	n.a.	n.a.
Selected Components									
16 Currency	108.2	118.3	125.4	135.2	132.7	135.2	133.2	133.7	135.4
17 Traveler's checks[3]	3.5	3.9	4.3	4.0	4.2	4.0	3.9	4.1	4.3
18 Demand deposits	270.1	275.2	244.0	247.7	240.6	247.7	245.1	232.8	235.1
19 Other checkable deposits[4]	17.0	27.2	78.4	81.0	79.2	81.0	82.4[r]	83.6	86.6
20 Overnight RPs and Eurodollars[8]	21.2	28.4	36.1	44.3	45.2	44.3	47.3	48.8[r]	48.8
21 Savings deposits[5]	420.7	398.3	342.1	356.2[r]	363.4	356.2[r]	332.1	320.9	319.4
22 Small-denomination time deposits[6]	633.1	728.3	824.1	854.5	871.5	854.4	799.3	759.5	738.8
Money market mutual funds									
23 General purpose and broker/dealer	33.4	61.4	150.9	182.2	191.1	182.2	166.7	159.4	153.5
24 Institution only	9.5	14.9	36.0	47.6	49.9	47.6	46.1	45.2	43.5
25 Large-denomination time deposits[7]	226.0	262.4	305.9	336.5	340.8	336.5	314.2	302.6[r]	298.9

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

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

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

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

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

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

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

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

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1980[1]	1981[1]	1982[1]	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	62,757.8	80,858.7	90,914.4	97,097.0	95,475.9	97,748.5	103,333.1	102,743.5	102,206.1
2 Major New York City banks	25,156.1	33,891.9	37,932.9	42,077.9	38,971.6	42,104.4	46,353.0	45,133.2	44,327.4
3 Other banks	37,601.7	46,966.9	52,981.6	55,019.1	56,504.4	55,644.1	56,980.1	57,610.3	57,878.7
4 ATS-NOW accounts[3]	159.3	743.4	1,036.2	1,109.4	1,224.6	1,448.1	1,262.3	1,286.4	1,369.4
5 Savings deposits[4]	670.0	672.7	721.4	637.0	697.1	889.3	904.3	827.9	803.2
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	198.7	285.8	324.2	343.0	333.8	342.6	361.1	361.3	356.1
7 Major New York City banks	803.7	1,105.1	1,287.6	1,298.7	1,263.7	1,381.2	1,462.3	1,462.5	1,437.4
8 Other banks	132.2	186.2	211.1	219.5	221.4	218.3	223.9	227.2	225.9
9 ATS-NOW accounts[3]	9.7	14.0	14.5	14.7	15.6	18.4	15.8	15.1	15.6
10 Savings deposits[4]	3.6	4.1	4.5	4.0	4.3	4.7	6.0	5.8	5.7
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	63,124.4	81,197.9	91,031.9	93,543.3	91,838.3	107,454.9	101,566.1	92,654.1	109,166.3
12 Major New York City banks	25,243.1	34,032.0	38,001.0	39,657.6	36,893.5	47,576.3	45,657.2	40,937.3	47,496.6
13 Other banks	37,881.3	47,165.9	53,030.9	53,885.7	54,944.8	59,878.6	55,908.8	51,716.8	61,669.7
14 ATS-NOW accounts[3]	158.0	737.6	1,027.1	1,098.0	1,115.0	1,411.9	1,525.5	1,198.7	1,398.4
15 MMDA[5]	0	0	0	0	0	0	278.4	324.7	454.9
16 Savings deposits[4]	669.8	672.9	720.0	672.7	663.3	878.0	980.4	754.3	820.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	202.3	286.1	325.0	327.8	319.3	367.2	346.1	334.8	391.8
18 Major New York City banks	814.8	1,114.2	1,295.7	1,220.8	1,198.6	1,540.7	1,368.1	1,366.7	1,561.1
19 Other banks	134.8	186.2	211.5	213.1	213.9	228.8	215.0	209.5	248.5
20 ATS-NOW accounts[3]	9.7	14.0	14.3	14.5	14.1	17.5	18.6	14.4	16.2
21 MMDA[5]	0	0	0	0	0	0	2.4	2.0	2.4
22 Savings deposits[4]	3.6	4.1	4.5	4.2	4.1	4.7	6.6	5.3	5.8

1. Annual averages of monthly figures.
2. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.
4. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs.
5. Money Market Deposit Accounts.

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSA's that were available through June 1977. Historical data for ATS-NOW and savings deposits are available back to July 1977. Back data are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981 Dec.[2]	1982 Nov.	1982 Dec.	1983 Jan.[3]	1983 Feb.	1983 Mar.	1981 Dec.[2]	1982 Nov.	1982 Dec.	1983 Jan.[3]	1983 Feb.	1983 Mar.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[4]**	**1,316.3**	**1,398.5**	**1,412.1**	**1,428.2**	**1,436.5**	**1,450.2**	**1,326.1**	**1,405.4**	**1,422.5**	**1,430.5**	**1,432.2**	**1,445.0**
2 U.S. Treasury securities	111.0	126.4	130.9	139.8	144.5	151.0	111.4	125.5	131.5	139.3	145.1	153.2
3 Other securities	231.4	235.8	239.1	243.3	243.2	242.8	232.8	236.3	240.6	243.5	242.6	242.3
4 Total loans and leases[4]	973.9	1,036.4	1,042.0	1,045.1	1,048.8	1,056.3	981.8	1,043.5	1,050.4	1,047.7	1,044.4	1,049.5
5 Commercial and industrial loans	358.0	392.0	392.4	395.2	394.9	396.2	360.1	393.8	394.7	394.2	393.4	395.1
6 Real estate loans	285.7	301.6	303.2	305.3	307.6	309.5	286.8	302.8	304.1	305.9	307.3	308.6
7 Loans to individuals	185.1	190.3	191.8	192.6	192.9	194.8	186.4	191.5	193.1	193.2	192.3	193.0
8 Security loans	21.9	23.4	24.7	22.7	22.2	22.6	22.7	23.9	25.5	22.9	21.5	22.0
9 Loans to nonbank financial institutions	30.2	32.2	31.1	31.7	31.6	32.0	31.2	32.6	32.1	31.9	31.7	31.6
10 Agricultural loans	33.0	36.3	36.3	36.5	36.8	38.0	33.0	36.5	36.3	36.3	36.3	37.2
11 Lease financing receivables	12.7	13.1	13.1	13.3	13.3	13.1	12.7	13.1	13.1	13.3	13.3	13.1
12 All other loans	47.2	47.5	49.5	47.6	49.4	50.1	49.2	49.3	51.5	50.2	48.7	48.9
MEMO:												
13 **Total loans and securities plus loans sold[4,5]**	**1,319.1**	**1,401.5**	**1,415.0**	**1,431.2**	**1,439.4**	**1,453.1**	**1,328.9**	**1,408.3**	**1,425.4**	**1,433.5**	**1,435.1**	**1,448.0**
14 Total loans plus loans sold[4,5]	976.7	1,039.3	1,045.0	1,048.0	1,051.7	1,059.3	984.7	1,046.4	1,053.3	1,050.7	1,047.4	1,052.5
15 Total loans sold to affiliates[4,5]	2.8	2.9	2.9	3.0	3.0	3.0	2.8	2.9	2.9	3.0	3.0	3.0
16 Commercial and industrial loans plus loans sold[5]	360.2	394.3	394.6	397.5	397.2	398.6	362.3	396.1	396.9	396.5	395.8	397.4
17 Commercial and industrial loans sold[5]	2.2	2.3	2.3	2.3	2.3	2.4	2.2	2.3	2.3	2.3	2.3	2.4
18 Acceptances held	8.9	8.4	8.5	8.8	8.2	8.9	9.8	8.7	9.5	9.2	8.4	8.5
19 Other commercial and industrial loans	349.1	383.6	383.8	386.4	386.7	387.3	350.3	385.1	385.2	384.9	385.1	386.6
20 To U.S. addressees[6]	334.9	371.5	373.5	374.1	374.5	375.0	334.3	372.6	372.7	372.7	372.8	374.4
21 To non-U.S. addressees	14.2	12.1	10.3	12.3	12.2	12.3	16.1	12.6	12.4	12.2	12.3	12.2
22 Loans to foreign banks	19.0	14.0	13.5	13.7	14.3	14.9	20.0	14.1	14.5	14.3	14.1	14.6

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).
3. Due to loan reclassifications, several categories have breaks in series: beginning Jan. 12, 1983, real estate loans increased $0.4 billion and loans to individuals decreased $0.2 billion. As of Jan. 26, 1983, other securities increased $0.2 billion and total loans and commercial and industrial loans decreased $0.2 billion. As of Feb. 2, 1983, real estate loans increased $0.5 billion and commercial and industrial loans decreased $0.5 billion.
4. Excludes loans to commercial banks in the United States.
5. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
6. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1980	1981[r]	1982[r]							1983		
	Dec.[r]	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
Total nondeposit funds												
1 Seasonally adjusted[2]	118.6	96.0	89.7	85.0	81.7	78.4	80.6	86.7	82.1	72.3	75.6	76.5
2 Not seasonally adjusted	120.6	97.5	91.2	86.7	85.4	80.8	82.8	88.7	83.5	73.8	76.5	77.2
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	107.5	111.5	119.0	119.3	120.2	121.6	126.1	129.1	127.3	131.6	134.6	135.4
4 Not seasonally adjusted	109.5	113.0	120.5	121.0	123.9	124.0	128.3	131.1	128.8	133.1	135.5	136.1
5 Net balances due to foreign-related institutions, not seasonally adjusted	8.4	−18.2	−32.2	−37.3	−41.3	−46.3	−48.0	−44.8	−48.1	−62.4	−62.0	−61.9
6 Loans sold to affiliates, not seasonally adjusted[4]	2.7	2.8	3.0	2.8	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.0
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−14.7	−22.5	−29.2	−33.1	−34.5	−39.0	−40.3	−38.3	−39.8	−50.1	−50.5	−52.8
8 Gross due from balances	37.5	54.9	57.7	60.7	65.2	68.8	69.6	69.9	72.4	80.8	78.9	79.6
9 Gross due to balances	22.8	32.4	28.5	27.6	30.8	29.7	29.4	31.6	32.6	30.7	28.4	26.9
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	22.9	4.3	−2.9	−4.3	−6.9	−7.3	−7.8	−6.5	−8.3	−12.3	−11.5	−9.2
11 Gross due from balances	32.5	48.1	50.2	52.9	53.8	54.6	54.1	53.7	54.9	57.6	56.1	56.2
12 Gross due to balances	55.4	52.4	47.3	48.6	46.9	47.3	46.4	47.2	46.6	45.3	44.6	47.0
Security RP borrowings												
13 Seasonally adjusted[7]	51.7	59.0	61.7	61.9	65.2	65.0	69.0	71.5	71.0	72.2	74.3	74.7
14 Not seasonally adjusted	52.0	59.2	61.7	62.2	67.5	66.0	69.8	72.1	71.1	72.2	73.7	73.9
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	9.9	12.2	10.5	9.0	10.1	11.1	14.4	10.6	11.9	15.7	8.8	12.5
16 Not seasonally adjusted	9.0	11.1	10.7	8.2	8.1	12.3	16.4	7.8	10.8	16.3	10.2	13.2
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	267.0	324.1	349.6	360.3	367.1	366.7	367.6	360.6	347.3	319.2	303.0	296.0
18 Not seasonally adjusted	272.4	330.4	344.8	350.6	359.3	361.8	364.9	361.7	353.9	325.4	310.4	300.7
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	....	22.4	32.0	32.2	32.5	32.8	33.1	33.3	33.9	34.2	....	....
20 Items 3 and 4	....	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	....	....
21 Item 5	....	20.7	29.6	29.8	30.1	30.4	30.7	30.9	31.5	31.8	....	....
22 Item 7	....	3.1	5.0	5.1	5.3	5.4	5.4	5.5	5.8	5.8	....	....
23 Item 10	....	17.6	24.6	24.7	24.9	25.0	25.3	25.4	25.7	26.0	....	....

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

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

Billions of dollars except for number of banks

	1982							1983			
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,315.4	1,313.2	1,318.8	1,337.1	1,343.0	1,347.0	1,370.4	1,370.8	1,373.7	1,392.2	1,404.1
2 Loans, excluding interbank	969.1	966.6	970.6	985.9	988.5	990.4	1,000.8	993.3	991.4	1,001.7	1,005.3
3 Commercial and industrial	348.7	346.4	346.2	354.4	355.8	355.4	357.9	355.6	356.3	358.6	358.5
4 Other	620.4	620.3	624.4	631.5	632.7	635.0	642.9	638.2	635.8	643.7	646.8
5 U.S. Treasury securities	113.4	113.4	113.7	115.0	119.4	122.2	129.0	136.0	141.4	150.6	155.5
6 Other securities	232.9	233.2	234.5	236.2	235.1	234.4	240.5	241.6	240.8	239.9	243.2
7 Cash assets, total	165.4	154.5	160.8	157.4	162.1	169.7	184.4	167.8	184.7	168.9	170.1
8 Currency and coin	20.1	20.5	20.3	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4
9 Reserves with Federal Reserve Banks	18.2	25.1	26.1	17.0	23.5	22.0	25.4	23.9	25.3	20.5	23.9
10 Balances with depository institutions	59.6	55.4	58.8	60.4	61.3	64.6	67.6	67.7	71.6	67.1	66.1
11 Cash items in process of collection	67.4	53.6	55.5	59.6	56.8	64.1	68.4	55.9	67.5	61.5	59.6
12 Other assets[2]	223.2	224.2	231.3	234.9	237.0	241.8	265.3	260.1	263.6	257.9	252.3
13 **Total assets/total liabilities and capital**	**1,704.0**	**1,692.0**	**1,710.9**	**1,729.3**	**1,742.1**	**1,758.6**	**1,820.1**	**1,798.7**	**1,822.0**	**1,818.9**	**1,826.4**
14 Deposits	1,284.8	1,266.4	1,279.1	1,290.7	1,300.2	1,316.9	1,361.8	1,340.6	1,368.3	1,374.2	1,368.0
15 Demand	345.2	314.4	315.5	323.0	326.5	338.1	363.9	324.0	337.9	333.4	329.2
16 Savings	228.9	227.1	229.5	230.9	238.2	244.9	296.4	361.5	395.2	419.2	426.9
17 Time	710.7	724.8	734.1	736.8	735.4	733.9	701.5	655.1	635.2	621.6	611.9
18 Borrowings	189.7	195.4	196.0	202.8	203.7	198.1	215.1	221.6	218.0	211.3	224.0
19 Other liabilities	96.6	99.1	103.9	103.4	106.2	109.3	109.2	106.4	106.0	103.5	102.3
20 Residual (assets less liabilities)	133.0	131.1	131.9	132.5	132.0	134.3	133.9	130.1	129.6	130.0	132.1
MEMO:											
21 U.S. Treasury note balances included in borrowing	7.5	8.0	5.9	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8
22 Number of banks	14,736	14,752	14,770	14,785	14,797	14,782	14,787	14,780	14,812	14,819	14,823
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,374.3	1,371.3	1,376.6	1,397.3	1,401.7	1,413.7	1,429.8	1,427.5	1,429.8	1,451.3	1,461.0
24 Loans, excluding interbank	1,023.7	1,020.8	1,024.7	1,042.4	1,042.3	1,052.1	1,054.9	1,044.8	1,042.3	1,054.5	1,055.9
25 Commercial and industrial	386.7	384.4	384.5	395.0	393.7	398.9	396.5	393.0	392.9	396.5	394.1
26 Other	637.0	636.4	640.2	647.4	648.6	653.2	658.4	652.4	650.0	658.6	661.8
27 U.S. Treasury securities	116.2	115.7	115.8	117.2	122.7	125.7	132.8	139.5	145.1	155.3	160.3
28 Other securities	234.4	234.8	236.1	237.7	236.7	235.9	242.1	243.2	242.4	241.5	244.8
29 Cash assets, total	180.3	169.3	176.2	173.7	178.7	181.2	200.7	183.7	200.5	185.5	186.3
30 Currency and coin	20.2	20.5	20.4	20.4	20.5	19.0	23.0	20.4	20.3	19.9	20.4
31 Reserves with Federal Reserve Banks	19.6	26.5	27.5	18.4	25.0	23.4	26.8	25.3	26.7	22.0	25.4
32 Balances with depository institutions	72.2	67.8	71.8	74.2	75.3	74.4	81.4	81.1	84.9	81.0	79.8
33 Cash items in process of collection	68.4	54.6	56.5	60.6	57.8	64.3	69.4	56.9	68.6	62.6	60.7
34 Other assets[2]	300.0	299.4	306.8	310.3	313.9	323.3	341.7	333.2	330.2	325.4	317.7
35 **Total assets/total liabilities and capital**	**1,854.7**	**1,840.1**	**1,859.6**	**1,881.3**	**1,894.2**	**1,918.2**	**1,972.2**	**1,944.4**	**1,960.4**	**1,962.2**	**1,965.0**
36 Deposits	1,325.8	1,307.3	1,321.7	1,335.5	1,345.2	1,358.1	1,409.7	1,385.4	1,412.6	1,419.5	1,411.0
37 Demand	357.4	326.8	327.7	335.1	338.9	344.9	376.2	335.9	350.2	345.7	341.1
38 Savings	229.1	227.4	229.7	231.1	238.5	245.1	296.7	361.9	395.6	419.7	427.3
39 Time	739.3	753.1	764.3	769.2	767.8	768.0	736.7	687.7	666.8	654.1	642.6
40 Borrowings	253.2	260.0	260.0	267.6	268.3	267.0	278.3	283.5	276.0	269.9	281.3
41 Other liabilities	140.8	139.8	144.1	143.8	146.9	156.6	148.4	143.5	140.4	141.1	138.7
42 Residual (assets less liabilities)	134.9	133.0	133.8	134.4	133.9	136.6	135.8	132.0	131.5	131.9	134.0
MEMO:											
43 U.S. Treasury note balances included in borrowing	7.5	8.0	5.9	17.0	11.7	2.4	10.7	17.1	7.0	9.6	17.8
44 Number of banks	15,235	15,271	15,289	15,311	15,330	15,318	15,329	15,332	15,366	15,376	15,390

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

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

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

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30p	Apr. 6p	Apr. 13p	Apr. 20p	Apr. 27p
1 Cash items in process of collection	54,311	45,090	50,967	43,587	49,325	52,165	49,457	50,748	47,533
2 Demand deposits due from banks in the United States	7,743	6,686	7,148	6,373	6,788	7,095	6,691	7,309	6,594
3 All other cash and due from depository institutions	37,128	32,276	34,130	33,903	33,978	32,359	31,061	33,591	35,840
4 **Total loans and securities**	**665,408**	**660,512**	**658,624**	**653,772**	**652,512**	**668,910**	**662,138**	**662,077**	**657,022**
Securities									
5 U.S. Treasury securities	49,366	51,138	49,879	49,937	49,098	51,389	51,964	51,809	51,006
6 Trading account	9,344	10,648	9,152	9,625	8,510	9,467	10,196	10,495	9,876
7 Investment account, by maturity	40,022	40,490	40,727	40,312	40,587	41,922	41,768	41,314	41,129
8 One year or less	12,287	12,584	12,831	12,741	12,996	13,867	13,710	13,295	13,186
9 Over one through five years	25,090	25,212	25,244	24,973	24,971	25,392	25,400	25,400	25,287
10 Over five years	2,645	2,694	2,652	2,598	2,621	2,662	2,658	2,618	2,656
11 Other securities	81,848	81,712	80,924	80,829	80,877	81,137	80,967	83,307	83,520
12 Trading account	4,748	4,734	4,699	4,676	4,679	5,294	4,931	6,624	6,610
13 Investment account	77,100	76,978	76,225	76,153	76,198	75,843	76,036	76,683	76,910
14 U.S. government agencies	16,139	16,072	15,635	15,635	15,574	15,563	15,594	15,916	16,108
15 States and political subdivisions, by maturity	57,549	57,462	57,041	56,984	57,083	56,735	56,850	57,182	57,314
16 One year or less	6,995	7,064	6,739	6,724	6,663	6,541	6,625	7,086	7,042
17 Over one year	50,554	50,399	50,302	50,259	50,420	50,194	50,225	50,097	50,272
18 Other bonds, corporate stocks and securities	3,412	3,443	3,549	3,535	3,542	3,544	3,592	3,584	3,488
Loans									
19 Federal funds sold[1]	44,901	44,604	42,036	37,221	35,752	47,793	43,768	39,624	38,962
20 To commercial banks	32,160	30,743	30,241	26,684	25,216	36,485	31,438	27,823	27,323
21 To nonbank brokers and dealers in securities	8,959	9,941	8,306	7,250	7,228	7,860	8,897	8,798	8,377
22 To others	3,782	3,920	3,489	3,286	3,308	3,448	3,433	3,004	3,262
23 Other loans, gross	502,695	496,481	499,207	499,187	500,104	501,812	498,696	500,598	496,819
24 Commercial and industrial	218,270	216,467	217,390	216,653	216,581	217,432	215,562	216,022	214,638
25 Bankers acceptances and commercial paper	4,573	4,444	4,749	4,357	4,847	4,883	4,262	4,227	4,261
26 All other	213,697	212,023	212,641	212,296	211,734	212,549	211,299	211,795	210,377
27 U.S. addressees	206,812	205,260	205,856	205,518	204,931	205,836	204,543	205,040	203,841
28 Non-U.S. addressees	6,886	6,763	6,786	6,779	6,803	6,714	6,756	6,755	6,536
29 Real estate	134,244	134,246	134,411	134,466	134,568	134,637	134,729	134,825	134,646
30 To individuals for personal expenditures	74,859	74,730	74,740	74,684	74,789	74,815	74,904	75,278	75,395
To financial institutions									
31 Commercial banks in the United States	7,677	7,282	7,978	8,164	7,586	7,576	7,583	7,700	7,999
32 Banks in foreign countries	7,533	7,277	7,701	7,596	7,585	7,842	7,715	7,486	7,024
33 Sales finance, personal finance companies, etc.	10,490	10,104	10,174	10,413	10,504	10,598	10,323	10,173	9,491
34 Other financial institutions	16,071	15,959	15,795	15,890	16,077	15,836	15,906	15,911	15,808
35 To nonbank brokers and dealers in securities	8,571	6,928	7,181	6,899	8,138	7,532	7,845	8,160	7,215
36 To others for purchasing and carrying securities[2]	2,580	2,563	2,563	2,669	2,673	2,727	2,655	2,824	2,796
37 To finance agricultural production	6,396	6,388	6,485	6,542	6,638	6,693	6,782	6,841	6,804
38 All other	16,004	14,535	14,789	15,209	14,964	16,124	14,692	15,376	15,003
39 LESS: Unearned income	5,361	5,364	5,356	5,331	5,327	5,320	5,325	5,307	5,282
40 Loan loss reserve	8,042	8,059	8,065	8,071	7,991	7,901	7,932	7,954	8,003
41 Other loans, net	489,293	483,058	485,786	485,785	486,785	488,591	485,439	487,336	483,534
42 Lease financing receivables	11,130	11,128	11,119	11,070	11,058	11,076	11,081	11,095	11,166
43 All other assets	147,031	147,223	146,811	142,888	141,703	146,750	144,585	144,075	140,506
44 **Total assets**	**922,751**	**902,915**	**908,800**	**891,593**	**895,364**	**918,355**	**905,013**	**908,895**	**898,661**
Deposits									
45 Demand deposits	182,689	169,173	174,507	165,010	173,384	180,339	176,616	179,049	170,783
46 Mutual savings banks	720	630	822	569	541	704	668	707	640
47 Individuals, partnerships, and corporations	136,565	129,073	132,341	125,250	130,197	135,534	136,187	135,176	129,369
48 States and political subdivisions	5,530	4,498	5,074	5,356	4,439	4,942	4,375	5,020	4,853
49 U.S. government	2,580	1,073	2,536	2,015	2,095	1,817	1,586	4,234	3,480
50 Commercial banks in the United States	20,790	19,003	19,085	18,118	18,668	20,536	19,159	19,461	17,574
51 Banks in foreign countries	5,908	5,896	5,872	6,038	5,600	5,738	5,800	5,364	5,572
52 Foreign governments and official institutions	915	1,044	893	1,071	1,064	901	1,016	982	1,051
53 Certified and officers' checks	9,681	7,955	7,883	6,592	10,780	10,166	7,825	8,104	8,246
54 Time and savings deposits	415,774	414,208	413,433	414,958	415,145	415,356	416,465	413,895	409,935
55 Savings	159,109	161,339	162,988	163,626	164,469	168,963	169,494	169,232	166,800
56 Individuals and nonprofit organizations	143,467	145,403	147,065	147,617	148,199	152,511	152,869	152,553	149,969
57 Partnerships and corporations operated for profit	14,374	14,699	14,651	14,828	15,061	15,293	15,480	15,505	15,706
58 Domestic governmental units	1,169	1,140	1,172	1,086	1,100	1,073	1,056	1,082	1,030
59 All other	98	96	100	95	109	85	89	93	94
60 Time	256,665	252,869	250,445	251,332	250,676	246,393	246,971	244,663	243,135
61 Individuals, partnerships, and corporations	221,850	218,520	216,564	217,274	216,971	213,962	214,027	212,323	211,074
62 States and political subdivisions	19,909	19,770	19,736	19,923	19,789	19,088	19,286	19,196	19,263
63 U.S. government	439	437	417	531	519	502	623	595	579
64 Commercial banks in the United States	10,676	10,292	9,947	9,892	9,710	9,251	9,387	9,042	8,683
65 Foreign governments, official institutions, and banks	3,791	3,850	3,782	3,712	3,686	3,589	3,648	3,507	3,536
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,360	...	3,268	264	1,196	140	...	570	3,229
67 Treasury tax-and-loan notes	7,585	7,381	7,041	8,437	7,583	3,548	3,674	12,895	13,907
68 All other liabilities for borrowed money[3]	171,681	170,440	168,806	160,698	156,391	177,602	165,571	161,427	159,637
69 Other liabilities and subordinated notes and debentures	84,033	81,944	82,240	82,912	82,533	81,483	82,604	81,224	81,579
70 **Total liabilities**	**863,124**	**843,145**	**849,295**	**832,280**	**836,232**	**858,468**	**844,930**	**849,060**	**839,070**
71 Residual (total assets minus total liabilities)[4]	59,627	59,770	59,505	59,313	59,132	59,888	60,082	59,835	59,591

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30p	Apr. 6p	Apr. 13p	Apr. 20p	Apr. 27p
1 Cash items in process of collection	50,974	42,590	48,067	40,953	46,745	49,227	46,480	47,438	44,536
2 Demand deposits due from banks in the United States	7,086	6,081	6,580	5,744	6,272	6,535	6,128	6,709	6,019
3 All other cash and due from depository institutions	34,237	29,501	31,241	30,930	31,020	29,653	28,331	30,406	32,802
4 **Total loans and securities**	**619,177**	**614,043**	**612,206**	**607,934**	**606,847**	**621,652**	**615,042**	**615,260**	**610,733**
Securities									
5 U.S. Treasury securities	45,007	46,680	45,332	45,448	44,674	46,901	47,498	47,376	46,623
6 Trading account	9,168	10,430	8,952	9,458	8,341	9,249	10,005	10,280	9,654
7 Investment account, by maturity	35,839	36,250	36,381	35,990	36,333	37,652	37,493	37,096	36,970
8 One year or less	10,680	10,903	11,053	11,008	11,293	12,095	11,947	11,592	11,548
9 Over one through five years	22,767	22,907	22,931	22,638	22,672	23,149	23,143	23,140	23,019
10 Over five years	2,392	2,440	2,397	2,344	2,367	2,408	2,403	2,364	2,402
11 Other securities	74,589	74,459	73,588	73,518	73,545	73,854	73,608	75,849	75,997
12 Trading account	4,576	4,580	4,475	4,506	4,527	5,140	4,735	6,477	6,498
13 Investment account	70,013	69,879	69,113	69,012	69,018	68,714	68,873	69,372	69,499
14 U.S. government agencies	14,744	14,668	14,228	14,226	14,172	14,178	14,232	14,496	14,596
15 States and political subdivisions, by maturity	52,149	52,061	51,650	51,576	51,657	51,350	51,424	51,667	51,796
16 One year or less	6,266	6,337	6,015	5,986	5,917	5,806	5,894	6,305	6,258
17 Over one year	45,883	45,723	45,635	45,589	45,739	45,544	45,530	45,362	45,537
18 Other bonds, corporate stocks and securities	3,120	3,151	3,235	3,210	3,189	3,185	3,218	3,209	3,107
Loans									
19 Federal funds sold[1]	39,192	38,716	36,755	32,364	31,280	41,781	37,896	34,370	34,218
20 To commercial banks	27,051	25,606	25,570	22,398	21,278	31,072	26,216	23,318	23,194
21 To nonbank brokers and dealers in securities	8,414	9,273	7,787	6,736	6,769	7,344	8,323	8,129	7,835
22 To others	3,727	3,838	3,398	3,229	3,233	3,364	3,357	2,923	3,189
23 Other loans, gross	472,773	466,592	468,932	468,985	469,652	471,329	468,290	469,913	466,164
24 Commercial and industrial	206,886	205,073	205,936	205,196	205,053	205,922	204,104	204,487	203,121
25 Bankers acceptances and commercial paper	4,196	4,064	4,366	3,954	4,439	4,491	3,904	3,867	3,859
26 All other	202,690	201,009	201,570	201,242	200,613	201,431	200,200	200,620	199,262
27 U.S. addressees	195,911	194,351	194,886	194,569	193,919	194,829	193,550	193,973	192,834
28 Non-U.S. addressees	6,780	6,658	6,684	6,673	6,694	6,602	6,650	6,647	6,428
29 Real estate	126,251	126,246	126,358	126,407	126,488	126,510	126,560	126,685	126,468
30 To individuals for personal expenditures	66,594	66,486	66,492	66,451	66,527	66,498	66,585	66,915	67,021
To financial institutions									
31 Commercial banks in the United States	7,493	7,098	7,613	7,804	7,130	7,184	7,213	7,231	7,588
32 Banks in foreign countries	7,455	7,205	7,613	7,528	7,500	7,757	7,638	7,365	6,936
33 Sales finance, personal finance companies, etc.	10,325	9,934	9,996	10,235	10,329	10,427	10,144	10,004	9,310
34 Other financial institutions	15,474	15,365	15,171	15,275	15,444	15,212	15,285	15,292	15,191
35 To nonbank brokers and dealers in securities	8,535	6,899	7,155	6,868	8,104	7,496	7,815	8,114	7,168
36 To others for purchasing and carrying securities[2]	2,334	2,327	2,326	2,430	2,434	2,489	2,418	2,578	2,555
37 To finance agricultural production	6,208	6,198	6,292	6,347	6,445	6,499	6,587	6,644	6,607
38 All other	15,216	13,759	13,980	14,445	14,199	15,334	13,941	14,596	14,199
39 LESS: Unearned income	4,752	4,754	4,746	4,718	4,717	4,717	4,720	4,702	4,676
40 Loan loss reserve	7,632	7,649	7,656	7,662	7,588	7,497	7,529	7,547	7,594
41 Other loans, net	460,389	454,188	456,531	456,605	457,348	459,116	456,041	457,664	453,894
42 Lease financing receivables	10,732	10,731	10,723	10,674	10,666	10,677	10,677	10,687	10,758
43 All other assets	142,950	143,134	142,730	138,761	137,282	142,644	140,417	139,939	136,370
44 **Total assets**	**865,156**	**846,081**	**851,548**	**834,997**	**838,833**	**860,387**	**847,076**	**850,438**	**841,219**
Deposits									
45 Demand deposits	169,692	157,217	162,080	152,929	161,227	167,522	163,814	165,911	158,268
46 Mutual savings banks	692	607	795	545	518	661	632	681	615
47 Individuals, partnerships, and corporations	126,724	119,645	122,724	115,988	120,804	125,677	126,247	125,442	119,870
48 States and political subdivisions	4,959	3,952	4,410	4,505	3,842	4,326	3,850	4,383	4,273
49 U.S. government	2,259	972	2,326	1,840	1,898	1,580	1,256	3,449	2,924
50 Commercial banks in the United States	18,995	17,520	17,526	16,692	17,164	18,943	17,619	17,910	16,087
51 Banks in foreign countries	5,859	5,852	5,824	5,995	5,547	5,694	5,760	5,319	5,528
52 Foreign governments and official institutions	909	1,043	892	1,070	1,062	900	1,015	981	1,050
53 Certified and officers' checks	9,294	7,626	7,583	6,292	10,394	9,741	7,434	7,746	7,922
54 Time and savings deposits	387,052	385,500	384,538	386,026	386,236	386,132	387,236	384,680	380,861
55 Savings	147,281	149,364	150,896	151,509	152,264	156,382	156,880	156,666	154,446
56 Individuals and nonprofit organizations	132,972	134,781	136,307	136,851	137,356	141,313	141,640	141,363	138,975
57 Partnerships and corporations operated for profit	13,133	13,436	13,408	13,566	13,788	14,003	14,181	14,214	14,431
58 Domestic governmental units	1,085	1,060	1,089	1,008	1,020	990	978	1,003	955
59 All other	90	88	91	84	100	77	81	85	85
60 Time	239,771	236,136	233,642	234,517	233,971	229,749	230,355	228,014	226,414
61 Individuals, partnerships, and corporations	207,306	204,104	202,081	202,813	202,565	199,543	199,649	197,904	196,590
62 States and political subdivisions	17,879	17,764	17,720	17,873	17,786	17,154	17,333	17,247	17,306
63 U.S. government	334	332	317	430	430	408	528	509	492
64 Commercial banks in the United States	10,462	10,085	9,743	9,688	9,504	9,056	9,198	8,849	8,490
65 Foreign governments, official institutions, and banks	3,791	3,850	3,782	3,712	3,686	3,589	3,648	3,507	3,536
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,360	....	3,253	229	1,158	130	....	544	3,145
67 Treasury tax-and-loan notes	7,158	6,999	6,589	7,922	7,114	3,324	3,466	12,227	13,199
68 All other liabilities for borrowed money[3]	162,075	160,444	159,107	151,441	147,288	167,610	155,770	151,741	150,285
69 Other liabilities and subordinated notes and debentures	81,978	79,943	80,240	80,898	80,476	79,593	80,518	79,297	79,668
70 **Total liabilities**	**809,315**	**790,103**	**795,807**	**779,445**	**783,499**	**804,311**	**790,804**	**794,401**	**785,426**
71 Residual (total assets minus total liabilities)[4]	55,841	55,978	55,741	55,552	55,334	56,076	56,272	56,036	55,793

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30p	Apr. 6p	Apr. 13p	Apr. 20p	Apr. 27p
1 Cash items in process of collection	17,821	15,728	16,455	13,744	18,952	18,548	16,742	17,208	15,856
2 Demand deposits due from banks in the United States	1,246	1,066	1,172	1,011	1,064	1,101	934	1,017	902
3 All other cash and due from depository institutions	7,420	6,936	7,622	6,154	5,884	7,476	5,085	4,373	5,628
4 Total loans and securities[1]	**147,268**	**143,651**	**144,473**	**141,859**	**142,175**	**145,475**	**142,749**	**142,886**	**141,999**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	9,288	9,252	9,215	8,745	8,860	9,475	9,467	9,454	9,399
8 One year or less	1,371	1,298	1,320	1,343	1,413	1,635	1,628	1,630	1,684
9 Over one through five years	7,357	7,345	7,309	6,891	6,935	7,292	7,278	7,316	7,211
10 Over five years	559	610	585	510	511	548	561	508	504
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	13,886	13,942	13,802	13,776	13,815	13,746	13,769	14,078	14,044
14 U.S. government agencies	1,447	1,447	1,436	1,435	1,444	1,465	1,465	1,464	1,447
15 States and political subdivisions, by maturity	11,658	11,717	11,586	11,567	11,585	11,501	11,515	11,802	11,777
16 One year or less	1,499	1,577	1,402	1,384	1,376	1,301	1,309	1,568	1,518
17 Over one year	10,159	10,139	10,184	10,183	10,209	10,200	10,206	10,234	10,258
18 Other bonds, corporate stocks and securities	782	778	780	774	786	780	790	812	821
Loans									
19 Federal funds sold[3]	11,049	11,012	10,686	9,305	8,839	11,083	9,872	9,279	11,033
20 To commercial banks	5,074	5,200	5,576	4,694	4,160	5,528	4,363	4,153	5,527
21 To nonbank brokers and dealers in securities	4,027	4,106	3,475	3,118	3,019	3,886	3,903	3,690	4,004
22 To others	1,948	1,706	1,635	1,493	1,660	1,668	1,605	1,436	1,503
23 Other loans, gross	116,952	113,382	114,712	113,968	114,586	115,010	113,537	113,986	111,447
24 Commercial and industrial	60,182	59,497	59,626	59,120	59,295	59,628	58,739	58,814	57,876
25 Bankers' acceptances and commercial paper	1,143	1,038	1,137	1,055	1,211	952	1,086	1,037	951
26 All other	59,039	58,458	58,489	58,065	58,084	58,676	57,653	57,777	56,925
27 U.S. addressees	57,518	57,001	57,006	56,549	56,525	57,228	56,188	56,306	55,431
28 Non-U.S. addressees	1,520	1,457	1,483	1,516	1,559	1,448	1,465	1,471	1,494
29 Real estate	19,015	19,099	19,164	19,222	19,264	19,317	19,297	19,408	19,498
30 To individuals for personal expenditures	11,420	11,427	11,421	11,434	11,460	11,460	11,480	11,578	11,541
To financial institutions									
31 Commercial banks in the United States	2,848	2,531	2,542	2,816	2,255	2,362	2,423	2,240	2,501
32 Banks in foreign countries	3,104	2,771	3,095	2,731	2,592	2,728	2,781	2,496	2,339
33 Sales finance, personal finance companies, etc.	4,578	4,297	4,365	4,470	4,515	4,606	4,428	4,317	3,942
34 Other financial institutions	4,902	4,787	4,774	4,842	4,919	4,795	4,751	4,942	4,885
35 To nonbank brokers and dealers in securities	5,286	4,022	4,857	4,204	5,298	4,732	4,722	5,329	4,167
36 To others for purchasing and carrying securities[4]	646	642	650	700	686	680	678	599	570
37 To finance agricultural production	408	436	461	469	480	480	483	506	481
38 All other	4,563	3,871	3,757	3,959	3,821	4,220	3,754	3,756	3,645
39 LESS: Unearned income	1,402	1,412	1,420	1,416	1,426	1,416	1,432	1,440	1,432
40 Loan loss reserve	2,505	2,524	2,523	2,518	2,498	2,423	2,464	2,471	2,492
41 Other loans, net	113,045	109,445	110,770	110,033	110,661	111,171	109,641	110,075	107,523
42 Lease financing receivables	2,018	2,017	2,018	2,018	2,008	2,020	2,028	2,042	2,041
43 All other assets[5]	62,695	63,646	62,150	58,937	56,502	60,269	62,041	63,782	60,583
44 Total assets	**238,470**	**233,044**	**233,891**	**223,724**	**226,586**	**234,888**	**229,579**	**231,307**	**227,009**
Deposits									
45 Demand deposits	51,050	47,183	47,140	44,481	49,699	49,709	47,665	48,766	46,146
46 Mutual savings banks	314	275	461	257	179	279	294	369	312
47 Individuals, partnerships, and corporations	34,362	31,727	31,772	30,198	31,807	32,722	32,692	33,206	30,726
48 States and political subdivisions	782	654	667	704	574	747	606	710	646
49 U.S. government	535	243	689	518	555	273	381	965	915
50 Commercial banks in the United States	4,522	4,756	4,246	4,170	4,640	5,083	4,496	4,684	4,139
51 Banks in foreign countries	4,561	4,532	4,538	4,722	4,238	4,509	4,544	4,059	4,322
52 Foreign governments and official institutions	704	848	696	853	833	680	795	765	859
53 Certified and officers' checks	5,271	4,146	4,071	3,058	6,872	5,416	3,857	4,008	4,226
54 Time and savings deposits	76,349	75,173	74,484	74,560	74,760	74,811	74,976	73,852	72,728
55 Savings	23,412	23,936	24,476	24,878	25,310	26,457	26,949	27,094	27,013
56 Individuals and nonprofit organizations	21,128	21,704	22,222	22,612	23,053	24,198	24,653	24,707	24,600
57 Partnerships and corporations operated for profit	1,973	1,941	1,952	2,002	1,986	2,007	2,057	2,132	2,165
58 Domestic governmental units	263	244	253	215	199	205	186	197	189
59 All other	47	46	50	48	72	47	53	58	58
60 Time	52,937	51,238	50,008	49,682	49,450	48,354	48,028	46,758	45,716
61 Individuals, partnerships, and corporations	43,604	42,214	41,244	40,828	40,711	40,048	39,187	38,232	37,354
62 States and political subdivisions	2,337	2,280	2,248	2,281	2,271	2,213	2,266	2,283	2,299
63 U.S. government	81	78	73	83	81	70	303	280	230
64 Commercial banks in the United States	5,332	5,055	4,884	4,948	4,877	4,538	4,711	4,503	4,355
65 Foreign governments, official institutions, and banks	1,582	1,610	1,559	1,542	1,510	1,486	1,561	1,460	1,476
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,320	...	2,495	200	...	...	...	475	1,110
67 Treasury tax-and-loan notes	2,038	1,978	1,949	2,252	1,994	922	971	3,041	3,134
68 All other liabilities for borrowed money[6]	55,998	57,642	56,130	51,260	49,541	58,041	54,351	53,917	52,580
69 Other liabilities and subordinated notes and debentures	32,571	31,873	32,579	32,028	31,783	32,156	32,270	32,007	32,190
70 Total liabilities	**219,326**	**213,850**	**214,777**	**204,780**	**207,778**	**215,641**	**210,234**	**212,058**	**207,889**
71 Residual (total assets minus total liabilities)[7]	19,144	19,194	19,114	18,944	18,807	19,248	19,346	19,250	19,120

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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30p	Apr. 6p	Apr. 13p	Apr. 20p	Apr. 27p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	638,973	635,910	633,826	632,326	633,028	638,071	636,375	639,815	634,984
2 Total loans (gross) adjusted[1]	507,759	503,060	503,023	501,560	503,054	505,545	503,444	504,699	500,458
3 Demand deposits adjusted[2]	105,008	104,006	101,918	101,290	103,296	105,822	106,415	104,606	102,197
4 Time deposits in accounts of $100,000 or more	159,204	156,184	154,130	155,381	154,933	151,141	151,702	149,281	147,648
5 Negotiable CDs	111,311	108,466	106,400	107,372	107,072	103,565	104,101	101,563	99,741
6 Other time deposits	47,893	47,718	47,730	48,008	47,861	47,576	47,601	47,718	47,907
7 Loans sold outright to affiliates[3]	2,864	2,997	2,933	2,984	3,017	3,036	3,051	3,047	2,868
8 Commercial and industrial	2,282	2,357	2,322	2,366	2,390	2,412	2,426	2,427	2,243
9 Other	581	640	611	617	626	624	625	619	624
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	597,017	593,743	591,426	590,113	590,743	595,609	593,862	596,959	592,222
11 Total loans (gross) adjusted[1]	477,421	472,604	472,506	471,147	472,524	474,854	472,757	473,734	469,601
12 Demand deposits adjusted[2]	97,464	96,135	94,161	93,443	95,421	97,772	98,460	97,114	94,721
13 Time deposits in accounts of $100,000 or more	150,935	148,034	145,834	147,123	146,783	143,037	143,618	141,147	139,475
14 Negotiable CDs	106,794	104,099	101,884	102,966	102,695	99,144	99,719	97,156	95,326
15 Other time deposits	44,141	43,935	43,950	44,157	44,088	43,893	43,899	43,990	44,148
16 Loans sold outright to affiliates[3]	2,798	2,931	2,871	2,921	2,953	2,972	2,988	2,991	2,813
17 Commercial and industrial	2,233	2,306	2,275	2,323	2,345	2,366	2,380	2,384	2,200
18 Other	565	625	596	598	608	606	608	606	612
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	143,254	139,856	140,297	138,284	139,684	141,424	139,858	140,404	137,896
20 Total loans (gross) adjusted[1]	120,080	116,662	117,280	115,763	117,010	118,202	116,622	116,872	114,452
21 Demand deposits adjusted[2]	28,172	26,456	25,750	26,048	25,552	25,805	26,045	25,909	25,236
22 Time deposits in accounts of $100,000 or more	41,192	39,823	38,724	38,548	38,409	37,387	37,198	35,977	35,062
23 Negotiable CDs	30,832	29,541	28,525	28,398	28,382	27,308	27,183	25,913	25,058
24 Other time deposits	10,360	10,282	10,200	10,150	10,027	10,079	10,015	10,063	10,004

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. Excludes trading account securities.

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

Millions of dollars, Wednesday figures

Account	1983								
	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30p	Apr. 6p	Apr. 13p	Apr. 20p	Apr. 27p
1 Cash and due from depository institutions	7,232	7,560	7,409	7,199	7,448	7,816	7,626	7,245	7,148
2 Total loans and securities	42,716	42,911	43,418	43,767	43,530	41,268	40,265	41,666	40,949
3 U.S. Treasury securities	3,691	3,850	3,760	3,804	3,935	4,065	3,985	3,738	3,956
4 Other securities	890	903	907	908	901	876	844	833	838
5 Federal funds sold[1]	2,914	2,745	2,988	3,725	2,661	2,270	1,700	2,919	2,130
6 To commercial banks in United States	2,832	2,620	2,624	3,533	2,578	2,180	1,637	2,688	1,717
7 To others	82	125	364	193	83	90	63	230	413
8 Other loans, gross	35,221	35,412	35,761	35,330	36,033	34,057	33,736	34,176	34,026
9 Commercial and industrial	17,963	18,399	18,411	18,408	18,690	17,696	17,653	17,719	17,512
10 Bankers acceptances and commercial paper	2,698	3,052	2,848	2,830	2,700	2,621	2,676	2,616	2,566
11 All other	15,265	15,347	15,562	15,579	15,990	15,075	14,977	15,103	14,945
12 U.S. addressees	13,424	13,500	13,803	13,748	14,252	13,406	13,323	13,379	13,274
13 Non-U.S. addressees	1,841	1,847	1,759	1,831	1,738	1,669	1,654	1,725	1,671
14 To financial institutions	13,113	12,965	13,389	13,035	13,390	12,642	12,443	12,504	12,563
15 Commercial banks in United States	10,256	10,196	10,547	9,882	10,175	9,566	9,285	9,445	9,618
16 Banks in foreign countries	2,273	2,186	2,274	2,583	2,656	2,485	2,554	2,443	2,356
17 Nonbank financial institutions	584	584	568	570	558	591	604	617	589
18 For purchasing and carrying securities	426	390	464	404	426	312	244	370	356
19 All other	3,719	3,658	3,497	3,482	3,526	3,407	3,396	3,582	3,595
20 Other assets (claims on nonrelated parties)	10,268	10,233	10,553	10,409	10,242	9,904	10,358	10,461	10,781
21 Net due from related institutions	13,462	13,456	13,573	11,990	12,854	15,169	14,192	12,636	12,915
22 Total assets	73,678	74,159	74,952	73,366	74,073	74,157	72,441	72,008	71,794
23 Deposits or credit balances[2]	23,359	23,157	23,287	23,788	24,111	23,622	22,440	22,288	22,123
24 Credit balances	203	199	299	198	188	176	193	173	183
25 Demand deposits	1,925	1,810	1,875	1,698	1,703	2,351	1,696	1,781	1,689
26 Individuals, partnerships, and corporations	845	821	900	817	800	851	778	789	782
27 Other	1,080	989	975	881	904	1,500	918	991	906
28 Total time and savings	21,230	21,148	21,113	21,893	22,219	21,095	20,551	20,334	20,250
29 Individuals, partnerships, and corporations	18,164	17,899	17,726	18,636	18,922	17,999	17,619	17,581	17,524
30 Other	3,066	3,248	3,387	3,256	3,297	3,096	2,932	2,753	2,727
31 Borrowings[3]	31,420	31,328	31,902	28,993	29,914	31,988	31,842	30,453	29,993
32 Federal funds purchased[4]	10,590	10,595	11,104	8,117	8,255	11,190	10,905	10,024	10,143
33 From commercial banks in United States	8,922	9,171	9,442	6,351	6,402	9,451	9,166	8,419	8,500
34 From others	1,667	1,424	1,661	1,766	1,852	1,739	1,738	1,605	1,643
35 Other liabilities for borrowed money	20,830	20,733	20,799	20,876	21,660	20,798	20,937	20,429	19,850
36 To commercial banks in United States	18,421	18,250	18,359	18,414	19,242	18,466	18,291	17,836	17,058
37 To others	2,409	2,483	2,440	2,462	2,418	2,333	2,646	2,593	2,792
38 Other liabilities to nonrelated parties	11,371	11,266	11,482	11,388	11,071	10,860	11,225	11,361	11,614
39 Net due to related institutions	7,528	8,408	8,280	9,196	8,977	7,685	6,934	7,906	8,064
40 Total liabilities	73,678	74,159	74,952	73,366	74,073	74,157	72,441	72,008	71,794
MEMO									
41 Total loans (gross) and securities adjusted[5]	29,628	30,095	30,246	30,353	30,776	29,522	29,343	29,533	29,614
42 Total loans (gross) adjusted[5]	25,047	25,341	25,579	25,641	25,941	24,580	24,514	24,961	24,820

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

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

▲Series discontinued.

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

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	↑	**277.5**	**288.9**	**268.9**	**271.5**	**276.7**	**295.4**
2 Financial business	27.8	27.1	29.8		28.2	28.0	27.8	28.6	31.9	35.5
3 Nonfinancial business	152.7	157.7	162.3	n.a.	148.6	154.8	138.7	141.4	142.9	151.7
4 Consumer	97.4	99.2	102.4		82.1	86.6	84.6	83.7	83.3	88.1
5 Foreign	2.7	3.1	3.3		3.1	2.9	3.1	2.9	2.9	3.0
6 Other	14.1	15.1	17.2	↓	15.5	16.7	14.6	15.0	15.7	17.1
	Weekly reporting banks									
	1978 Dec.	1979[4] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.	1982 Dec.
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	↑	**131.3**	**137.5**	**126.8**	**127.9**	**132.1**	**144.0**
8 Financial business	19.8	20.1	21.8	n.a.	20.7	21.0	20.2	20.2	23.4	26.7
9 Nonfinancial business	79.0	74.1	78.3		71.2	75.2	67.1	67.7	68.7	74.2
10 Consumer	38.2	34.3	35.6		28.7	30.4	29.2	29.7	29.6	31.9
11 Foreign	2.5	3.0	3.1		2.9	2.8	2.9	2.8	2.7	2.9
12 Other	7.5	7.8	8.6	↓	7.9	8.0	7.3	7.5	7.7	8.4

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Oct.	1982 Nov.	1982 Dec.[6]	1983 Jan.	1983 Feb.	1983 Mar.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**65,051**	**83,438**	**112,803**	**124,374**	**165,455**	**169,386**	**165,110**	**166,917**	**165,705**	**168,675**	**167,749**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,359	19,599	29,904	35,073	35,219	34,216	35,324	37,536	36,254
3 Bank-related (not seasonally adjusted)	2,132	3,521	2,784	3,561	6,045	5,791	6,232	2,516	2,660	2,604	2,030
Directly placed paper[4]											
4 Total	40,574	51,647	64,757	67,854	81,715	79,533	78,290	84,204	82,978	85,020	85,858
5 Bank-related (not seasonally adjusted)	7,102	12,314	17,598	22,382	26,914	27,712	27,769	32,034	31,691	31,661	32,951
6 Nonfinancial companies[5]	15,681	19,610	30,687	36,921	53,836	54,780	51,601	48,497	47,403	46,119	45,637
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**69,226**	**75,811**	**77,125**	**79,543**	**77,529**	**73,706**	n.a.
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,857	10,661	10,596	10,910	10,249	9,567	n.a.
9 Own bills	8,915	7,653	8,327	8,963	9,743	9,399	9,455	9,471	9,067	8,258	n.a.
10 Bills bought	1,519	927	1,538	1,601	1,115	1,262	1,140	1,439	1,182	1,308	n.a.
Federal Reserve Banks											
11 Own account	954	587	704	776	195	0	0	1,480	0	0	n.a.
12 Foreign correspondents	362	664	1,382	1,791	1,442	1,080	992	949	965	1,003	n.a.
13 Others	13,700	23,870	33,370	41,614	56,926	64,070	65,537	66,204	66,315	63,136	n.a.
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	14,765	16,511	16,716	17,683	15,803	14,976	n.a.
15 Exports from United States	5,863	7,586	9,640	12,712	15,400	16,463	16,711	16,328	17,931	17,633	n.a.
16 All other	13,209	17,540	25,411	30,257	39,061	42,837	43,699	45,532	43,794	41,097	n.a.

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Effective December 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 17	16.50–	Aug. 2	15.00	1981—Oct.	18.45	1982—July	16.26
	17.00	16	14.50	Nov.	16.84	Aug.	14.39
20	16.50	18	14.00	Dec.	15.75	Sept.	13.50
24	16.00	23	13.50			Oct.	12.52
Dec. 1	15.75	Oct. 7	13.00	1982—Jan.	15.75	Nov.	11.85
		14	12.00	Feb.	16.56	Dec.	11.50
1982—Feb. 18	17.00	Nov. 22	11.50	Mar.	16.50	1983—Jan.	11.16
23	16.50			Apr.	16.50	Feb.	10.98
July 20	16.00	1983—Jan. 11	11.00	May	16.50	Mar.	10.50
29	15.50	Feb. 28	10.50	June	16.50	Apr.	10.50

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 7–11, 1983

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	41,172,020	1,021,295	553,106	692,787	1,803,408	797,941	36,303,484
2 Number of loans	168,504	125,222	16,919	11,148	9,316	1,200	4,698
3 Weighted-average maturity (months)	1.0	4.1	4.2	4.8	4.1	3.2	.6
4 Weighted-average interest rate (percent per annum)	10.20	14.44	13.57	13.40	12.71	11.59	9.81
5 Interquartile range[1]	9.42–10.33	13.12–15.48	12.68–14.37	12.47–14.37	11.68–13.75	10.64–12.56	9.38–9.96
Percentage of amount of loans							
6 With floating rate	20.6	29.5	46.2	41.0	56.6	61.9	16.9
7 Made under commitment	57.3	32.2	44.5	39.2	46.5	66.7	58.8
8 With no stated maturity	7.6	12.0	19.3	13.7	21.2	30.1	6.0
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
9 Amount of loans (thousands of dollars)	3,511,595	462,857			450,537	144,074	2,454,128
10 Number of loans	24,758	21,881			2,201	218	459
11 Weighted-average maturity (months)	52.5	42.2			75.2	41.2	50.9
12 Weighted-average interest rate (percent per annum)	11.81	14.56			13.86	12.48	10.88
13 Interquartile range[1]	9.95–12.68	12.68–16.08			12.68–15.16	11.57–13.03	9.76–11.73
Percentage of amount of loans							
14 With floating rate	69.3	45.5			66.1	82.6	73.7
15 Made under commitment	69.0	27.0			54.5	65.7	79.8
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
16 Amount of loans (thousands of dollars)	1,859,351	131,679	143,094	174,067	325,998	1,084,513	
17 Number of loans	26,699	16,985	4,323	2,764	2,253	374	
18 Weighted-average maturity (months)	6.2	4.7	7.7	6.8	9.0	5.3	
19 Weighted-average interest rate (percent per annum)	12.56	14.84	15.54	13.45	13.89	11.35	
20 Interquartile range[1]	10.92–13.81	13.43–16.83	13.88–18.12	12.55–15.02	13.24–14.75	10.09–12.13	
Percentage of amount of loans							
21 With floating rate	55.5	19.1	15.9	66.3	67.5	59.8	
22 Secured by real estate	61.1	71.4	32.7	81.3	97.9	49.3	
23 Made under commitment	45.1	40.9	26.8	44.1	84.4	36.4	
24 With no stated maturity	3.8	10.1	1.3	3.6	1.6	4.0	
Type of construction							
25 1- to 4-family	20.4	53.5	26.5	41.4	36.7	7.3	
26 Multifamily	5.7	.6	1.6	2.0	4.0	8.0	
27 Nonresidential	73.9	45.9	71.9	56.6	59.4	84.7	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,245,489	163,829	181,268	155,502	170,728	346,388	227,774
29 Number of loans	66,458	44,427	12,094	4,528	2,701	2,349	359
30 Weighted-average maturity (months)	9.6	7.9	8.9	7.1	11.2	12.7	6.9
31 Weighted-average interest rate (percent per annum)	13.85	14.44	14.48	14.21	14.05	13.99	12.30
32 Interquartile range[1]	13.10–14.75	13.52–15.03	13.96–15.00	13.65–14.93	13.62–14.49	13.52–14.65	11.47–13.38
By purpose of loan							
33 Feeder livestock	13.76	14.37	14.40	14.51	13.27	14.64	12.38
34 Other livestock	14.23	14.63	14.51	14.71	(2)	(2)	(2)
35 Other current operating expenses	14.10	14.46	14.48	13.87	14.24	14.55	12.87
36 Farm machinery and equipment	14.15	13.99	14.33	14.26	(2)	(2)	(2)
37 Other	13.14	14.69	14.91	14.43	14.11	12.94	10.96

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

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

1.35 INTEREST RATES Money and Capital Markets

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

	Instrument	1980	1981	1982	1982				1983, week ending				
					Jan.	Feb.	Mar.	Apr.	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
	MONEY MARKET RATES												
1	Federal funds[1,2]	13.36	16.38	12.26	8.68	8.51	8.77	8.80	8.88	9.43	8.76	8.70	8.58
	Commercial paper[3,4]												
2	1-month	12.76	15.69	11.83	8.19	8.30	8.56	8.58	9.04	8.86	8.53	8.47	8.36
3	3-month	12.66	15.32	11.89	8.17	8.34	8.52	8.53	8.95	8.77	8.49	8.43	8.33
4	6-month	12.29	14.76	11.89	8.15	8.39	8.48	8.48	8.90	8.70	8.44	8.38	8.30
	Finance paper, directly placed[3,4]												
5	1-month	12.44	15.30	11.64	8.03	8.25	8.48	8.52	8.87	8.76	8.46	8.46	8.34
6	3-month	11.49	14.08	11.23	7.96	8.24	8.35	8.41	8.66	8.62	8.37	8.33	8.29
7	6-month	11.28	13.73	11.20	7.97	8.26	8.35	8.41	8.66	8.62	8.37	8.33	8.28
	Bankers acceptances[4,5]												
8	3-month	12.72	15.32	11.89	8.19	8.36	8.54	8.49	8.84	8.73	8.48	8.45	8.29
9	6-month	12.25	14.66	11.83	8.19	8.41	8.52	8.43	8.85	8.65	8.42	8.39	8.27
	Certificates of deposit, secondary market[6]												
10	1-month	12.91	15.91	12.04	8.28	8.40	8.62	8.60	8.97	8.91	8.57	8.52	8.39
11	3-month	13.07	15.91	12.27	8.36	8.54	8.69	8.63	9.05	8.93	8.61	8.57	8.40
12	6-month	12.99	15.77	12.57	8.46	8.77	8.80	8.76	9.16	9.01	8.75	8.71	8.56
13	Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	8.97	9.14	9.25	9.23	9.54	9.59	9.30	9.14	9.09
	U.S. Treasury bills[4]												
	Secondary market[7]												
14	3-month	11.43	14.03	10.61	7.86	8.11	8.35	8.21	8.64	8.45	8.16	8.12	8.11
15	6-month	11.37	13.80	11.07	7.93	8.23	8.37	8.30	8.67	8.51	8.25	8.27	8.16
16	1-year	10.89	13.14	11.07	8.01	8.28	8.36	8.29	8.60	8.46	8.26	8.29	8.16
	Auction average[8]												
17	3-month	11.506	14.077	10.686	7.810	8.130	8.304	8.252	8.680	8.664	8.165	8.03	8.15
18	6-month	11.374	13.811	11.084	7.898	8.233	8.325	8.343	8.705	8.705	8.248	8.20	8.22
19	1-year	10.748	13.159	11.099	8.007	8.308	8.427	8.275	......	......	......	8.275	......
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[9]												
	Constant maturities[10]												
20	1-year	12.05	14.78	12.27	8.62	8.92	9.04	8.98	9.34	9.17	8.94	8.98	8.83
21	1-½-year[11]	......	......	......	......	......	......	......	9.65	9.40	......	9.30	......
22	2-year	11.77	14.56	12.80	9.33	9.64	9.66	9.57	9.89	9.72	9.54	9.57	9.44
23	2-½-year[12]	......	......	......	......	......	......	......	......	9.75	......	9.70	......
24	3-year	11.55	14.44	12.92	9.64	9.91	9.84	9.76	10.06	9.90	9.71	9.77	9.68
25	5-year	11.48	14.24	13.01	10.03	10.26	10.08	10.02	10.28	10.13	9.98	10.02	9.95
26	7-year	11.43	14.06	13.06	10.36	10.56	10.31	10.29	10.53	10.40	10.26	10.28	10.20
27	10-year	11.46	13.91	13.00	10.46	10.72	10.51	10.40	10.62	10.52	10.37	10.38	10.33
28	20-year	11.39	13.72	12.92	10.78	11.03	10.80	10.63	10.84	10.74	10.59	10.62	10.57
29	30-year	11.30	13.44	12.76	10.63	10.88	10.63	10.48	10.68	10.58	10.43	10.47	10.43
	Composite[13]												
30	Over 10 years (long-term)	10.81	12.87	12.23	10.37	10.60	10.34	10.19	10.40	10.30	10.15	10.18	10.13
	State and local notes and bonds												
	Moody's series[14]												
31	Aaa	7.85	10.43	10.88	9.00	8.80	8.42	8.28	8.50	8.40	8.20	8.30	8.20
32	Baa	9.01	11.76	12.48	10.98	10.59	10.05	9.75	10.10	10.00	9.80	9.80	9.40
33	*Bond Buyer* series[15]	8.59	11.33	11.66	9.50	9.58	9.20	9.05	9.38	9.23	9.04	9.09	8.82
	Corporate bonds												
	Seasoned issues[16]												
34	All industries	12.75	15.06	14.94	12.90	13.02	12.71	12.44	12.69	12.57	12.43	12.38	12.35
35	Aaa	11.94	14.17	13.79	11.79	12.01	11.73	11.51	11.75	11.66	11.51	11.46	11.43
36	Aa	12.50	14.75	14.41	12.35	12.58	12.32	12.06	12.31	12.19	12.05	11.99	12.01
37	A	12.89	15.29	15.43	13.53	13.52	13.15	12.86	13.14	12.99	12.86	12.81	12.80
38	Baa	13.67	16.04	16.11	13.94	13.95	13.61	13.29	13.56	13.46	13.31	13.25	13.16
	Aaa utility bonds[17]												
39	New issue	12.74	15.56	14.41	12.05	12.08	11.70	11.41	......	11.61	11.28	11.41	11.32
40	Recently offered issues	12.70	15.56	14.45	11.84	12.09	11.74	11.50	11.79	11.63	11.39	11.50	11.34
	MEMO: Dividend/price ratio[18]												
41	Preferred stocks	10.60	12.36	12.53	11.23	11.13	10.86	10.80	10.78	10.76	10.88	10.82	10.73
42	Common stocks	5.26	5.20	5.81	4.79	4.74	4.59	4.44	4.56	4.63	4.46	4.35	4.33

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are statement week averages—that is, averages for the week ending Wednesday.
3. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
6. Unweighted average of offered rates quoted by at least five dealers early in the day.
7. Unweighted average of closing bid rates quoted by at least five dealers.
8. Rates are recorded in the week in which bills are issued. 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.
9. Yields are based on closing bid prices quoted by at least five dealers.
10. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
11. The figure for April 1 is the average Treasury rate for the five business days ending Thursday, March 31. Subsequent biweekly figures will be the average of five business days ending on the Monday following the date indicated. Beginning April 1, 1983, this rate determines the maximum interest payable in the following two-week period on 1-½ year small saver certificates. (See table 1.16.)
12. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until March 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½ year small saver certificates. (See table 1.16.)
13. Unweighted averages of yields (to maturity or call) for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
14. General obligations only, based on figures for Thursday, from Moody's Investors Service.
15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Compilation of the Federal Reserve. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1980	1981	1982	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.06	74.02	68.93	62.91	70.21	76.10	79.75	80.30	83.25	84.74	87.50	90.61
2 Industrial	78.64	85.44	78.18	70.98	80.08	86.67	90.76	92.00	95.37	97.26	100.61	104.46
3 Transportation	60.52	72.61	60.41	53.98	61.39	66.64	71.92	73.40	75.65	79.44	83.28	85.26
4 Utility	37.35	38.90	39.75	38.19	40.36	42.67	43.46	42.93	45.59	45.92	45.89	46.22
5 Finance	64.28	73.52	71.99	62.84	69.66	80.59	88.66	86.22	85.66	86.57	93.22	99.07
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	109.65	122.43	132.66	138.10	139.37	145.13	146.80	151.88	157.71
7 American Stock Exchange (Aug. 31, 1973 = 100)	300.94	343.58	282.62	253.54	286.22	308.74	333.54	333.36	360.92	373.84	383.76	405.02
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	76,031	73,710	98,508	88,431	76,463	88,463	85,026	82,694	89,627
9 American Stock Exchange	6,377	5,346	5,283	5,567	5,064	7,828	8,672	7,475	9,220	8,256	7,354	8,576
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Regulated margin credit at brokers–dealers**[2]	**14,721**	**14,411**	**13,325**	**11,396**	**11,208**	**11,728**	**12,459**	**13,325**	**13,370**	**13,985**	**14,483**	
11 Margin stock[3]	14,500	14,150	12,980	11,150	10,950	11,450	12,170	12,980	13,070	13,680	14,170	
12 Convertible bonds	219	259	344	245	257	277	288	344	299	304	312	
13 Subscription issues	2	2	1	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[4]												
14 Margin-account	2,105	3,515	5,735	4,470	4,990	5,520	5,600	5,735	6,257	6,195	6,370	
15 Cash-account	6,070	7,150	8,390	7,550	7,475	8,120	8,395	8,390	8,225r	7,955r	7,970	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[5]												
17 Under 40	14.0	37.0	21.0	30.0	27.0	21.0	20.0	21.0	18.0	18.0	17.0	
18 40–49	30.0	24.0	24.0	26.0	26.0	24.0	21.0	24.0	23.0	20.0	21.0	
19 50–59	25.0	17.0	24.0	18.0	20.0	22.0	25.0	24.0	25.0	27.0	25.0	n.a.
20 60–69	14.0	10.0	14.0	12.0	12.0	16.0	15.0	14.0	16.0	16.0	18.0	
21 70–79	9.0	6.0	9.0	8.0	8.0	9.0	10.0	9.0	9.0	10.0	10.0	
22 80 or more	8.0	6.0	8.0	6.0	7.0	8.0	9.0	8.0	9.0	9.0	9.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)**[6]	**21,690**	**25,870**	**35,598**	**31,102**	**31,644**	**33,689**	**34,909**	**35,598**	**43,838r**	**43,006**	**43,472**	
Distribution by equity status (percent)												
24 Net credit status	47.8	58.0	62.0	60.0	61.0	61.0	62.0	62.0	65.0r	66.0	62.0	n.a.
Debt status, equity of												
25 60 percent or more	44.4	31.0	29.0	28.0	27.0	29.0	29.0	29.0	28.0r	27.0	28.0	
26 Less than 60 percent	7.7	11.0	9.0	12.0	12.0	10.0	9.0	9.0	8.0	7.0	9.0	

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1980	1981	1982							1983		
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
	Savings and loan associations											
1 **Assets**	**630,712**	**664,167**	**692,759**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**729,012**
2 Mortgages	503,192	518,547	512,997	510,678	509,776	493,899	489,923	488,614	482,234	481,470	481,090	479,405
3 Cash and investment securities[1]	57,928	63,123	70,824	72,854	74,141	74,692	75,638	78,122	84,767	90,662	94,080	97,737
4 Other	69,592	82,497	108,938	114,158	119,482	122,486	126,988	130,453	139,044	142,544	147,182	151,870
5 **Liabilities and net worth**	**630,712**	**664,167**	**692,759**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**729,012**
6 Savings capital	511,636	525,061	538,667	539,830	542,648	547,628	547,112	548,439	566,189	582,918	591,913	500,737
7 Borrowed money	64,586	88,782	96,850	98,433	98,803	99,771	100,881	102,948	97,979	88,925	86,544	86,160
8 FHLBB	47,045	62,794	66,925	67,019	66,374	65,567	65,015	64,202	63,861	60,415	58,841	57,748
9 Other	17,541	25,988	29,925	31,414	32,429	34,204	35,866	38,746	34,118	28,510	27,703	28,412
10 Loans in process	8,767	6,385	7,116	7,250	7,491	8,084	8,484	8,967	9,934	10,453	11,039	12,423
11 Other	12,394	15,544	24,671	27,375	29,965	19,202	20,018	21,048	15,720	16,658	17,524	15,067
12 Net worth[2]	33,329	28,395	25,455	24,802	24,492	24,476	24,538	24,754	26,157	26,175	26,371	27,048
13 MEMO: Mortgage loan commitments outstanding[3]	16,102	15,225	16,828	15,924	16,943	17,256	18,407	19,682	18,054	19,453	22,051	25,165
	Mutual savings banks[4]											
14 **Assets**	**171,564**	**175,728**	**175,225**	**175,683**	**172,901**	**173,487**	**172,908**	**172,287**	**174,204**	**174,720**	**176,370**	
Loans												
15 Mortgage	99,865	99,997	96,364	96,282	94,498	94,382	94,261	94,017	94,452	93,883	93,545	
16 Other	11,733	14,753	16,721	17,128	16,929	17,458	17,035	16,702	16,876	17,460	18,262	
Securities												
17 U.S. government[5]	8,949	9,810	10,217	10,058	9,675	9,404	9,219	9,456	9,685	10,244	11,076	
18 State and local government	2,390	2,288	2,240	2,236	2,201	2,191	2,505	2,496	2,500	2,453	2,446	
19 Corporate and other[6]	39,282	37,791	36,612	36,651	35,937	35,845	35,599	35,753	36,286	36,371	36,850	
20 Cash	4,334	5,442	6,074	6,225	6,460	6,695	6,749	6,291	6,920	6,282	6,106	
21 Other assets	5,011	5,649	6,997	7,104	7,192	7,514	7,540	7,572	7,485	8,062	8,085	n.a.
22 **Liabilities**	**171,564**	**175,728**	**175,225**	**175,683**	**172,901**	**173,487**	**172,908**	**172,287**	**174,204**	**174,720**	**176,370**	
23 Deposits	154,805	155,110	154,392	154,314	152,014	153,089	152,210	151,304	155,225	157,161	159,193	
24 Regular[7]	151,416	153,003	152,167	151,969	149,736	150,795	149,928	149,167	152,735	154,918	156,939	
25 Ordinary savings	53,971	49,425	47,977	47,580	46,901	47,496	48,520	49,208	56,548	41,962	41,095	
26 Time	97,445	103,578	117,449	116,998	116,213	103,299	101,408	99,959	110,330	104,100	100,676	
27 Other	2,086	2,108	2,225	2,345	2,278	2,294	2,283	2,137	2,490	2,243	2,254	
28 Other liabilities	6,695	10,632	11,264	11,926	11,671	11,166	11,556	11,893	9,742	7,637	7,460	
29 General reserve accounts	11,368	9,986	9,570	9,443	9,216	9,232	9,141	9,089	9,238	9,204	9,205	
30 MEMO: Mortgage loan commitments outstanding[8]	1,476	1,293	1,010	992	1,056	1,217	1,281	1,400	1,285	1,253	1,295	
	Life insurance companies											
31 **Assets**	**479,210**	**525,803**	**547,075**	**551,124**	**557,094**	**563,321**	**571,902**	**578,200**	**584,311**	**589,490**	**595,959**	
Securities												
32 Government	21,378	25,209	28,243	28,694	30,263	30,759	31,791	32,682	34,558	35,567	36,946	
33 United States[9]	5,345	8,167	10,403	10,774	12,214	12,606	13,538	14,370	16,072	16,731	17,877	
34 State and local	6,701	7,151	7,643	7,705	7,799	7,834	7,871	7,935	8,094	8,225	8,333	
35 Foreign[10]	9,332	9,891	10,197	10,215	10,250	10,319	10,382	10,377	10,392	10,611	10,736	n.a.
36 Business	238,113	255,769	265,080	267,627	270,029	273,539	279,918	283,650	283,799	290,178	293,427	
37 Bonds	190,747	208,098	219,006	221,503	221,642	223,783	226,879	229,101	228,220	233,380	235,376	
38 Stocks	47,366	47,670	46,074	46,124	48,387	49,756	53,039	54,549	55,579	56,798	58,051	
39 Mortgages	131,030	137,747	139,539	140,044	140,244	140,404	140,678	140,956	141,919	142,277	142,683	
40 Real estate	15,063	18,278	19,959	20,198	20,176	20,268	20,293	20,480	21,019	20,922	21,014	
41 Policy loans	41,411	48,706	51,438	51,867	52,238	52,525	52,751	52,916	53,114	53,239	53,383	
42 Other assets	31,702	40,094	42,816	42,694	44,144	45,826	46,471	47,516	49,902	47,307	48,506	
	Credit unions[11]											
43 **Total assets/liabilities and capital**	**71,709**	**77,682**	**84,107**	**84,423**	**85,102**	**86,554**	**88,144**	**89,261**	**69,673**	**69,741**	**71,293**	**73,737**
44 Federal	39,801	42,382	45,705	45,931	46,310	47,076	47,649	48,272	45,483	45,418	46,449	48,057
45 State	31,908	35,300	38,402	38,492	38,792	39,478	40,495	40,989	24,190	23,323	24,844	25,680
46 Loans outstanding	47,774	50,448	49,919	50,133	50,733	51,047	50,934	50,936	43,577	43,293	43,135	43,433
47 Federal	25,627	27,458	27,295	27,351	27,659	27,862	27,789	27,824	28,184	27,966	27,832	27,974
48 State	22,147	22,990	22,624	22,782	23,074	23,185	23,145	23,139	15,393	15,328	15,303	15,459
49 Savings	64,399	68,871	74,834	75,088	75,331	76,874	78,529	79,799	63,071	63,321	64,684	67,266
50 Federal (shares)	36,348	37,574	40,710	40,969	41,178	41,961	42,852	43,413	41,341	41,441	42,404	43,890
51 State (shares and deposits)	28,051	31,297	34,124	34,119	34,153	34,913	35,677	36,386	21,730	21,880	22,280	23,376

For notes see bottom of opposite page.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year 1981 H2	1982 H1	1982 H2	1983 Jan.	1983 Feb.	1983 Mar.
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	301,777	322,478	286,338	57,505	38,816	43,504
2 Outlays[1,2]	576,675	657,204	728,375	358,558	348,678	390,846	67,087	64,152	69,540
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−56,780	−26,200	−104,508	−9,582	−25,336	−26,036
4 Trust funds	8,801	6,817	5,456	−8,085	−17,690	−6,576	−3,623	−4,830	2,085
5 Federal funds[3]	−68,364	−64,749	−116,065	−48,697	−43,889	−97,934	−5,959	−20,506	−28,120
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−8,728	−7,942	−4,923	−271	−52	−1,244
7 Other[4]	303	−236	−3,190	−1,752	227	−2,267	−63	47	−16
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−73,808	−78,936	−127,940	−67,260	−33,914	−111,699	−9,916	−25,341	−27,296
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	54,081	41,728	119,609	6,419	17,919	31,303
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,911	−1,111	−408	−9,057	2,179	7,496	−6,767
11 Other[6]	3,648	1,485	4,858	14,290	−7,405	1,146	1,318	−74	2,761
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	12,046	10,999	19,773	17,502	10,006	15,452
13 Federal Reserve Banks	4,102	3,520	10,975	4,301	4,099	5,033	2,627	2,856	3,572
14 Tax and loan accounts	16,888	15,150	18,189	7,745	6,900	14,740	14,875	7,150	11,880

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

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

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
11. As of December 1982, National Credit Union Administration data no longer includes either federally chartered or state chartered corporate credit unions.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year 1981 H2	1982 H1	1982 H2	1983 Jan.	1983 Feb.	1983 Mar.
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**301,777**	**322,478**	**286,338**	**57,505**	**38,816**	**43,504**
2 Individual income taxes, net	244,069	285,917	297,744	147,035	150,565	145,676	34,151	20,544	15,658
3 Withheld	223,763	256,332	267,513	134,199	133,575	131,567	20,953	22,288	24,808
4 Presidential Election Campaign Fund	39	41	39	5	34	5	0	4	9
5 Nonwithheld	63,746	76,844	84,691	17,391	66,174	20,040	13,217	1,970	3,604
6 Refunds	43,479	47,299	54,498	4,559	49,217	5,938	18	3,717	12,764
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	31,056	37,836	25,661	2,394	2,115	6,985
8 Refunds	7,780	12,596	16,784	6,847[r]	8,028	11,467	1,230	2,388	2,612
9 Social insurance taxes and contributions, net	157,803	182,720	201,498	91,592	108,079	94,278	17,071	13,797	17,939
10 Payroll employment taxes and contributions[2]	133,025	156,932	172,744	82,984	88,795	85,063	15,479	11,845	16,975
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	244	7,357	177	415	43	418
12 Unemployment insurance	15,336	15,763	16,600	6,355	9,809	6,857	789	1,553	160
13 Other net receipts[1,4]	3,719	3,984	4,212	2,009	2,119	2,181	387	356	387
14 Excise taxes	24,329	40,839	36,311	22,097	17,525	16,556	2,707	2,795	2,755
15 Customs deposits	7,174	8,083	8,854	4,661	4,310	4,299	485	503	733
16 Estate and gift taxes	6,389	6,787	7,991	3,742	4,208	3,445	553	349	500
17 Miscellaneous receipts[5]	12,748	13,790	16,161	8,441	7,984	7,891	1,374	1,101	1,545
OUTLAYS									
18 **All types**[1,6]	**576,675**	**657,204**	**728,424**[r]	**358,532**[r]	**348,683**[r]	**390,847**[r]	**67,087**	**64,152**	**69,540**
19 National defense	135,856	159,765	187,418	87,421	93,154	100,419	16,297	16,567	19,038
20 International affairs	10,733	11,130	9,982	4,646[r]	5,183	4,406	804	108	1,601
21 General science, space, and technology	5,722	6,359	7,070	3,388	3,370	3,903	487	610	526
22 Energy	6,313	10,277	4,674	4,394	2,946[r]	2,059	296	330	488
23 Natural resources and environment	13,812	13,525	12,934	7,296	5,636[r]	6,940	1,007	998	913
24 Agriculture	4,762	5,572	14,875	5,181	7,087	13,260	3,223	2,170	1,003
25 Commerce and housing credit	7,788	3,946	3,865	1,825	1,408[r]	2,244	1,213	−559	395
26 Transportation	21,120	23,381	20,560	10,753	9,915	10,686	1,718	1,557	1,776
27 Community and regional development	10,068	9,394	7,165	4,269	3,055[r]	4,186	504	405	562
28 Education, training, employment, social services	30,767	31,402	26,300	13,874[r]	12,607[r]	12,187	2,259	2,159	2,114
29 Health[1]	55,220	65,982	74,017	35,322	37,219[r]	39,073	6,612	6,575	6,913
30 Income security[6]	193,100	225,101	248,343	129,269	112,782	133,779	23,010	22,812	24,840
31 Veterans benefits and services	21,183	22,988	23,955	12,880	10,865	13,241	837	2,063	2,292
32 Administration of justice	4,570	4,696	4,671	2,290	2,334	2,373	448	412	473
33 General government	4,505	4,614	4,726	2,320[r]	2,400[r]	2,322	337	345	427
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,043	3,325	3,152	1,269	89	40
35 Net Interest[7]	52,458	68,726	84,697	39,952[r]	41,883[r]	44,948	7,616	8,416	6,854
36 Undistributed offsetting receipts[8]	−9,887	−16,509	−13,270	−9,564	−6,490	−8,333	−849	−905	−715

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Net interest function includes interest received by trust funds.
8. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1980	1981				1982			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**936.7**	**970.9**	**977.4**	**1,003.9**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**
2 Public debt securities	930.2	964.5	971.2	997.9	1,028.7	1,061.3	1,079.6	1,142.0	1,197.1
3 Held by public	737.7	773.7	771.3	789.8	825.5	858.9	867.9	925.6	987.7
4 Held by agencies	192.5	190.9	199.9	208.1	203.2	202.4	211.7	216.4	209.4
5 Agency securities	6.5	6.4	6.2	6.1	6.0	5.1	5.0	5.0	4.8
6 Held by public	5.0	4.9	4.7	4.6	4.6	3.9	3.9	3.7	3.7
7 Held by agencies	1.5	1.5	1.5	1.5	1.4	1.2	1.1	1.3	1.1
8 **Debt subject to statutory limit**	**931.2**	**965.5**	**972.2**	**998.8**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**
9 Public debt securities	929.6	963.9	970.6	997.2	1,028.1	1,060.7	1,079.0	1,141.4	1,196.5
10 Other debt[1]	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.4
11 MEMO: Statutory debt limit	935.1	985.0	985.0	999.8	1,079.8	1,079.8	1,143.1	1,143.1	1,290.2

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

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

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

Billions of dollars, end of period

Type and holder	1978	1979	1980	1981	1982	1983			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total gross public debt**	**789.2**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,201.0**	**1,215.3**	**1,244.5**	**1,247.9**
By type									
2 Interest-bearing debt	782.4	844.0	928.9	1,027.3	1,195.5	1,199.6	1,213.7	1,243.0	1,242.1
3 Marketable	487.5	530.7	623.2	720.3	881.5	888.7	907.7	937.8	935.5
4 Bills	161.7	172.6	216.1	245.0	311.8	308.1	314.9	331.9	325.9
5 Notes	265.8	283.4	321.6	375.3	465.0	473.0	481.3	494.4r	494.9
6 Bonds	60.0	74.7	85.4	99.9	104.6	107.6	111.5	111.4	114.6
7 Nonmarketable[1]	294.8	313.2	305.7	307.0	314.0	310.9	306.1	305.2	306.6
8 Convertible bonds[2]	2.2	2.2	...	...	...	...	...	...	...
9 State and local government series	24.3	24.6	23.8	23.0	25.7	25.6	25.7	27.1	28.0
10 Foreign issues[3]	29.6	28.8	24.0	19.0	14.7	14.0	12.7	12.4	12.0
11 Government	28.0	23.6	17.6	14.9	13.0	12.7	11.4	11.1	10.7
12 Public	1.6	5.3	6.4	4.1	1.7	1.3	1.3	1.3	1.3
13 Savings bonds and notes	80.9	79.9	72.5	68.1	68.0	68.1	68.3	68.5	68.8
14 Government account series[4]	157.5	177.5	185.1	196.7	205.4	203.0	199.1	197.0	197.6
15 Non-interest-bearing debt	6.8	1.2	1.3	1.4	1.6	1.4	1.6	1.5	5.9
By holder[5]									
16 U.S. government agencies and trust funds	170.0	187.1	192.5	203.3	209.4				
17 Federal Reserve Banks	109.6	117.5	121.3	131.0	139.3				
18 Private investors	508.6	540.5	616.4	694.5	848.2				
19 Commercial banks	93.2	96.4	116.0	109.4	131.4				
20 Mutual savings banks	5.0	4.7	5.4	5.2	n.a.				
21 Insurance companies	15.7	16.7	20.1	19.1	34.8				
22 Other companies	19.6	22.9	r25.7	37.8	n.a.	n.a.	n.a.	n.a.	n.a.
23 State and local governments	64.4	69.9	78.8	85.6	n.a.				
Individuals									
24 Savings bonds	80.7	79.9	72.5	68.0	68.3				
25 Other securities	30.3	36.2	56.7	75.6	47.3				
26 Foreign and international[6]	137.8	124.4	127.7	141.4	152.0				
27 Other miscellaneous investors[7]	58.9	90.1	106.9	152.3	n.a.				

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

NOTE. Gross public debt excludes guaranteed agency securities.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1979	1980	1981	1983 Jan.	1983 Feb.	1983 Mar.p	1983, week ending Wednesday Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27
	Immediate delivery[1]												
1	U.S. government securities	13,183	18,331	24,728	35,736	40,618	39,280	40,663	37,396	35,286	36,209	39,680	39,318
	By maturity												
2	Bills	7,915	11,413	14,768	19,443	20,355	20,624	21,009	19,283	22,486	23,128	22,239	20,877
3	Other within 1 year	454	421	621	821	706	530	649	403	636	587	731	580
4	1–5 years	2,417	3,330	4,360	6,975	9,247	8,095	11,359	6,213	4,844	5,781	7,011	10,251
5	5–10 years	1,121	1,464	2,451	4,263	5,272	5,781	4,262	6,314	3,697	3,374	4,867	3,771
6	Over 10 years	1,276	1,704	2,528	4,234	5,038	4,249	3,384	5,183	3,622	3,339	4,833	3,839
	By type of customer												
7	U.S. government securities dealers	1,448	1,484	1,640	2,219	1,905	1,837	2,011	1,617	1,738	3,338	1,824	2,124
8	U.S. government securities brokers	5,170	7,610	11,750	17,130	20,025	19,174	20,179	17,545	16,913	16,097	19,926	19,129
9	All others[2]	6,564	9,237	11,337	16,387	18,688	18,269	18,473	18,234	16,635	16,774	17,930	18,065
10	Federal agency securities	2,723	3,258	3,306	5,199	5,005	5,055	3,901	4,030	4,691	4,920	5,773	6,191
11	Certificates of deposit	1,764	2,472	4,477	4,747	4,404	3,958	3,570	3,431	3,704	4,864	4,329	4,798
12	Bankers acceptances	↑	↑	1,807	2,827	2,598	2,393	2,381	2,049	2,520	3,050	3,313	2,909
13	Commercial paper			6,128	7,911	7,806	7,646	7,741	7,916	9,875	8,355	8,736	7,746
	Futures transactions[3]												
14	Treasury bills			3,523	5,173	6,277	6,174	6,445	5,257	6,029	5,477	6,237	6,071
15	Treasury coupons	n.a.	n.a.	1,330	1,672	2,086	2,223	2,204	1,984	1,431	1,428	2,107	1,842
16	Federal agency securities			234	169	236	274	198	241	165	144	193	241
	Forward transactions[4]												
17	U.S. government securities			365	1,035	1,699	1,540	2,427	1,514	1,135	1,590	1,046	1,249
18	Federal agency securities	↓	↓	1,370	1,136	1,175	1,423	1,420	1,086	1,347	1,642	1,770	1,131

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1979	1980	1981	1983 Jan.	1983 Feb.	1983 Mar.p	1983, week ending Wednesday Mar. 9	Mar. 16	Mar. 23	Mar. 30	Apr. 6
						Positions						
	Net immediate[1]											
1	U.S. government securities	3,223	4,306	9,033	14,670	14,174	12,267	16,566	8,536	10,263	8,895	7,473
2	Bills	3,813	4,103	6,485	9,953	10,534	9,786	13,273	8,114	9,555	7,197	7,063
3	Other within 1 year	−325	−1,062	−1,526	−230	−428	−11	106	21	−30	−44	−350
4	1–5 years	−455	434	1,488	3,091	2,726	1,633	1,638	222	1,573	955	71
5	5–10 years	160	166	292	−193	−291	−557	−263	−1,447	−1,584	−119	−523
6	Over 10 years	30	665	2,294	2,049	1,633	1,417	1,812	1,627	749	906	1,212
7	Federal agency securities	1,471	797	2,277	5,125	4,455	4,742	5,081	5,394	4,475	4,745	4,937
8	Certificates of deposit	2,794	3,115	3,435	6,180	5,683	6,099	6,293	6,178	5,793	6,139	5,727
9	Bankers acceptances	↑	↑	1,746	3,551	2,901	2,866	3,139	2,945	2,667	2,400	2,400
10	Commercial paper			2,658	3,436	2,892	3,163	3,722	3,183	3,047	2,635	3,035
	Futures positions											
11	Treasury bills			−8,934	−7,108	−3,221	−1,338	−2,280	400	1,144	749	−2,103
12	Treasury coupons	n.a.	n.a.	−2,733	−2,142	−1,217	−1,869	−1,785	−1,869	−1,689	−2,024	−2,161
13	Federal agency securities			522	−343	−134	−72	−179	23	25	−52	−108
	Forward positions											
14	U.S. government securities			−603	−1,397	−1,061	−1,690	−970	−2,689	−2,790	−1,027	−813
15	Federal agency securities	↓	↓	−451	−2,329	−1,962	−1,869	−1,695	−2,741	−1,903	−1,511	−1,664
						Financing[2]						
	Reverse repurchase agreements[3]	↑	↑									
16	Overnight and continuing			14,568	27,038	24,136	19,668	19,175	20,775	18,304	19,225	23,163
17	Term agreements			32,048	49,013	49,425	49,637	49,386	48,737	50,234	50,509	48,456
	Repurchase agreements[4]	n.a.	n.a.									
18	Overnight and continuing			35,919	59,753	56,033	51,228	53,666	51,976	48,498	47,605	49,458
19	Term agreements	↓	↓	29,449	43,846	42,891	43,450	42,924	42,104	44,364	44,157	40,054

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1979	1980	1981	1982					1983	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Federal and federally sponsored agencies[1]	**163,290**	**193,229**	**227,210**	**243,623**	**245,951**	**244,599**	**243,535**	**247,119**	**247,887**	**245,108**
2 Federal agencies	24,715	28,606	31,806	32,280	32,606	32,713	32,772	33,055	33,018	33,045
3 Defense Department[2]	738	610	484	399	388	377	364	354	346	336
4 Export-Import Bank[3,4]	9,191	11,250	13,339	13,918	14,042	14,000	13,999	14,218	14,267	14,255
5 Federal Housing Administration[5]	537	477	413	345	335	323	311	288	282	281
6 Government National Mortgage Association participation certificates[6]	2,979	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[7]	1,837	1,770	1,538	1,471	1,471	1,471	1,471	1,471	1,471	1,471
8 Tennessee Valley Authority	8,997	11,190	13,115	13,775	14,010	14,185	14,270	14,365	14,365	14,415
9 United States Railway Association[7]	436	492	202	207	195	192	192	194	122	122
10 Federally sponsored agencies[1]	138,575	164,623	195,404	211,343	213,345	212,886	210,763	214,064	214,869	212,063
11 Federal Home Loan Banks	33,330	41,258	58,090	61,747	61,251	60,904	60,356	61,447	59,969	58,380
12 Federal Home Loan Mortgage Corporation	2,771	2,536	2,604	3,099	3,000	3,000	3,000	3,000	3,000	2,460
13 Federal National Mortgage Association	48,486	55,185	58,749	65,733	68,130	67,916	66,852	70,052	72,247	72,221
14 Federal Land Banks	16,006	12,365	9,717	7,652	7,652	6,813	6,813	6,813	5,802	5,802
15 Federal Intermediate Credit Banks	2,676	1,821	1,388	926	926	926	926	926	926	926
16 Banks for Cooperatives	584	584	220	220	220	220	220	220	220	220
17 Farm Credit Banks[1]	33,216	48,153	60,034	65,657	65,553	66,449	65,877	65,014	66,360	65,796
18 Student Loan Marketing Association	1,505	2,720	4,600	6,307r	6,611r	6,657	6,718	6,591	6,404	6,257
19 Other	1	1	2	2	2	1	1	1	1	1
MEMO:										
20 Federal Financing Bank debt[1,8]	**67,383**	**87,460**	**110,698**	**122,623**	**124,357**	**125,064**	**125,707**	**126,424**	**126,587**	**126,623**
Lending to federal and federally sponsored agencies										
21 Export-Import Bank[4]	8,353	10,654	12,741	13,823	13,954	13,954	13,954	14,177	14,177	14,177
22 Postal Service[7]	1,587	1,520	1,288	1,221	1,221	1,221	1,221	1,221	1,221	1,221
23 Tennessee Valley Authority	7,272	9,465	11,390	12,050	12,285	12,460	12,545	12,640	12,640	12,690
24 United States Railway Association[7]	436	492	202	207	195	192	192	194	122	122
Other Lending[9]										
25 Farmers Home Administration	32,050	39,431	48,821	53,311	53,736	53,661	53,661	53,261	53,056	52,431
26 Rural Electrification Administration	6,484	9,196	13,516	15,916	16,282	16,600	16,750	17,157	17,330	17,502
27 Other	9,696	13,982	18,140	21,095	21,684	26,976	27,384	27,774	28,041	28,480

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
9. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.43

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

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982 July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.r
1 **All issues, new and refunding**[1]	**48,367**	**47,732**	**77,296**	**5,583**	**6,510**	**6,497**	**8,260**	**9,850**	**9,085**	**3,625**
Type of issue										
2 General obligation	14,100	12,394	20,881	974	1,683	1,701	2,262	3,352	1,543	847
3 U.S. government loans[2]	38	34	225	22	25	30	30	34	37	0
4 Revenue	34,267	35,338	56,415	4,609	4,827	4,796	5,998	6,498	7,542	2,778
5 U.S. government loans[2]	57	55	461	49	52	54	57	57	62	0
Type of issuer										
6 State	5,304	5,288	8,352	257	835	1,077	1,010	1,088	169	237
7 Special district and statutory authority	26,972	27,499	44,111	3,695	3,654	3,455	5,101	5,269	5,824	2,100
8 Municipalities, counties, townships, school districts	16,090	14,945	24,833	1,631	2,021	1,965	2,149	3,493	3,092	1,288
9 **Issues for new capital, total**	**46,736**	**46,530**	**73,040**	**5,396**	**6,083**	**6,294**	**7,073**	**9,106**	**8,886**	**3,127**
Use of proceeds										
10 Education	4,572	4,547	6,262	293	516	830	532	716	810	352
11 Transportation	2,621	3,447	6,232	118	768	551	636	1,286	1,338	49
12 Utilities and conservation	8,149	10,037	14,154	1,272	685	283	1,335	1,961	1,830	956
13 Social welfare	19,958	12,729	25,821	2,705	2,500	2,542	2,619	2,204	2,963	817
14 Industrial aid	3,974	7,651	7,751	562	728	1,048	556	729	1,066	306
15 Other purposes	7,462	8,119	12,820	446	886	1,040	1,395	2,210	879	647

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1980	1981r	1982r	1982 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues**[1]	**73,694**	**69,991**	**83,788**	**4,928**	**6,222**	**9,318**	**8,247**	**9,989r**	**8,802**	**9,830**
2 **Bonds**	**53,206**	**44,642**	**53,226**	**3,228**	**3,934**	**6,553**	**5,762**	**7,121r**	**5,412**	**5,636**
Type of offering										
3 Public	41,587	37,653	43,428	2,398	2,868	5,546	5,308	6,426r	4,927	4,264
4 Private placement	11,619	6,989	9,798	830	1,066	1,007	454	695	485	1,372
Industry group										
5 Manufacturing	15,409	12,325	13,307	462	1,638	1,602	1,730	2,044	2,138	1,204
6 Commercial and miscellaneous	6,693	5,229	5,681	343	493	1,202	481	417	523	565
7 Transportation	3,329	2,052	1,474	82	58	402	64	285	88	120
8 Public utility	9,557	8,963	12,155	761	717	934	1,021	1,663	1,246	944
9 Communication	6,683	4,280	2,265	176	84	205	311	208	115	372
10 Real estate and financial	11,534	11,793	18,344	1,403	944	2,208	2,156	2,504	1,302	2,431
11 **Stocks**[2]	**20,489**	**25,349**	**30,562**	**1,700**	**2,288**	**2,765**	**2,485**	**2,868**	**3,390**	**4,194**
Type										
12 Preferred	3,631	1,797	5,113	67	644	622	522	611	573	421
13 Common	16,858	23,552	25,449	1,633	1,644	2,143	1,963	2,257	2,817	3,773
Industry group										
14 Manufacturing	4,839	5,074	5,649	503r	187	717r	345	666	481	921r
15 Commercial and miscellaneous	5,245	7,557	7,770	317	615	375	742	640	1,024	693
16 Transportation	549	779	709	52	5	62	84	80	225	22
17 Public utility	6,230	5,577	7,517	277	331	759	1,003	620	752	742
18 Communication	567	1,778	2,227	17	96	495	4	33	14	1,361
19 Real estate and financial	3,059	4,584	6,690	534	1,054	357	307	829	894	455

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1981	1982	1982					1983		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	4,322	4,709	5,668	5,815	5,291	8,095	6,115	7,927
2 Redemptions of own shares[3]	15,866	30,078	2,335	3,052	3,046	3,493	4,835	4,233	3,510	5,077
3 Net sales	4,730	15,597	1,987	1,657	2,622	2,322	456	3,862	2,605	2,850
4 Assets[4]	55,207	76,741	62,212	63,783	70,964	74,864	76,841	80,384	84,981	89,342
5 Cash position[5]	5,277	5,999	6,039	5,556	5,948	5,838	6,040	6,943	7,404	7,764
6 Other	49,930	70,742	56,173	58,227	65,016	69,026	70,801	73,441	77,577	81,578

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1980	1981	1982r	1981				1982			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Corporate profits with inventory valuation and capital consumption adjustment	181.6	190.6	160.8	200.3	185.1	193.1	183.9	157.1	155.4	166.2	164.6
2 Profits before tax	242.4	232.1	174.9	253.1	225.4	233.3	216.5	171.6	171.7	180.3	175.9
3 Profits tax liability	84.6	81.2	57.7	91.5	79.2	82.4	71.6	56.7	55.3	60.9	58.0
4 Profits after tax	157.8	150.9	117.1	161.6	146.2	150.9	144.9	114.9	116.3	119.4	117.9
5 Dividends	58.1	65.1	70.3	61.5	64.0	66.8	68.1	68.8	69.3	70.5	72.4
6 Undistributed profits	99.7	85.8	46.9	100.1	82.2	84.1	76.8	46.1	47.0	48.8	45.5
7 Inventory valuation	−43.0	−24.6	−9.2	−35.5	−22.8	−23.0	−17.1	−4.4	−9.4	−10.3	−12.6
8 Capital consumption adjustment	−17.8	−16.8	−4.9	−17.3	−17.5	−17.1	−15.5	−10.1	−6.9	−3.8	1.3

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

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1976	1977	1978	1979	1980	1981	1982			
						Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**827.4**	**912.7**	**1,043.7**	**1,218.2**	**1,333.5**	**1,426.8**	**1,424.6**	**1,422.6**	**1,446.9**	**1,430.9**
2 Cash	88.2	97.2	105.5	118.0	127.1	131.9	122.0	124.4	126.9	143.7
3 U.S. government securities	23.5	18.2	17.3	17.0	19.3	18.0	16.9	17.1	19.6	23.1
4 Notes and accounts receivable	292.9	330.3	388.0	461.1	510.6	536.2	539.2	536.8	539.7	517.0
5 Inventories	342.5	376.9	431.6	505.5	543.7	587.1	592.7	588.4	598.0	577.5
6 Other	80.3	90.1	101.3	116.7	132.7	153.6	153.7	155.8	162.7	169.6
7 **Current liabilities**	**495.1**	**557.1**	**669.3**	**807.8**	**890.9**	**979.5**	**988.0**	**987.5**	**1,005.2**	**976.5**
8 Notes and accounts payable	282.1	317.6	382.9	461.2	515.2	562.4	555.5	555.1	559.7	548.7
9 Other	213.0	239.6	286.4	346.6	375.7	417.1	432.5	432.4	445.5	427.8
10 **Net working capital**	**332.4**	**355.5**	**374.4**	**410.5**	**442.6**	**447.3**	**436.6**	**435.1**	**441.7**	**454.4**
11 MEMO: Current ratio[1]	1.671	1.638	1.559	1.508	1.497	1.457	1.442	1.441	1.439	1.465

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

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1981	1982	1983[1]	1981	1982				1983	
				Q4	Q1	Q2	Q3	Q4	Q1[1]	Q2[1]
1 **Total nonfarm business**	**321.49**	**316.43**	**310.92**	**327.83**	**327.72**	**323.22**	**315.79**	**302.77**	**302.25**	**302.20**
Manufacturing										
2 Durable goods industries	61.84	56.44	54.22	60.78	60.84	59.03	57.14	50.50	52.76	50.85
3 Nondurable goods industries	64.95	63.23	61.69	66.14	67.48	64.74	62.32	59.59	60.05	60.45
Nonmanufacturing										
4 Mining	16.86	15.45	15.46	16.81	17.60	16.56	14.63	13.31	14.56	14.62
Transportation										
5 Railroad	4.24	4.38	4.21	4.18	4.56	4.73	3.94	4.31	3.69	4.49
6 Air	3.81	3.93	3.33	4.82	3.20	3.54	4.11	4.85	3.71	3.64
7 Other	4.00	3.64	3.46	4.12	4.23	4.06	3.24	3.25	3.56	3.46
Public utilities										
8 Electric	29.74	33.40	33.09	31.14	30.95	32.26	34.98	35.12	33.38	32.94
9 Gas and other	8.65	8.55	7.91	8.60	9.17	9.14	8.40	7.77	7.61	8.43
10 Trade and services	86.33	86.95	87.78	88.33	87.80	88.85	87.31	84.00	85.38	85.23
11 Communication and other[2]	41.06	40.46	39.78	42.92	41.89	40.33	39.73	40.06	37.55	38.09

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981		1982			
					Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	84.5	85.5	85.1	88.0	88.3	89.5
2 Business	55.2	63.3	70.3	72.3	76.9	80.6	80.9	82.6	82.2	81.0
3 Total	99.2	116.0	136.0	145.9	161.3	166.1	166.0	170.6	170.5	170.4
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	27.7	28.9	29.1	30.2	30.4	30.5
5 Accounts receivable, net	86.5	100.4	116.0	122.6	133.6	137.2	136.9	140.4	140.1	139.8
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	34.5	34.2	35.0	37.3	39.1	39.7
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	14.7	15.4	15.4	14.5	16.8	18.6
11 Commercial paper	29.6	34.5	43.3	43.4	51.2	51.2	46.2	50.3	46.7	45.8
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	11.9	9.6	9.0	9.3	9.9	8.7
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	50.7	54.8	59.0	60.3	60.9	63.5
14 Other	11.5	12.6	14.2	14.3	17.1	17.8	19.0	18.9	20.5	18.7
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	22.4	22.8	23.3	24.5	24.5	24.2
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**	**179.5**

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

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Feb. 28, 1983[1]	Changes in accounts receivable			Extensions			Repayments		
		1982	1983		1982	1983		1982	1983	
		Dec.	Jan.	Feb.	Dec.	Jan.	Feb.	Dec.	Jan.	Feb.
1 **Total**	**81,580**	**−571**	**1,030**	**126**	**20,031**	**22,808**	**22,458**	**20,602**	**21,778**	**22,332**
2 Retail automotive (commercial vehicles)	12,948	142	269	396	1,036	1,230	1,336	894	961	940
3 Wholesale automotive	12,568	−1,087	182	115	4,965	6,458	6,643	6,052	6,276	6,258
4 Retail paper on business, industrial, and farm equipment	27,771	222	−41	381	1,420	1,308	1,477	1,198	1,349	1,096
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,161	−350	501	−243	10,493	12,286	11,634	10,843	11,785	11,877
6 All other business credit	19,132	502	119	−523	2,117	1,526	1,368	1,615	1,407	1,891

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1980	1981	1982	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	83.4	90.4	94.6	95.0	99.1	97.9	91.8	88.9	88.4	80.1
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	71.6	74.4	75.6	67.6	65.4	66.6	60.5
3 Loan/price ratio (percent)	73.2	74.8	76.6	78.7	77.9	79.0	75.2	75.2	77.9	76.8
4 Maturity (years)	28.2	27.7	27.6	28.1	28.4	27.9	26.9	26.5	27.2	24.2
5 Fees and charges (percent of loan amount)[2]	2.09	2.67	2.95	3.04	2.74	2.76	2.98	2.46	2.78	2.21
6 Contract rate (percent per annum)	12.25	14.16	14.47	14.34	13.86	13.26	13.09	13.00	12.62	12.97
Yield (percent per annum)										
7 FHLBB series[3]	12.65	14.74	15.12	14.98	14.41	13.81	13.69	13.49	13.16	13.41
8 HUD series[4]	13.95	16.52	15.79	15.05	13.95	13.80	13.62	13.44	13.18	13.17
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	14.03	12.99	12.82	12.80	12.87	12.65	12.68
10 GNMA securities[6]	12.55	15.29	14.68	13.57	12.83	12.66	12.60	12.06r	11.94	11.87
FNMA auctions[7]										
11 Government-underwritten loans	14.11	16.70	....	....	....	....	....	....	n.a.	n.a.
12 Conventional loans	14.43	16.64	15.95	15.36	13.92	13.75	13.72	....	n.a.	n.a.
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	55,104	58,675	66,031	68,841	69,152	70,126	71,814	73,106	73,555	73,666
14 FHA/VA-insured	37,365	39,341	39,718	39,871	39,523	39,174	39,057	38,924	38,768	38,409
15 Conventional	17,725	19,334	26,312	28,970	29,629	30,952	32,757	34,182	34,788	35,257
Mortgage transactions (during period)										
16 Purchases	8,099	6,112	15,116	1,670	1,449	1,681	2,495	2,045	1,594	1,433
17 Sales	0	2	2r	0	1r	1r	1r	0	1r	777
Mortgage commitments[8]										
18 Contracted (during period)	8,083	9,331	22,105	1,482	1,426	2,795	3,055	2,006	785	1,184
19 Outstanding (end of period)	3,278	3,717	7,606	6,587	6,268	7,286	7,606	7,487	6,475	6,187
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	8,605.4	2,487.2	307.4	16.4	2.5	27.0	4.6	2.0	n.a.	n.a.
21 Accepted	4,002.0	1,478.0	104.3	0	0	0	0	0	n.a.	n.a.
Conventional loans										
22 Offered	3,639.2	2,524.7	445.3	27.5	13.6	22.1	23.2	7.8	1.8	n.a.
23 Accepted	1,748.5	1,392.3	237.6	0	8.9	11.4	15.3	0	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	4,362	5,245	5,153	5,207	4,957	4,676	4,733	4,560	4,450	4,795
25 FHA/VA	2,116	2,236	1,921	2,225	1,016	1,012	1,009	1,004	1,000	995
26 Conventional	2,246	3,010	3,224	2,982	3,891	3,618r	3,724	3,556	3,450	3,800
Mortgage transactions (during period)										
27 Purchases	3,723	3,789	23,671	1,799	2,000	1,917	3,916	1,479	1,688	2,849
28 Sales	2,527	3,531	24,164	1,923	2,197	2,182	3,798	1,641	1,756	2,469
Mortgage commitments[10]										
29 Contracted (during period)	3,859	6,974	28,187	2,892	2,506	1,714	1,068	2,059	868	1,438
30 Outstanding (end of period)	447	3,518	7,549	10,211	10,572	10,407	7,549	8,098	7,238	5,845

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month. FNMA's commitment auctions were discontinued in March 1983.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Includes participation as well as whole loans.
10. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1980	1981r	1982r	1981	1982				1983
				Q4r	Q1r	Q2r	Q3r	Q4r	Q1
1 **All holders**	**1,471,786**	**1,583,264**	**1,647,637**	**1,583,264**	**1,602,855**	**1,624,279**	**1,632,161**	**1,647,637**	**1,672,408**
2 1- to 4-family	986,979	1,065,294	1,106,863	1,065,294	1,076,930	1,089,522	1,097,507	1,106,863	1,127,786
3 Multifamily	137,134	136,354	136,515	136,354	137,712	138,332	136,508	136,515	137,435
4 Commercial	255,655	279,889	297,369	279,889	284,306	290,951	291,740	297,369	299,938
5 Farm	92,018	101,727	106,890	101,727	103,907	105,474	106,406	106,890	107,249
6 Major financial institutions	997,168	1,040,827	1,020,527	1,040,827	1,041,702	1,042,904	1,027,027	1,020,527	1,021,907
7 Commercial banks[1]	263,030	284,536	301,742	284,536	289,365	294,022	298,342	301,742	305,672
8 1- to 4-family	160,326	170,013	177,122	170,013	171,350	172,596	175,126	177,122	179,430
9 Multifamily	12,924	15,132	15,841	15,132	15,338	15,431	15,666	15,841	16,147
10 Commercial	81,081	91,026	100,269	91,026	94,256	97,522	99,050	100,269	101,575
11 Farm	8,699	8,365	8,510	8,365	8,421	8,473	8,500	8,510	8,520
12 Mutual savings banks	99,865	99,997	94,452	99,997	97,464	96,346	94,382	94,452	93,697
13 1- to 4-family	67,489	68,187	64,095	68,187	66,305	65,381	63,849	64,095	63,582
14 Multifamily	16,058	15,960	15,037	15,960	15,536	15,338	15,026	15,037	14,917
15 Commercial	16,278	15,810	15,292	15,810	15,594	15,598	15,479	15,292	15,170
16 Farm	40	40	28	40	29	29	28	28	28
17 Savings and loan associations	503,192	518,547	482,414	518,547	516,111	512,997	493,899	482,414	479,405
18 1- to 4-family	419,763	433,142	397,537	433,142	430,178	425,890	410,035	397,537	395,026
19 Multifamily	38,142	37,699	36,023	37,699	37,986	38,321	36,894	36,023	35,812
20 Commercial	45,287	47,706	48,854	47,706	47,947	48,786	46,970	48,854	48,567
21 Life insurance companies	131,081	137,747	141,919	137,747	138,762	139,539	140,404	141,919	143,133
22 1- to 4-family	17,943	17,201	16,743	17,201	17,086	16,451	16,865	16,743	16,836
23 Multifamily	19,514	19,283	18,847	19,283	19,199	18,982	18,967	18,847	19,054
24 Commercial	80,666	88,163	93,501	88,163	89,529	91,113	91,640	93,501	94,618
25 Farm	12,958	13,100	12,828	13,100	12,948	12,993	12,932	12,828	12,625
26 Federal and related agencies	114,300	126,094	138,185	126,094	128,698	131,456	134,449	138,185	139,796
27 Government National Mortgage Association	4,642	4,765	4,227	4,765	4,438	4,669	4,110	4,227	3,785
28 1- to 4-family	704	693	676	693	689	688	682	676	665
29 Multifamily	3,938	4,072	3,551	4,072	3,749	3,981	3,428	3,551	3,120
30 Farmers Home Administration	3,492	2,235	1,786	2,235	2,469	1,335	947	1,786	1,850
31 1- to 4-family	916	914	783	914	715	491	302	783	800
32 Multifamily	610	473	218	473	615	179	46	218	250
33 Commercial	411	506	377	506	499	256	164	377	400
34 Farm	1,555	342	408	342	640	409	435	408	400
35 Federal Housing and Veterans Administration	5,640	5,999	5,228	5,999	6,003	5,908	5,362	5,228	5,156
36 1- to 4-family	2,051	2,289	1,980	2,289	2,266	2,218	2,130	1,980	1,883
37 Multifamily	3,589	3,710	3,248	3,710	3,737	3,690	3,232	3,248	3,273
38 Federal National Mortgage Association	57,327	61,412	71,814	61,412	62,544	65,008	68,841	71,814	73,666
39 1- to 4-family	51,775	55,986	66,500	55,986	57,142	59,631	63,495	66,500	68,370
40 Multifamily	5,552	5,426	5,314	5,426	5,402	5,377	5,346	5,314	5,296
41 Federal Land Banks	38,131	46,446	50,350	46,446	47,947	49,270	49,983	50,350	50,544
42 1- to 4-family	2,099	2,788	3,068	2,788	2,874	2,954	3,029	3,068	3,059
43 Farm	36,032	43,658	47,282	43,658	45,073	46,316	46,954	47,282	47,485
44 Federal Home Loan Mortgage Corporation	5,068	5,237	4,780	5,237	5,297	5,266	5,166	4,780	4,795
45 1- to 4-family	3,873	5,181	4,733	5,181	5,240	5,209	5,116	4,733	4,740
46 Multifamily	1,195	56	47	56	57	57	50	47	55
47 Mortgage pools or trusts[2]	142,258	163,000	216,116	163,000	172,303	183,657	198,376	216,116	235,946
48 Government National Mortgage Association	93,874	105,790	118,402	105,790	108,592	111,459	114,776	118,402	128,881
49 1- to 4-family	91,602	103,007	115,293	103,007	105,701	108,487	111,728	115,293	125,424
50 Multifamily	2,272	2,783	3,109	2,783	2,891	2,972	3,048	3,109	3,457
51 Federal Home Loan Mortgage Corporation	16,854	19,853	42,964	19,853	23,970	28,703	35,132	42,964	48,008
52 1- to 4-family	13,471	19,501	42,560	19,501	23,610	28,329	34,739	42,560	47,575
53 Multifamily	3,383	352	404	352	360	374	393	404	433
54 Federal National Mortgage Association[3]	n.a.	717	14,450	717	2,786	4,556	8,133	14,450	18,157
55 1- to 4-family	n.a.	717	14,450	717	2,786	4,556	8,133	14,450	18,157
56 Farmers Home Administration	31,530	36,640	40,300	36,640	36,955	38,939	40,335	40,300	40,900
57 1- to 4-family	16,683	18,378	20,005	18,378	18,740	19,357	20,079	20,005	20,105
58 Multifamily	2,612	3,426	4,344	3,426	3,447	4,044	4,344	4,344	4,444
59 Commercial	5,271	6,161	7,011	6,161	6,351	6,762	7,056	7,011	7,111
60 Farm	6,964	8,675	8,940	8,675	8,417	8,776	8,856	8,940	9,240
61 Individual and others[4]	218,060	253,343	272,809	253,343	260,152	266,262	272,349	272,809	274,759
62 1- to 4-family[5]	138,284	167,297	181,318	167,297	172,248	177,284	182,199	181,318	182,134
63 Multifamily	27,345	27,982	30,532	27,982	29,395	29,586	30,068	30,532	31,177
64 Commercial	26,661	30,517	32,065	30,517	30,130	30,914	31,381	32,065	32,497
65 Farm	25,770	27,547	28,894	27,547	28,379	28,478	28,701	28,894	28,951

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

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

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

Millions of dollars

Holder, and type of credit	1980	1981	1982	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**334,971**	**337,469**	**336,473**	**338,372**	**344,798**	**343,151**	**340,343**	**342,568**
By major holder											
2 Commercial banks	147,013	147,622	152,069	148,438	149,801	149,528	149,651	152,069	150,906	150,257	151,319
3 Finance companies	76,756	89,818	94,322	93,207	93,357	92,541	93,462	94,322	95,080	93,859	94,817
4 Credit unions	44,041	45,954	47,253	46,154	46,846	46,645	46,832	47,253	46,946	46,757	47,081
5 Retailers[2]	28,448	29,551	30,202	26,751	26,829	27,046	27,639	30,202	28,859	27,734	27,472
6 Savings and loans	9,911	11,598	13,891	12,833	13,051	13,457	13,672	13,891	14,209	14,860	15,083
7 Gasoline companies	4,468	4,403	4,063	4,714	4,669	4,322	4,141	4,063	4,102	3,780	3,669
8 Mutual savings banks	2,835	2,751	2,998	2,874	2,916	2,934	2,975	2,998	3,049	3,096	3,127
By major type of credit											
9 Automobile	116,838	125,331	130,227	128,051	128,856	128,375	129,299	130,227	129,482	129,055	130,959
10 Commercial banks	61,536	58,081	58,851	57,992	58,542	58,552	58,701	58,851	57,740	57,971	58,567
11 Indirect paper	35,233	34,375	35,178	34,345	34,728	34,744	34,884	35,178	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	23,647	23,814	23,808	23,817	23,673	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	22,071	22,402	22,306	22,395	22,596	22,458	22,360	22,518
14 Finance companies	34,242	45,275	48,780	47,988	47,921	47,518	48,203	48,780	49,284	48,724	49,874
15 Revolving	58,352	62,819	67,184	61,293	61,845	61,836	62,362	67,184	65,562	63,372	63,091
16 Commercial banks	29,765	32,880	36,688	33,509	34,017	34,110	34,233	36,688	36,282	35,481	35,533
17 Retailers	24,119	25,536	26,433	23,070	23,159	23,404	23,988	26,433	25,178	24,111	23,889
18 Gasoline companies	4,468	4,403	4,063	4,714	4,669	4,322	4,141	4,063	4,102	3,780	3,669
19 Mobile home	17,322	18,373	18,988	18,918	19,011	19,043	19,049	18,988	19,291	19,374	19,379
20 Commercial banks	10,371	10,187	9,684	9,967	9,956	9,860	9,806	9,684	9,828	9,806	9,739
21 Finance companies	3,745	4,494	4,965	4,916	4,953	4,971	4,970	4,965	4,981	4,960	4,967
22 Savings and loans	2,737	3,203	3,836	3,544	3,604	3,716	3,775	3,836	3,984	4,112	4,174
23 Credit unions	469	489	503	491	498	496	498	503	498	496	499
24 Other	120,960	125,174	128,399	126,709	127,748	127,219	127,662	128,399	128,816	128,542	129,139
25 Commercial banks	45,341	46,474	46,846	46,970	47,286	47,006	46,911	46,846	47,056	46,999	47,480
26 Finance companies	38,769	40,049	40,577	40,303	40,483	40,052	40,289	40,577	40,815	40,175	39,976
27 Credit unions	22,512	23,490	24,154	23,592	23,946	23,844	23,939	24,154	23,990	23,901	24,064
28 Retailers	4,329	4,015	3,769	3,681	3,670	3,642	3,651	3,769	3,681	3,623	3,583
29 Savings and loans	7,174	8,395	10,055	9,289	9,447	9,741	9,897	10,055	10,225	10,748	10,909
30 Mutual savings banks	2,835	2,751	2,998	2,874	2,916	2,934	2,975	2,998	3,049	3,096	3,127
	Net change (during period)[4]										
31 Total	**1,448**	**18,217**	**13,096**	**256**	**1,256**	**−131**	**2,015**	**2,418**	**2,725**	**735**	**2,582**
By major holder											
32 Commercial banks	−7,163	607	4,442	−21	688	73	457	1,111	410	788	1,354
33 Finance companies	8,438	13,062	4,504	−192	106	−372	1,051	1,024	1,881	−658	487
34 Credit unions	−2,475	1,913	1,298	157	255	38	412	197	20	43	143
35 Retailers[2]	329	1,103	651	−43	69	−67	−51	−91	−14	36	422
36 Savings and loans	1,485	1,682	2,290	263	200	274	181	201	412	677	187
37 Gasoline companies	739	−65	−340	45	−88	−108	−35	−51	−78	−200	−35
38 Mutual savings banks	95	−85	251	47	26	31	0	27	94	49	24
By major type of credit											
39 Automobile	477	8,495	4,898	−380	349	−70	1,534	1,491	625	−233	1,221
40 Commercial banks	−5,830	−3,455	770	−91	360	137	336	527	−581	321	240
41 Indirect paper	−3,104	−858	803	−143	238	117	134	429	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	−33	52	122	20	202	98	(3)	(3)	(3)
43 Credit unions	−1,184	914	622	60	110	16	211	89	20	15	68
44 Finance companies	7,491	11,033	3,505	−349	−121	−223	987	875	1,186	−569	913
45 Revolving	1,415	4,467	4,365	199	311	81	39	501	68	−135	1,177
46 Commercial banks	−97	3,115	3,808	166	311	223	74	650	130	61	786
47 Retailers	773	1,417	897	−12	88	−34	0	−98	16	4	426
48 Gasoline companies	739	−65	−340	45	−88	−108	−35	−51	−78	−200	−35
49 Mobile home	483	1,049	609	177	75	−35	23	−37	420	204	−61
50 Commercial banks	−276	−186	−508	−22	−6	−105	−47	−74	193	26	−95
51 Finance companies	355	749	471	108	18	−9	5	−15	53	59	−23
52 Savings and loans	430	466	633	89	60	78	61	49	175	120	54
53 Credit unions	−25	20	14	2	3	1	4	3	−1	−1	3
54 Other	−927	4,206	3,224	260	521	−107	419	463	1,612	899	245
55 Commercial banks	−960	1,133	372	−74	23	−182	94	8	668	380	423
56 Finance companies	592	1,280	528	49	209	−140	59	164	642	−148	−403
57 Credit unions	−1,266	975	662	95	142	21	197	105	1	29	72
58 Retailers	−444	−314	−246	−31	−19	−33	−51	7	−30	32	−4
59 Savings and loans	1,056	1,217	1,657	174	140	196	120	152	237	557	133
60 Mutual savings banks	95	−85	251	47	26	31	0	27	94	49	24

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Not reported after December 1982.
4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $74.8 billion at the end of 1980, $80.6 billion at the end of 1981, and $85.9 billion at the end of 1982.

▲ These data have been revised from December 1980 through February 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1980	1981	1982	1982				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	14.30	16.54	16.83	....	....	15.97	....	....	14.81	....
2 24-month personal	15.47	18.09	18.65	....	....	17.99	....	....	17.47r	....
3 120-month mobile home[2]	14.99	17.45	18.05	....	....	17.55	....	....	16.73	....
4 Credit card	17.31	17.78	18.51	....	....	18.75	....	....	18.82r	....
Auto finance companies										
5 New car	14.82	16.17	16.15	17.35	16.66	12.82	12.57	12.25	12.05	12.07
6 Used car	19.10	20.00	20.75	20.89	20.76	20.68	20.63	20.20	19.91	19.38
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.0	45.4	46.0	46.1	45.9	46.4	46.4	46.0	45.9	45.9
8 Used car	34.8	35.8	34.0	37.1	37.1	36.9	36.9	38.2	37.7	37.7
Loan-to-value ratio										
9 New car	87.6	86.1	85.3	85.0	85.0	87.0	87.0	86.0	86.0	84.0
10 Used car	94.2	91.8	90.3	91.0	91.0	91.0	90.0	90.0	90.0	91.0
Amount financed (dollars)										
11 New car	6,322	7,339	8.178	7,968	8,184	8,339	8,468	8,683	8,755	8,829
12 Used car	3,810	4,343	4,746	4,790	4,821	4,822	4,846	4,742	4,731	4,802

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1977	1978	1979	1980	1981	1982	1980 H1	1980 H2	1981 H1	1981 H2	1982 H1	1982 H2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**408.1**	**325.1**	**384.9**	**402.7**	**379.6**	**365.1**	**451.1**
By sector and instrument												
2 U.S. government	56.8	53.7	37.4	79.2	87.4	161.3	63.3	95.1	81.9	92.9	99.3	223.3
3 Treasury securities	57.6	55.1	38.8	79.8	87.8	162.1	63.9	95.7	82.4	93.2	100.6	223.6
4 Agency issues and mortgages	−.9	−1.4	−1.4	−.6	−.5	−.9	−.6	−.6	−.5	−.4	−1.4	−.4
5 Private domestic nonfinancial sectors	260.9	314.9	351.5	275.8	303.7	246.8	261.9	289.7	320.8	286.7	265.8	227.8
6 Debt capital instruments	169.8	198.7	216.0	204.1	175.0	168.3	203.8	204.4	196.5	153.5	157.5	179.2
7 Tax-exempt obligations	21.9	28.4	29.8	35.9	32.9	60.7	30.7	41.0	35.1	30.6	53.1	68.4
8 Corporate bonds	21.0	20.1	22.5	33.2	23.9	22.4	37.3	29.0	24.7	23.0	13.4	31.4
Mortgages												
9 Home mortgages	94.3	112.1	120.1	96.7	78.6	55.6	96.5	96.9	95.2	62.0	54.8	56.5
10 Multifamily residential	7.1	9.2	7.8	8.8	4.6	7.9	8.1	9.5	5.1	4.1	8.5	7.4
11 Commercial	18.4	21.7	23.9	20.2	25.3	16.3	20.3	20.1	27.4	23.2	22.2	10.3
12 Farm	7.1	7.2	11.8	9.3	9.8	5.3	10.9	7.8	9.0	10.5	5.4	5.2
13 Other debt instruments	91.1	116.2	135.5	71.7	128.8	78.5	58.1	85.4	124.3	133.2	108.3	48.6
14 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	−3.3	13.0	29.4	21.2	14.4	14.4
15 Bank loans n.e.c.	26.7	37.1	49.2	35.4	51.1	53.7	18.0	52.7	47.7	54.6	77.1	30.4
16 Open market paper	2.9	5.2	11.1	6.6	19.2	−1.3	20.3	−7.1	10.7	27.6	4.4	−7.0
17 Other	21.3	25.1	29.7	24.9	33.1	11.6	23.0	26.7	36.5	29.8	12.4	10.9
18 By borrowing sector	260.9	314.9	351.5	275.8	303.7	246.8	261.9	289.7	320.8	286.7	265.8	227.8
19 State and local governments	15.4	19.1	20.2	27.3	22.3	47.2	21.8	32.8	25.1	19.5	41.5	52.9
20 Households	137.3	169.3	176.5	117.5	120.4	85.1	115.2	119.8	141.0	99.9	83.6	86.6
21 Farm	12.3	14.6	21.4	14.4	16.4	9.3	15.7	13.0	19.9	12.8	8.4	10.2
22 Nonfarm noncorporate	28.3	32.4	34.4	33.8	40.5	28.2	27.5	40.2	41.8	39.3	34.9	21.5
23 Corporate	67.6	79.4	99.0	82.8	104.1	77.0	81.7	83.9	93.0	115.2	97.4	56.6
24 Foreign net borrowing in U.S.	13.5	33.8	20.2	27.2	27.3	16.2	29.0	25.3	34.0	20.6	17.4	14.9
25 Bonds	5.1	4.2	3.9	.8	5.5	6.5	2.0	−.4	3.3	7.6	2.2	10.8
26 Bank loans n.e.c.	3.1	19.1	2.3	11.5	3.7	−5.0	5.9	17.2	5.0	2.3	−.4	−9.7
27 Open market paper	2.4	6.6	11.2	10.1	13.9	9.5	15.7	4.5	20.6	7.1	12.5	6.4
28 U.S. government loans	3.0	3.9	2.9	4.7	4.3	5.2	5.4	4.0	5.0	3.6	3.2	7.2
29 **Total domestic plus foreign**	**331.2**	**402.3**	**409.1**	**382.2**	**418.4**	**424.2**	**354.2**	**410.2**	**436.7**	**400.2**	**382.5**	**465.9**
	Financial sectors											
30 **Total net borrowing by financial sectors**	**48.8**	**75.0**	**80.7**	**61.3**	**80.7**	**64.3**	**57.6**	**65.0**	**85.8**	**75.5**	**93.3**	**35.2**
By instrument												
31 U.S. government related	21.9	36.7	47.3	43.6	45.1	60.6	47.3	39.8	42.5	47.8	59.3	61.8
32 Sponsored credit agency securities	7.0	23.1	24.3	24.4	30.1	13.2	27.1	21.7	26.9	33.3	21.4	5.0
33 Mortgage pool securities	16.1	13.6	23.1	19.2	15.0	47.4	20.2	18.1	15.6	14.5	37.9	56.8
34 Loans from U.S. government	−1.2	......	......	......	......	......	......	......	......	......	......	......
35 Private financial sectors	26.9	38.3	33.4	17.7	35.6	3.7	10.3	25.2	43.4	27.8	34.0	−26.6
36 Corporate bonds	10.1	7.5	7.8	7.1	−.8	2.4	9.9	4.4	−2.1	.4	−3.4	8.2
37 Mortgages	3.1	.9	−1.2	−.9	−2.9	1.8	−5.3	3.5	−2.3	−3.5	1.9	1.6
38 Bank loans n.e.c.	−.3	2.8	−.4	−.4	2.2	1.4	.1	−.9	3.7	.7	5.9	−3.1
39 Open market paper	9.6	14.6	18.0	4.8	20.9	−2.7	−.1	9.7	24.8	17.0	16.0	−21.3
40 Loans from Federal Home Loan Banks	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
By sector												
41 Sponsored credit agencies	5.8	23.1	24.3	24.4	30.1	13.2	27.1	21.7	26.9	33.3	21.4	5.0
42 Mortgage pools	16.1	13.6	23.1	19.2	15.0	47.4	20.2	18.1	15.6	14.5	37.9	56.8
43 Private financial sectors	26.9	38.3	33.4	17.7	35.6	3.7	10.3	25.2	43.4	27.8	34.0	−26.6
44 Commercial banks	1.1	1.3	1.6	.5	.4	1.4	.8	.3	.2	.5	.6	2.1
45 Bank affiliates	2.0	7.2	6.5	6.9	8.3	.8	5.8	8.0	6.9	9.7	9.7	−8.0
46 Savings and loan associations	9.9	14.3	11.4	6.6	13.1	−3.7	.1	13.2	19.2	6.9	16.6	−23.9
47 Finance companies	16.9	18.1	16.6	6.3	14.1	5.7	6.0	6.5	17.3	11.0	7.6	3.8
48 REITs	−2.5	−1.4	−1.3	−2.2	.2	.1	−2.0	−2.5	.2	.2	.1	.1
	All sectors											
49 **Total net borrowing**	**379.9**	**477.4**	**489.7**	**443.5**	**499.1**	**488.5**	**411.8**	**475.2**	**522.5**	**475.7**	**475.8**	**501.1**
50 U.S. government securities	79.9	90.5	84.8	122.9	132.6	222.0	110.7	135.1	124.5	140.7	158.7	285.2
51 State and local obligations	21.9	28.4	29.8	35.9	32.9	60.7	30.7	41.0	35.1	30.6	53.1	68.4
52 Corporate and foreign bonds	36.1	31.8	34.2	41.1	28.5	31.4	49.3	33.0	26.0	30.9	12.2	50.5
53 Mortgages	129.9	151.0	162.4	134.0	115.2	86.8	130.4	137.7	134.3	96.2	92.7	80.9
54 Consumer credit	40.2	48.8	45.4	4.9	25.3	14.4	−3.3	13.0	29.4	21.2	14.4	14.4
55 Bank loans n.e.c.	29.5	59.0	51.0	46.5	57.0	50.1	24.0	69.0	56.4	57.6	82.5	17.6
56 Open market paper	15.0	26.4	40.3	21.6	54.0	5.5	35.9	7.2	56.2	51.8	32.8	−21.9
57 Other loans	27.4	41.5	41.8	36.6	53.7	17.7	34.1	39.2	60.7	46.6	29.4	6.0
	External corporate equity funds raised in U.S.											
58 **Total new share issues**	**6.5**	**1.9**	**−3.8**	**22.1**	**−2.9**	**26.7**	**16.3**	**27.9**	**11.2**	**−17.0**	**16.3**	**37.1**
59 Mutual funds	.9	−.1	.1	5.0	7.7	19.5	5.5	4.5	8.9	6.5	14.5	24.5
60 All other	5.6	1.9	−3.9	17.1	−10.6	7.2	10.8	23.4	2.3	−23.5	1.8	12.6
61 Nonfinancial corporations	2.7	−.1	−7.8	12.9	−11.5	3.7	6.9	18.8	.9	−23.8	−.1	7.5
62 Financial corporations	2.5	2.5	3.2	2.1	.9	2.2	1.9	2.3	.8	1.0	2.2	2.2
63 Foreign shares purchased in U.S.	.4	−.5	.8	2.1	*	1.3	1.9	2.2	.7	−.7	−.2	2.9

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	1977	1978	1979	1980	1981	1982	1980		1981		1982	
							H1	H2	H1	H2	H1	H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**317.7**	**368.6**	**388.8**	**355.0**	**391.1**	**408.1**	**325.1**	**384.9**	**402.7**	**379.6**	**365.1**	**451.1**
By public agencies and foreign												
2 Total net advances	79.2	101.9	74.6	95.8	95.9	115.7	104.6	87.0	98.7	93.2	92.1	139.3
3 U.S. government securities	34.9	36.1	−6.3	15.7	17.2	23.9	20.5	10.9	15.9	18.5	......	47.8
4 Residential mortgages	20.0	25.7	35.8	31.7	23.4	59.9	34.9	28.5	21.4	25.5	47.4	72.3
5 FHLB advances to savings and loans	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
6 Other loans and securities	20.1	27.6	35.9	41.3	39.1	31.1	43.4	39.1	42.1	36.0	30.9	31.3
Total advanced, by sector												
7 U.S. government	10.0	17.1	19.0	23.7	24.2	18.9	24.6	22.8	27.1	21.2	14.0	23.8
8 Sponsored credit agencies	22.4	39.9	52.4	44.4	46.0	61.9	45.2	43.7	44.3	47.7	60.5	63.3
9 Monetary authorities	7.1	7.0	7.7	4.5	9.2	9.8	14.9	−5.9	−3.7	22.1	−6.3	25.9
10 Foreign	39.6	38.0	−4.6	23.2	16.6	25.1	19.9	26.5	30.9	2.2	24.0	26.3
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies & mortgage pools	21.9	36.7	47.3	43.6	45.1	60.6	47.3	39.8	42.5	47.8	59.3	61.8
12 Foreign	13.5	33.8	20.2	27.2	27.3	16.2	29.0	25.3	34.0	20.6	17.4	14.9
Private domestic funds advanced												
13 Total net advances	273.9	337.1	381.8	329.9	367.6	369.1	296.9	362.9	380.5	354.7	349.8	388.5
14 U.S. government securities	45.1	54.3	91.1	107.2	115.4	198.0	90.2	124.2	108.5	122.3	158.7	237.4
15 State and local obligations	21.9	28.4	29.8	35.9	32.9	60.7	30.7	41.0	35.1	30.6	53.1	68.4
16 Corporate and foreign bonds	22.2	22.4	23.7	25.8	20.6	17.0	31.6	20.1	18.6	22.7	*	34.0
17 Residential mortgages	81.4	95.5	92.0	73.7	59.7	3.6	69.6	77.8	78.8	40.5	15.8	−8.6
18 Other mortgages and loans	107.6	149.1	154.3	94.4	155.3	90.6	80.6	108.3	158.7	151.8	135.9	45.3
19 LESS: Federal Home Loan Bank advances	4.3	12.5	9.2	7.1	16.2	.8	5.8	8.5	19.3	13.2	13.8	−12.1
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	261.7	302.9	292.2	257.9	301.3	254.7	245.4	270.4	326.3	276.3	277.8	231.7
21 Commercial banking	87.6	128.7	121.1	99.7	103.5	98.8	64.7	134.8	107.8	99.2	120.9	76.6
22 Savings institutions	81.6	73.6	55.5	54.1	24.6	24.2	34.9	73.2	43.9	5.3	29.7	18.7
23 Insurance and pension funds	69.0	75.0	66.4	74.4	75.8	87.7	84.3	64.4	75.8	75.8	87.6	87.9
24 Other finance	23.5	25.6	49.2	29.8	97.4	44.0	61.5	−1.9	98.8	95.9	39.5	48.4
25 Sources of funds	261.7	302.9	292.2	257.9	301.3	254.7	245.4	270.4	326.3	276.3	277.8	231.7
26 Private domestic deposits and RP's	138.9	141.1	142.5	167.8	211.2	161.9	162.5	173.1	212.0	210.3	158.4	165.5
27 Credit market borrowing	26.9	38.3	33.4	17.7	35.6	3.7	10.3	25.2	43.4	27.8	34.0	−26.6
28 Other sources	96.0	123.5	116.4	72.4	54.6	89.1	72.7	72.1	70.9	38.2	85.4	92.9
29 Foreign funds	1.2	6.3	25.6	−23.0	−8.8	−27.9	−20.0	−26.0	−.7	−16.8	−18.2	−37.6
30 Treasury balances	4.3	6.8	.4	−2.6	−1.1	4.5	−6.1	1.0	6.0	−8.2	−4.9	14.0
31 Insurance and pension reserves	51.4	62.2	49.1	65.4	70.8	77.9	70.3	60.5	66.0	75.6	77.7	78.0
32 Other, net	39.1	48.3	41.3	32.6	−6.4	34.6	28.6	36.6	−.4	−12.3	30.7	38.5
Private domestic nonfinancial investors												
33 Direct lending in credit markets	39.0	72.5	122.9	89.7	101.9	118.1	61.7	117.7	97.5	106.2	106.0	130.2
34 U.S. government securities	24.6	36.3	61.4	38.3	50.4	60.1	23.3	53.3	43.0	57.7	58.8	61.4
35 State and local obligations	−.8	3.6	9.4	12.6	20.3	47.5	6.2	18.9	22.8	17.8	41.8	53.2
36 Corporate and foreign bonds	−5.1	−2.9	10.2	9.3	−7.9	−11.7	7.8	10.8	−9.2	−6.6	−26.4	3.2
37 Open-market paper	9.6	15.6	12.1	−3.4	3.5	−1.9	−8.1	1.4	−1.4	8.4	7.8	−11.6
38 Other	10.7	19.9	29.8	32.9	35.6	24.1	32.5	33.3	42.3	29.0	24.1	24.0
39 Deposits and currency	148.5	152.3	151.9	179.2	221.0	167.3	172.4	186.1	218.6	223.4	158.4	176.1
40 Currency	8.3	9.3	7.9	10.3	9.5	8.3	9.3	11.3	5.8	13.2	2.1	14.6
41 Checkable deposits	17.2	16.3	19.2	4.2	18.3	17.8	−2.5	11.0	26.5	10.1	8.6	26.9
42 Small time and savings accounts	93.5	63.7	61.0	79.5	46.6	123.8	73.4	85.7	26.9	66.3	79.3	168.2
43 Money market fund shares	.2	6.9	34.4	29.2	107.5	24.7	61.9	−3.4	104.1	110.8	39.4	10.1
44 Large time deposits	25.8	46.6	21.2	48.3	36.3	1.8	24.4	72.1	46.8	25.7	30.1	−26.5
45 Security RPs	2.2	7.5	6.6	6.5	2.5	−6.1	5.3	7.8	7.7	−2.6	1.0	−13.3
46 Deposits in foreign countries	1.3	2.0	1.5	1.1	.3	−3.0	.6	1.7	.8	−.2	−2.0	−3.9
47 **Total of credit market instruments, deposits and currency**	**187.5**	**224.9**	**274.8**	**269.0**	**322.8**	**285.4**	**234.1**	**303.8**	**316.1**	**329.6**	**264.4**	**306.3**
48 Public holdings as percent of total	23.9	25.3	18.2	25.1	22.9	27.3	29.5	21.2	22.6	23.3	24.1	29.9
49 Private financial intermediation (in percent)	95.6	89.9	76.5	78.2	82.0	69.0	82.7	74.5	85.8	77.9	79.4	59.6
50 Total foreign funds	40.8	44.3	21.0	.2	7.8	−2.8	*	.5	30.3	−14.6	5.8	−11.4
MEMO: Corporate equities not included above												
51 **Total net issues**	**6.5**	**1.9**	**−3.8**	**22.1**	**−2.9**	**26.7**	**16.3**	**27.9**	**11.2**	**−17.0**	**16.3**	**37.1**
52 Mutual fund shares	.9	−.1	.1	5.0	7.7	19.5	5.5	4.5	8.9	6.5	14.5	24.5
53 Other equities	5.6	1.9	−3.9	17.1	−10.6	7.2	10.8	23.4	2.3	−23.5	1.8	12.6
54 Acquisitions by financial institutions	7.4	4.6	10.4	14.6	22.9	24.5	8.6	20.7	25.3	20.5	20.8	28.2
55 Other net purchases	−.8	−2.7	−14.2	7.5	−25.8	2.2	7.7	7.2	−14.1	−37.5	−4.4	8.9

NOTES BY LINE NUMBER.
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1980	1981	1982	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**138.4**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.0**	**139.7**	**142.6**
Market groupings												
2 Products, total	146.7	150.6	141.8	142.0	140.8	139.3	139.0	139.9	140.9	140.5	141.9	144.5
3 Final, total	145.3	149.5	141.5	141.2	140.0	138.7	138.3	139.5	140.1	139.2	140.3	142.9
4 Consumer goods	145.4	147.9	142.6	144.1	143.4	142.2	141.3	142.0	143.6	143.9	144.7	147.7
5 Equipment	145.2	151.5	139.8	137.3	135.2	134.0	134.2	136.1	135.3	132.8	134.3	136.4
6 Intermediate	151.9	154.4	143.3	144.7	143.7	141.6	141.8	141.5	143.7	145.1	147.4	150.5
7 Materials	147.6	151.6	133.7	132.8	132.0	130.0	128.4	127.8	132.0	134.3	136.5	139.5
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	138.0	137.1	135.0	134.0	134.5	136.7	138.0	139.9	142.9
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.1	78.5	69.8	69.8	69.2	68.0	67.4	67.5	68.5	68.9	69.8	71.1
10 Industrial materials industries	80.0	79.9	68.9	68.2	67.7	66.6	65.7	65.2	67.3	68.3	69.3	70.7
11 Construction contracts (1977 = 100)[3]	107.0	111.0	111.0	112.0	117.0	105.0	122.0	131.0	127.0	119.0	131.0	n.a.
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	135.7	135.7	135.1	134.9	134.6	135.1	134.9r	135.2r	135.6
13 Goods-producing, total	110.1	109.3	102.5	101.5	101.0	99.7	99.0	98.2	99.4	98.8	98.9r	99.5
14 Manufacturing, total	104.3	103.7	96.9	96.0	95.5	94.2	93.5	93.2	93.6	93.7	94.0r	94.5
15 Manufacturing, production-worker	99.3	98.0	89.3	88.4	87.8	86.2	85.3	85.1	85.6	85.7	86.1	86.9
16 Service-producing	152.4	154.4	154.7	154.5	154.7	154.4	154.5	154.3	154.7	154.7r	155.1r	155.4
17 Personal income, total	342.9	383.5	407.9	411.4	412.3	414.2	417.1	418.3	419.3	419.7r	422.0r	n.a.
18 Wages and salary disbursements	317.6	349.9	365.5	367.8	367.7	368.0	368.2	370.0	373.8	373.3	375.4r	n.a.
19 Manufacturing	264.3	288.1	285.3	286.4	284.5	281.3	280.0	279.3	283.9	285.5r	287.5r	n.a.
20 Disposable personal income[5]	332.9	370.3	396.7	400.9	402.0	403.7	406.8	407.4	409.5	409.2	411.6	n.a.
21 Retail sales[6]	303.8	330.6	326.0	340.3	343.5	347.4	353.4	353.3	352.7	348.3	354.4	360.0
Prices[7]												
22 Consumer	246.8	272.4	289.1	292.8	293.3	294.1	293.6	292.4	292.6	293.2	293.4r	n.a.
23 Producer finished goods	247.0	269.8	280.6	282.3	281.2	284.1	284.9	285.1	283.6	283.7	283.4r	n.a.

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

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

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1982 Q2	1982 Q3	1982 Q4r	1983 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1982 Q2	1982 Q3	1982 Q4r	1983 Q1
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**138.1**	**137.7**	**134.5**	**138.2**	**196.4**	**197.7**	**198.9**	**200.1**	**70.3**	**69.7**	**67.6**	**69.1**
2 Primary processing	132.3	132.4	129.3	135.6	199.5	200.4	201.3	202.3	66.3	66.1	64.2	67.0
3 Advanced processing	141.2	140.5	137.3	139.7	194.9	196.2	197.6	199.0	72.5	71.6	69.5	70.2
4 **Materials**	**134.7**	**132.6**	**128.7**	**134.3**	**193.7**	**194.6**	**195.5**	**196.6**	**69.6**	**68.1**	**65.8**	**68.3**
5 Durable goods	127.1	124.7	117.1	124.8	197.3	198.3	199.2	200.2	64.4	62.9	58.8	62.3
6 Metal materials	77.0	73.0	66.5	78.2	142.4	142.3	142.4	142.6	54.1	51.3	46.7	54.8
7 Nondurable goods	156.8	155.1	157.0	162.3	216.1	217.4	218.9	220.2	72.6	71.3	71.8	73.7
8 Textile, paper, and chemical	160.5	158.4	160.8	167.3	227.3	228.8	230.5	231.9	70.6	69.2	69.8	72.2
9 Textile	101.8	102.0	103.0	106.9	142.4	142.8	143.1	143.6	71.5	71.5	72.0	74.5
10 Paper	142.0	145.9	147.6	149.7	164.6	165.4	166.3	167.0	86.3	88.2	88.7	89.6
11 Chemical	194.0	188.5	191.9	201.3	289.6	291.9	294.3	296.7	67.0	64.6	65.2	67.8
12 Energy materials	125.5	123.8	121.5	122.3	157.0	157.6	158.2	158.8	79.9	78.5	76.8	77.0

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1982	1982					1983			
	High	Low	High	Low	Apr.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.
	Capacity utilization rate (percent)													
13 Manufacturing	88.0	69.0	87.2	74.9	70.8	69.8	69.2	68.0	67.4	67.5	68.5	68.9	69.8	71.7
14 Primary processing	93.8	68.2	90.1	71.0	67.2	66.1	66.4	65.0	63.9	63.7	66.0	67.4	67.8	69.5
15 Advanced processing	85.5	69.4	86.2	77.2	72.6	71.7	70.7	69.6	69.2	69.5	70.0	70.0	70.6	71.9
16 Materials	92.6	69.4	88.8	73.8	70.5	68.2	67.7	66.6	65.7	65.2	67.3	68.3	69.3	70.7
17 Durable goods	91.5	63.6	88.4	68.2	65.0	63.1	61.9	59.6	58.4	58.4	60.8	62.3	63.9	65.7
18 Metal materials	98.3	68.6	96.0	59.6	56.2	51.2	51.9	48.6	45.5	46.0	52.4	54.1	57.9	59.8
19 Nondurable goods	94.5	67.2	91.6	77.5	74.4	71.0	72.8	72.5	71.9	71.0	72.7	73.9	74.6	75.8
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	72.5	68.9	70.7	70.3	69.9	69.3	70.8	72.6	73.2	74.2
21 Textile	92.6	57.9	90.6	80.9	73.4	72.3	72.3	73.0	71.6	71.3	73.0	74.1	76.3	n.a.
22 Paper	99.4	72.4	97.7	89.3	87.4	88.6	89.8	89.7	90.0	86.5	89.9	89.9	89.0	n.a.
23 Chemical	95.5	64.2	91.3	70.7	69.0	63.9[r]	66.2	65.4	65.1	65.1	66.0	68.4	69.0	n.a.
24 Energy materials	94.6	84.8	88.3	82.7	80.2	79.0	76.6	77.6	76.8	76.0	77.5	76.9	76.6	77.3

1. Monthly high 1973; monthly low 1975.

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1980	1981	1982	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**169,847**	**172,272**	**174,451**	**175,069**	**175,238**	**175,381**	**175,543**	**175,693**	**175,850**	**175,465**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,384	112,940	113,222	113,311	112,737	112,741	112,678	112,988
3 Civilian labor force	106,940	108,670	110,204	110,752	111,042	111,129	110,548	110,553	110,484	110,786
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	95,763	95,670	95,682	95,691	95,670	95,729	97
5 Agriculture	3,364	3,368	3,401	3,413	3,466	3.411	3,412	3,393	3,375	3,371
Unemployment										
6 Number	7,637	8,273	10,678	11,576	11,906	12,036	11,446	11,490	11,381	11,328
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	10.5	10.7	10.8	10.4	10.4	10.3	10.2
8 Not in labor force	60,805	61,460	62,067	62,129	62,016	62,070	62,806	62,952	63,172	63,008
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**90,406**	**91,105**	**89,619**	**88,877**	**88,750**	**88,565**	**88,920**	**88,759**	**88,955**	89,213
10 Manufacturing	20,285	20,173	18,849	18,325	18,181	18,131	18,208	18,226	18,276	18,385
11 Mining	1,020	1,132	1,122	1,058	1,046	1,037	1,027	1,005	997	990
12 Contract construction	4,399	4,176	3,912	3,856	3,854	3,818	3,927	3.787	3,777	3,808
13 Transportation and public utilities	5,143	5,157	5,057	5,007	4,992	4,983	4,949	4,938	4,934	4,955
14 Trade	20,386	20,551	20,547	20,441	20.425	20,316	20,487	20,448	20,521	20,512
15 Finance	5,168	5,301	5,350	5,357	5,363	5,377	5,384	5,396	5,406	5,424
16 Service	17,901	18,592	19,000	19,074	19,135	19,148	19,200	19,203	19,314	19,418
17 Government	16,249	16,024	15,784	15,742	15,754	15.755	15,738	15,756	15,730	15,721

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

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

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1982 avg.	1982 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.r	Feb.	Mar.p	Apr.e
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**140.2**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.0**	**139.7**	**142.6**
2 Products	60.71	141.8	142.9	142.3	142.1	142.6	142.0	140.8	139.3	139.0	139.9	140.9	140.5	141.9	144.5
3 Final products	47.82	141.5	142.6	142.2	142.1	142.5	141.2	140.0	138.7	138.3	139.5	140.1	139.2	140.3	142.9
4 Consumer goods	27.68	142.6	142.1	143.6	144.8	145.8	144.1	143.4	142.2	141.3	142.0	143.6	143.9	144.7	147.7
5 Equipment	20.14	139.8	143.4	140.4	138.4	138.0	137.3	135.2	134.0	134.2	136.1	135.3	132.8	134.3	136.4
6 Intermediate products	12.89	143.3	143.7	142.6	141.9	142.8	144.7	143.7	141.6	141.8	141.5	143.7	145.1	147.4	150.5
7 Materials	39.29	133.7	136.2	134.3	133.5	133.0	132.8	132.0	130.0	128.4	127.8	132.0	134.3	136.5	139.5
Consumer goods															
8 Durable consumer goods	7.89	129.2	130.7	132.6	134.6	137.3	132.9	131.3	126.5	124.6	125.9	131.6	134.4	135.0	139.3
9 Automotive products	2.83	129.5	129.9	138.9	143.0	149.7	135.5	135.5	123.6	120.7	128.7	136.2	144.3	142.0	144.1
10 Autos and utility vehicles	2.03	99.0	100.5	111.8	117.1	127.7	107.1	105.8	89.6	86.9	99.0	107.0	120.8	116.4	118.0
11 Autos	1.90	86.6	87.2	96.1	101.9	114.6	93.3	94.3	79.5	77.7	87.9	97.1	107.3	99.9	102.7
12 Auto parts and allied goods	.80	206.9	204.6	207.6	208.6	205.4	207.6	210.7	210.0	206.6	204.0	210.2	204.0	207.1	210.2
13 Home goods	5.06	129.1	131.1	129.1	129.9	130.4	131.4	128.9	128.1	126.8	124.3	129.1	128.9	131.0	136.5
14 Appliances, A/C, and TV	1.40	102.6	102.7	100.5	106.4	102.7	104.5	99.4	106.1	104.8	94.2	109.5	105.6	104.6	116.3
15 Appliances and TV	1.33	104.6	103.1	101.5	108.8	106.1	108.6	104.1	110.5	108.4	98.3	112.9	108.5	108.1	.....
16 Carpeting and furniture	1.07	149.7	151.8	145.9	149.0	151.4	152.5	153.3	151.9	151.4	150.8	149.0	155.8	161.2	.....
17 Miscellaneous home goods	2.59	135.0	138.0	137.7	134.9	136.7	137.2	134.9	130.1	128.6	129.8	131.4	130.4	132.9	134.7
18 Nondurable consumer goods	19.79	148.0	146.6	147.9	148.8	149.1	148.6	148.2	148.5	147.9	148.4	148.3	147.6	148.6	151.0
19 Clothing	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples	15.50	159.0	158.3	159.0	159.9	159.7	159.4	158.8	159.1	158.1	158.8	158.6	158.1	159.4	161.6
21 Consumer foods and tobacco	8.33	149.7	148.1	149.9	150.9	149.9	149.6	148.6	150.2	149.0	149.5	150.9	150.7	.....	.....
22 Nonfood staples	7.17	169.7	170.0	169.5	170.4	171.2	170.8	170.7	169.5	168.7	169.6	167.6	166.8	169.0	172.5
23 Consumer chemical products	2.63	219.9	218.3	216.6	219.8	222.3	222.4	221.7	220.0	218.9	220.9	222.6	221.6	224.2	.....
24 Consumer paper products	1.92	127.7	128.7	126.7	126.7	128.1	129.4	128.2	125.3	125.1	128.3	127.1	127.9	127.6	.....
25 Consumer energy products	2.62	150.2	151.9	153.6	152.8	151.4	149.3	150.6	151.1	150.2	148.4	142.2	140.2	143.9	.....
26 Residential utilities	1.45	170.8	174.5	173.7	171.1	167.7	169.7	169.5	169.1	171.5	169.3	164.1	162.9	.....	.....
Equipment															
27 Business	12.63	157.9	164.9	159.9	156.7	154.9	153.9	150.5	147.1	146.4	148.1	146.6	142.8	144.1	146.7
28 Industrial	6.77	134.9	145.9	138.9	134.0	131.3	128.4	123.8	118.3	117.2	117.9	118.4	114.3	113.4	114.3
29 Building and mining	1.44	214.2	242.2	224.4	209.0	200.4	190.8	182.1	169.3	165.7	171.9	173.8	152.1	144.5	142.0
30 Manufacturing	3.85	107.2	114.0	109.7	107.5	106.0	104.4	101.6	98.0	97.5	97.0	97.6	98.7	100.1	101.9
31 Power	1.47	129.9	134.8	131.5	129.9	129.6	130.1	124.7	121.0	121.0	119.7	118.3	118.2	117.8	119.4
32 Commercial transit, farm	5.86	184.4	186.9	184.1	183.0	182.2	183.3	181.4	180.5	180.2	183.0	179.2	175.8	179.6	184.2
33 Commercial	3.26	253.5	253.1	247.7	247.5	248.8	253.5	254.0	253.5	254.8	258.6	254.9	250.5	255.4	260.7
34 Transit	1.93	103.9	110.9	110.9	108.3	106.3	102.0	95.5	93.2	92.3	96.2	90.8	88.2	91.0	93.5
35 Farm	.67	80.5	83.5	85.8	84.1	76.9	75.8	76.1	76.8	70.7	65.1	66.0	64.2	66.3	.....
36 Defense and space	7.51	109.4	107.2	107.7	107.6	109.5	109.5	109.5	111.9	113.6	115.9	116.4	116.0	117.8	119.1
Intermediate products															
37 Construction supplies	6.42	124.3	123.6	122.2	123.1	124.1	127.1	125.5	122.5	123.4	123.0	127.0	129.6	132.1	135.5
38 Business supplies	6.47	162.1	163.7	162.8	160.6	161.4	162.1	161.8	160.5	160.1	159.8	160.3	160.5	162.7	.....
39 Commercial energy products	1.14	181.1	183.5	180.3	178.3	179.8	178.1	179.2	180.4	182.4	182.4	180.6	178.4	180.6	.....
Materials															
40 Durable goods materials	20.35	125.0	128.1	126.6	126.6	126.0	125.1	123.0	118.5	116.4	116.5	121.5	124.7	128.1	132.0
41 Durable consumer parts	4.58	95.3	94.7	98.9	103.1	103.8	101.0	97.1	91.4	90.0	91.1	96.2	101.5	102.5	105.9
42 Equipment parts	5.44	166.8	173.9	170.0	168.3	166.1	164.1	158.3	155.4	155.1	155.3	157.5	158.6	162.4	167.3
43 Durable materials n.e.c.	10.34	116.2	118.8	116.1	115.1	114.8	115.4	115.8	111.1	107.7	107.4	113.8	117.2	121.4	125.0
44 Basic metal materials	5.57	79.9	82.3	79.4	77.4	75.7	76.1	77.7	73.0	69.1	68.7	78.1	80.7	86.0	.....
45 Nondurable goods materials	10.47	157.5	160.3	156.6	153.5	152.3	154.5	158.5	158.2	157.3	155.6	159.7	162.6	164.7	167.5
46 Textile, paper, and chemical materials	7.62	161.1	164.4	160.4	156.7	155.3	157.7	162.2	161.5	161.0	160.0	163.7	168.2	170.1	172.9
47 Textile materials	1.85	102.2	104.5	101.8	99.1	99.6	103.2	103.3	104.4	102.5	102.1	104.7	106.4	109.6	.....
48 Paper materials	1.62	145.6	143.5	141.8	140.7	142.1	146.6	148.9	148.9	149.7	144.1	150.1	150.1	148.8	.....
49 Chemical materials	4.15	193.5	199.3	193.9	188.7	185.4	186.5	193.7	192.0	191.6	192.0	195.4	203.0	205.4	.....
50 Containers, nondurable	1.70	161.4	159.8	157.2	158.5	158.1	162.8	167.3	164.9	160.8	155.2	162.1	159.5	163.9	.....
51 Nondurable materials n.e.c.	1.14	127.9	134.2	130.6	124.8	123.4	120.1	121.1	125.5	127.4	127.2	129.6	129.8	129.6	.....
52 Energy materials	8.48	125.1	125.8	125.4	125.4	126.0	124.5	121.0	122.6	121.4	120.4	123.0	122.2	121.8	123.0
53 Primary energy	4.65	116.0	117.3	116.9	116.6	117.2	113.8	111.1	114.4	113.7	113.5	116.5	115.9	114.6	.....
54 Converted fuel materials	3.82	136.3	136.1	135.7	136.0	136.7	137.4	133.0	132.6	130.8	128.9	130.8	129.8	130.6	.....
Supplementary groups															
55 Home goods and clothing	9.35	119.6	118.9	119.5	120.2	121.4	121.3	120.1	119.9	119.6	118.2	120.8	120.1	121.3	125.7
56 Energy, total	12.23	135.7	136.7	136.5	136.2	136.4	134.8	132.7	134.1	133.3	132.2	132.4	131.3	132.0	134.0
57 Products	3.76	159.6	161.5	161.7	160.5	160.0	158.0	159.3	160.0	160.0	158.7	153.8	151.8	155.0	.....
58 Materials	8.48	125.1	125.8	125.4	125.4	126.0	124.5	121.0	122.6	121.4	120.4	123.0	122.2	121.8	123.0

2.13 Continued

Grouping	SIC code	1967 proportion	1982 avg.	1982 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.[r]	Feb.	Mar.[p]	Apr.[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	146.3	151.6	148.8	145.2	142.6	141.3	139.7	140.4	140.4	140.1	141.3	137.4	137.8	138.9
2 Mining	......	6.36	126.1	134.1	128.9	123.5	120.1	116.9	114.7	115.9	116.8	118.4	121.9	115.5	113.7	113.4
3 Utilities	......	5.69	168.7	171.0	170.9	169.4	167.7	168.5	167.5	167.8	166.7	164.2	163.1	161.8	164.8	167.3
4 Electric	......	3.88	190.5	193.1	193.4	191.6	189.2	189.9	188.2	188.4	188.3	185.6	184.4	182.8	186.7	189.9
5 Manufacturing	......	87.95	137.6	138.7	137.9	137.7	138.1	138.0	137.1	135.0	134.0	134.5	136.7	138.0	139.9	142.9
6 Nondurable	......	35.97	156.2	156.1	155.0	155.3	155.7	156.9	156.7	156.2	155.3	155.6	157.4	158.6	160.1	163.1
7 Durable	......	51.98	124.7	126.7	126.1	125.5	125.9	124.9	123.5	120.3	119.3	119.9	122.5	123.7	125.9	129.0
Mining																
8 Metal	10	.51	82.4	108.8	90.0	71.8	58.1	53.4	55.4	63.1	70.4	74.9	81.7	74.9	79.8	.....
9 Coal	11.12	.69	142.7	146.2	149.2	144.4	140.3	135.8	127.9	143.2	134.1	129.7	144.8	136.5	127.3	127.4
10 Oil and gas extraction	13	4.40	131.1	137.7	132.7	129.1	127.0	123.3	121.0	119.1	120.3	122.9	124.6	117.0	115.1	113.8
11 Stone and earth minerals	14	.75	112.1	119.6	114.6	106.6	103.8	105.7	106.3	108.5	111.9	111.7	112.8	115.4	116.5	.....
Nondurable manufactures																
12 Foods	20	8.75	151.1	149.7	150.5	151.0	151.0	150.7	149.0	151.5	152.0	152.8	154.4	153.8	.....	.....
13 Tobacco products	21	.67	118.0	116.1	118.6	123.6	121.4	120.6	113.3	110.6	113.0	109.9	104.7	108.5	.....	.....
14 Textile mill products	22	2.68	124.5	126.3	123.5	123.7	124.3	125.9	126.1	125.9	123.1	122.2	125.8	130.7	132.0	.....
15 Apparel products	23	3.31	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products	26	3.21	150.8	149.8	146.5	146.8	147.0	152.5	154.3	155.0	154.5	151.1	158.8	155.6	155.7	157.4
17 Printing and publishing	27	4.72	144.1	144.2	143.8	142.6	143.9	145.3	144.3	142.0	141.7	142.8	141.3	144.0	145.4	147.7
18 Chemicals and products	28	7.74	196.1	198.6	193.6	193.2	194.1	195.6	196.4	194.1	192.8	195.9	197.6	200.0	201.6	.....
19 Petroleum products	29	1.79	121.8	120.8	122.2	124.3	124.7	121.4	122.6	123.8	120.0	118.7	113.5	111.8	116.1	121.6
20 Rubber and plastic products	30	2.24	254.7	255.1	257.0	258.9	256.8	261.1	262.0	256.3	250.2	249.7	256.2	262.1	269.0	.....
21 Leather and products	31	.86	60.9	60.6	61.1	62.3	62.9	60.8	60.9	59.5	57.7	56.0	59.5	61.7	62.0	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	86.9	85.2	86.3	86.5	87.1	86.5	86.9	89.5	91.9	92.5	93.5	93.3	93.5	94.7
23 Lumber and products	24	1.64	112.6	106.2	110.6	112.2	116.9	120.3	119.9	117.2	119.1	121.4	130.0	130.2	132.1	.....
24 Furniture and fixtures	25	1.37	151.9	151.8	151.1	152.5	154.5	156.7	155.7	154.3	152.4	153.7	150.0	151.7	155.4	.....
25 Clay, glass, stone products	32	2.74	128.2	127.0	125.0	126.1	126.9	128.8	130.4	128.1	127.3	125.4	128.0	131.8	132.7	.....
26 Primary metals	33	6.57	75.3	76.4	75.2	72.8	72.9	72.9	73.2	69.6	63.6	63.5	73.1	77.0	80.7	83.9
27 Iron and steel	331.2	4.21	61.7	65.1	62.4	58.0	58.1	57.4	56.4	54.1	47.5	46.6	59.0	64.7	68.7	.....
28 Fabricated metal products	34	5.93	114.8	119.1	115.8	115.0	115.5	114.3	112.3	107.6	107.0	107.3	107.6	110.2	112.2	115.3
29 Nonelectrical machinery	35	9.15	149.0	153.7	150.0	147.4	147.1	147.2	144.9	140.4	139.6	139.2	138.0	135.7	138.7	142.2
30 Electrical machinery	36	8.05	169.3	172.2	170.9	170.8	170.3	169.7	167.0	165.4	165.5	165.5	169.5	169.3	173.1	178.5
31 Transportation equipment	37	9.27	104.9	105.9	110.0	111.6	112.7	107.0	105.3	100.8	100.2	103.7	106.3	109.8	110.3	111.9
32 Motor vehicles and parts	371	4.50	109.8	110.7	119.8	124.0	127.2	116.7	113.5	103.0	101.7	108.8	113.9	123.0	123.3	125.5
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	100.4	101.3	100.8	99.9	99.0	97.8	97.6	98.6	98.7	98.9	99.1	97.3	97.9	99.2
34 Instruments	38	2.11	161.9	162.8	163.8	164.8	165.2	165.5	161.9	157.4	155.8	155.2	154.5	153.5	155.1	154.9
35 Miscellaneous manufactures	39	1.51	137.0	144.6	141.7	136.8	134.7	133.9	132.9	129.6	129.5	128.2	131.3	133.9	135.2	139.0
				Gross value (billions of 1972 dollars, annual rates)												
MAJOR MARKET																
36 Products, total	......	**507.4**	**579.6**	**582.1**	**586.1**	**584.1**	**585.8**	**578.5**	**575.3**	**570.0**	**568.4**	**572.9**	**578.1**	**579.0**	**585.8**	**595.8**
37 Final	......	390.9	451.1	453.5	458.3	456.7	457.2	449.2	446.3	442.8	441.3	445.8	448.3	448.2	452.3	460.3
38 Consumer goods	......	277.5	308.0	306.7	312.3	313.1	314.9	309.1	309.3	306.6	305.6	306.8	310.9	313.0	314.6	320.5
39 Equipment	......	113.4	143.1	146.8	146.0	143.5	142.3	140.1	137.0	136.2	135.7	138.9	137.4	135.2	137.7	139.8
40 Intermediate	......	116.6	128.5	128.6	127.8	127.4	128.7	129.3	129.0	127.2	127.1	127.1	129.8	130.8	133.5	135.6

1. 1972 dollar value.

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1980	1981	1982[r]	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.[r]	1983 Jan.[r]	1983 Feb.[r]	1983 Mar.
	Private residential real estate activity (thousands of units)										
New Units											
1 Permits authorized	1,191	986	985	888	1,003	1,172	1,192	1,305	1,478	1,493	1,434
2 1-family	710	564	538	497	561	651	729	736	903	833	833
3 2-or-more-family	480	421	448	391	442	521	463	569	575	660	601
4 Started	1,292	1,084	1,062	1,046	1,134	1,142	1,361	1,280	1,694	1,775	1,611
5 1-family	852	705	663	651	683	716	868	842	1,126	1,087	991
6 2-or-more-family	440	379	400	395	451	426	493	438	568	688	620
7 Under construction, end of period[1]	896	682	720	671[r]	685[r]	691	712	730	756	799	
8 1-family	515	382	400	374[r]	380[r]	383	395	411	428	455	
9 2-or-more-family	382	301	320	296	306[r]	307	317	319	329	344	
10 Completed	1,502	1,266	1,006	1,001[r]	936[r]	1,077	1,053	1,035	1,194	1,121	n.a.
11 1-family	957	818	631	638	585[r]	679	679	647	779	707	
12 2-or-more-family	545	447	374	363[r]	351[r]	398	374	388	415	414	
13 Mobile homes shipped	222	241	239	234	222	224	251	243	284	283	
Merchant builder activity in 1-family units											
14 Number sold	545	436	413	389	473	481	545	529	610	587	577
15 Number for sale, end of period[1]	342	278	255	248	247	245	246	251	263	264	259
Price (thousands of dollars)[2]											
Median											
16 Units sold	64.7	68.8	69.3	70.1	67.7	69.7	73.5	71.7	73.9	74.2	73.5
Average											
17 Units sold	76.4	83.1	83.8	86.5	79.6	79.9	87.8	86.7	87.7	88.0	88.1
Existing Units (1-family)											
18 Number sold	2,974[r]	2,418[r]	1,991	1,860[r]	1,910	1,990	2,150	2,260	2,580	2,460	2,700
Price of units sold (thousands of dollars)[2]											
19 Median	62.1	66.1	67.7	68.9	67.3	66.9	67.7	67.8	68.1	68.2	69.3
20 Average	72.7	78.0	80.4	82.0	80.0	79.3	80.4	80.6	80.0	80.3	81.6
	Value of new construction[3] (millions of dollars)										
Construction											
21 Total put in place	**230,748**	**238,198**	**229,566**	**228,053**	**228,136**	**230,818**	**239,637**	**239,031**	**255,969**	**249,296**	**245,394**
22 Private	175,701	185,221	179,418	176,644	177,002	179,792	187,517	191,441	200,071	199,099	198,596
23 Residential	87,261	86,566	75,003	72,139	71,451	75,687	81,744	86,950	93,406	96,313	97,807
24 Nonresidential, total	88,440	98,655	104,415	104,505	105,551	104,105	105,773	104,491	106,665	102,786	100,789
Buildings											
25 Industrial	13,839	17,031	16,670	16,691	16,587	17,072	15,838	15,257	15,518	14,431	13,332
26 Commercial	29,940	34,243	37,125	36,091	37,129	35,677	37,769	37,516	38,773	37,330	37,261
27 Other	8,654	9,543	10,421	10,499	10,506	10,778	11,100	11,476	12,234	11,871	11,491
28 Public utilities and other	36,007	37,838	40,199	41,224	41,329	40,578	41,066	40,242	40,140	39,154	38,705
29 Public	55,047	52,977	50,148	51,409	51,134	51,026	52,120	47,590	55,898	50,197	46,798
30 Military	1,880	1,966	2,192	2,481	2,674	2,324	2,527	2,320	2,671	2,709	2,721
31 Highway	13,808	13,304	13,180	13,327	13,464	14,314	13,906	12,417	14,757	13,245	11,525
32 Conservation and development	5,089	5,225	4,983	5,036	4,719	4,541	4,718	4,601	5,214	4,889	5,063
33 Other	34,270	32,482	29,793	30,565	30,277	29,847	30,969	28,252	33,256	29,354	27,489

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

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Mar. 1983 (1967 = 100)[1]
	1982 Mar.	1983 Mar.	1982			1983	1982		1983			
			June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES[2]												
1 **All items**	**6.8**	**3.6**	**9.8**	**4.1**	**.5**	**.4**	**.0**	**−.3**	**.2**	**−.2**	**.1**	**293.4**
2 Food	4.0	2.7	6.2	.6	.8	2.8	.0	.0	.1	.0	.6	290.5
3 Energy items	−.8	−1.5	7.5	8.1	10.2	−25.1	.8	.3	−2.5	−3.7	−.9	399.9
4 All items less food and energy	8.7	4.7	9.6	4.7	−.3	4.4	−.1	−.2	.5	−.4	.2	282.6
5 Commodities	6.2	6.1	9.9	2.4	5.4	5.7	.3	.3	.5	.5	.4	239.1
6 Services	10.9	3.6	11.3	4.6	−4.8	3.7	−.3	−1.0	.5	.3	.1	333.1
PRODUCER PRICES												
7 Finished goods	4.2	2.2	4.6	4.2	4.6	−4.1	.6	.2	−1.0	.1	−.1	283.4
8 Consumer foods	1.8	1.4	10.2	−5.2	−2.6	4.1	0	.2	−.2	.6	.5	260.8
9 Consumer energy	−2.9	−4.5	−9.2	30.9	7.1	−34.4	2.0	−.7	−4.2	−2.9	−3.2	777.6
10 Other consumer goods	6.3	3.7	5.7	4.2	6.5	−1.0	.6	.3	−1.0	.7	.1	238.1
11 Capital equipment	6.9	3.9	5.2	3.5	3.9	3.0	.4	.5	−.1	.5	.4	286.5
12 Intermediate materials[3]	3.5	−.5	−.5	2.3	1.5	−5.1	.3	.0	−.4	−.2	−.8	314.5
13 Excluding energy	4.5	.8	.0	1.0	1.2	.8	.2	.2	−.1	.4	−.1	292.5
Crude materials												
14 Foods	−5.4	.5	15.8	−26.4	1.3	18.1	1.0	.4	1.1	2.4	.7	249.1
15 Energy	.5	2.1	1.6	8.7	5.8	−7.1	1.8	−1.2	−1.2	−.6	.1	805.2
16 Other	−9.8	−1.6	19.2	2.9	−7.9	−15.9	−.9	−.4	−2.9	−2.8	1.5	244.6

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	1980	1981	1982	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1p
GROSS NATIONAL PRODUCT								
1 **Total**	**2,633.1**	**2,937.7**	**3,059.3**	**2,995.5**	**3,045.2**	**3,088.2**	**3,108.2**	**3,176.7**
By source								
2 Personal consumption expenditures	1,667.2	1,843.2	1,971.1	1,919.4	1,947.8	1,986.3	2,030.8	2,054.0
3 Durable goods	214.3	234.6	242.7	237.9	240.7	240.3	251.8	256.4
4 Nondurable goods	670.4	734.5	762.1	749.1	755.0	768.4	775.7	776.4
5 Services	782.5	874.1	966.3	932.4	952.1	977.6	1,003.3	1,021.2
6 Gross private domestic investment	402.4	471.5	420.3	414.8	431.5	443.3	391.5	430.6
7 Fixed investment	412.4	451.1	444.1	450.4	447.7	438.6	439.9	459.1
8 Nonresidential	309.2	346.1	348.0	357.0	352.2	344.2	338.4	339.3
9 Structures	110.5	129.7	141.5	141.4	143.6	141.3	139.6	140.4
10 Producers' durable equipment	198.6	216.4	206.5	215.6	208.6	203.0	198.8	198.9
11 Residential structures	103.2	105.0	96.2	93.4	95.5	94.3	101.4	119.9
12 Nonfarm	98.3	99.7	90.5	87.9	89.6	88.7	95.7	114.0
13 Change in business inventories	−10.0	20.5	−23.8	−35.6	−16.2	4.7	−48.3	−28.5
14 Nonfarm	−5.7	15.0	−24.3	−36.0	−15.0	3.7	−50.0	−26.6
15 Net exports of goods and services	25.2	26.1	20.5	31.3	34.9	6.9	9.1	16.6
16 Exports	339.2	367.3	350.8	359.9	365.8	349.5	328.1	330.2
17 Imports	314.0	341.3	330.3	328.6	330.9	342.5	319.1	313.6
18 Government purchases of goods and services	538.4	596.9	647.4	630.1	630.9	651.7	676.8	675.5
19 Federal	197.2	229.0	257.9	249.7	244.3	259.0	278.7	271.9
20 State and local	341.2	368.0	389.4	380.4	386.6	392.7	398.0	403.6
By major type of product								
21 Final sales, total	2,643.1	2,917.3	3,083.1	3,031.1	3,061.4	3,083.5	3,156.5	3,205.2
22 Goods	1,141.9	1,289.2	1,280.4	1,269.4	1,283.1	1,295.5	1,273.6	1,302.3
23 Durable	477.3	528.1	493.3	482.4	505.9	516.9	467.9	486.2
24 Nondurable	664.6	761.1	787.1	787.0	777.2	778.6	805.7	816.1
25 Services	1,225.6	1,364.3	1,494.4	1,444.4	1,476.7	1,509.5	1,547.0	1,567.3
26 Structures	265.7	284.2	284.5	281.7	285.3	283.2	287.7	307.1
27 Change in business inventories	−10.0	20.5	−23.8	−35.6	−16.2	4.7	−48.3	−28.5
28 Durable goods	−5.2	8.7	−18.9	−30.9	−6.6	10.1	−48.3	−29.1
29 Nondurable goods	−4.8	11.8	−5.0	−4.8	−9.6	−5.4	.0	.6
30 MEMO: **Total GNP in 1972 dollars**	**1,474.0**	**1,502.6**	**1,476.9**	**1,470.7**	**1,478.4**	**1,481.1**	**1,477.2**	**1,488.5**
NATIONAL INCOME								
31 **Total**	**2,117.1**	**2,352.5**	**2,436.6**	**2,396.9**	**2,425.2**	**2,455.6**	**2,468.8**	**n.a.**
32 Compensation of employees	1,598.6	1,767.6	1,856.5	1,830.8	1,850.7	1,868.3	1,876.1	1,908.5
33 Wages and salaries	1,356.1	1,494.0	1,560.6	1,541.5	1,556.6	1,570.0	1,574.5	1,597.8
34 Government and government enterprises	260.2	283.1	302.3	296.3	300.0	303.5	309.2	313.2
35 Other	1,095.9	1,210.9	1,258.4	1,245.2	1,256.6	1,266.4	1,265.4	1,284.6
36 Supplement to wages and salaries	242.5	273.6	295.8	289.3	294.1	298.3	301.6	310.7
37 Employer contributions for social insurance	115.3	133.2	142.1	140.2	141.7	142.8	143.7	150.1
38 Other labor income	127.3	140.4	153.8	149.1	152.5	155.5	157.9	160.6
39 Proprietors' income[1]	116.3	124.7	120.3	116.4	117.3	118.4	128.9	128.5
40 Business and professional[1]	96.9	100.7	101.3	98.6	99.9	101.7	104.8	110.1
41 Farm[1]	19.4	24.0	19.0	17.8	17.4	16.6	24.1	18.4
42 Rental income of persons[2]	32.9	33.9	34.1	33.9	34.2	34.6	33.9	35.3
43 Corporate profits[1]	181.6	190.6	160.8	157.1	155.4	166.2	164.6	n.a.
44 Profits before tax[3]	242.5	232.1	174.9	171.6	171.7	180.3	175.9	n.a.
45 Inventory valuation adjustment	−43.0	−24.6	−9.2	−4.4	−9.4	−10.3	−12.6	−.7
46 Capital consumption adjustment	−17.8	−16.8	−4.9	−10.1	−6.9	−3.8	1.3	7.1
47 Net interest	187.7	235.7	264.9	258.7	267.5	268.1	265.3	266.9

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1980	1981	1982	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1983 Q1[p]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,160.2**	**2,404.1**	**2,569.9**	**2,510.5**	**2,552.7**	**2,592.5**	**2,624.0**	**2,648.3**
2 Wage and salary disbursements	1,356.1	1,493.9	1,560.7	1,541.6	1,556.6	1,570.0	1,574.5	1,597.8
3 Commodity-producing industries	468.0	510.8	509.9	514.3	513.6	510.2	501.6	509.8
4 Manufacturing	354.4	386.4	382.6	385.1	385.6	383.8	375.8	383.1
5 Distributive industries	330.5	361.4	376.0	371.4	375.4	378.4	378.8	381.7
6 Service industries	297.5	338.6	372.5	359.5	367.6	377.8	385.0	393.0
7 Government and government enterprises	260.2	283.1	302.3	296.5	300.0	303.5	309.2	313.2
8 Other labor income	127.3	140.4	153.8	149.1	152.5	155.5	157.9	160.6
9 Proprietors' income[1]	116.3	124.7	120.3	116.4	117.3	118.4	128.9	128.5
10 Business and professional[1]	96.9	100.7	101.3	98.6	99.9	101.7	104.8	110.1
11 Farm[1]	19.4	24.0	19.0	17.8	17.4	16.6	24.1	18.4
12 Rental income of persons[2]	32.9	33.9	34.1	33.9	34.2	34.6	33.9	35.3
13 Dividends	55.9	62.5	67.0	65.8	66.1	67.2	68.8	69.8
14 Personal interest income	256.3	308.5	371.2	359.7	372.0	378.2	374.6	377.6
15 Transfer payments	297.2	336.3	374.7	354.6	365.2	381.0	397.8	395.3
16 Old-age survivors, disability, and health insurance benefits	154.2	182.0	204.5	194.7	197.5	209.2	216.6	216.8
17 LESS: Personal contributions for social insurance	88.7	104.9	111.7	110.6	111.4	112.4	112.5	116.4
18 EQUALS: Personal income	2,160.2	2,404.1	2,569.9	2,510.5	2,552.7	2,592.5	2,624.0	2,648.3
19 LESS: Personal tax and nontax payments	336.2	386.7	397.2	393.4	401.2	394.4	399.7	401.4
20 EQUALS: Disposable personal income	1,824.1	2,029.2	2,172.7	2,117.1	2,151.5	2,198.1	2,224.3	2,247.0
21 LESS: Personal outlays	1,717.9	1,898.9	2,030.5	1,977.9	2,007.2	2,046.1	2,090.9	2,115.1
22 EQUALS: Personal saving	106.2	130.2	142.2	139.1	144.3	152.0	133.4	131.9
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,474	6,536	6,364	6,360	6,380	6,376	6,342	6,375
24 Personal consumption expenditures	4,087	4,122	4,123	4,104	4,121	4,117	4,151	4,164
25 Disposable personal income	4,472	4,538	4,545	4,527	4,552	4,555	4,547	4,556
26 Saving rate (percent)	5.8	6.4	6.5	6.6	6.7	6.9	6.0	5.9
GROSS SAVING								
27 **Gross saving**	**406.3**	**477.5**	**414.0**	**428.8**	**441.5**	**422.4**	**363.3**	**n.a.**
28 Gross private saving	438.3	504.7	531.4	520.3	529.0	546.1	531.1	n.a.
29 Personal saving	106.2	130.2	142.2	139.1	144.3	152.0	133.4	131.9
30 Undistributed corporate profits[1]	38.9	44.4	32.8	32.5	30.7	34.8	34.2	n.a.
31 Corporate inventory valuation adjustment	−43.0	−24.6	−9.2	−4.4	−9.4	−10.3	−12.6	−.7
Capital consumption allowances								
32 Corporate	181.2	206.2	225.1	218.9	223.4	227.5	230.6	232.7
33 Noncorporate	112.0	123.9	131.3	129.8	130.5	131.9	132.9	133.6
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−33.2	−28.2	−117.4	−90.7	−87.5	−123.7	−167.7	n.a.
36 Federal	−61.4	−60.0	−149.5	−118.4	−119.6	−156.0	−204.2	−32.3
37 State and local	28.2	31.7	32.1	27.7	32.1	32.3	36.4	39.3
38 Capital grants received by the United States, net	1.2	1.1	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**410.1**	**475.6**	**415.7**	**421.3**	**442.3**	**426.0**	**373.1**	**423.1**
40 Gross private domestic	402.4	471.5	420.3	414.8	431.5	443.3	391.5	430.6
41 Net foreign	7.8	4.1	−4.6	6.5	10.8	−17.3	−18.5	−7.5
42 **Statistical discrepancy**	**3.9**	**−1.9**	**1.7**	**−7.5**	**.8**	**3.6**	**9.7**	**9.7**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1980	1981	1982	1981	1982			
				Q4	Q1[r]	Q2[r]	Q3[r]	Q4[p]
1 Balance on current account	1,520	4,471	-8,093	-927	1,034	2,188	-5,214	-6,103
2 Not seasonally adjusted	....	....	....	1,293	729	2,841	-7,436	-4,227
3 Merchandise trade balance[2]	-25,338	-27,889	-36,331	-9,185	-5,938	-5,762	-12,495	-12,136
4 Merchandise exports	224,237	236,254	211,013	57,593	55,607	55,001	52,334	48,071
5 Merchandise imports	-249,575	-264,143	-247,344	-66,778	-61,545	-60,763	-64,829	-60,207
6 Military transactions, net	-2,472	-1,541	640	-528	167	247	201	24
7 Investment income, net[3]	29,910	33,037	28,720	8,529	6,867	7,694	7,082	7,076
8 Other service transactions, net	6,203	7,471	6,746	2,127	1,986	1,749	1,647	1,364
9 Remittances, pensions, and other transfers	-2,101	-2,104	-2,455	-562	-575	-671	-601	-608
10 U.S. government grants (excluding military)	-4,681	-4,504	-5,413	-1,308	-1,473	-1,069	-1,048	-1,823
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	-5,126	-5,137	-5,766	-987	-904	-1,547	-2,496	-818
12 Change in U.S. official reserve assets (increase, −)	-8,155	-5,175	-4,965	262	-1,089	-1,132	-794	-1,949
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-16	-1,824	-1,371	-134	-400	-241	-434	-297
15 Reserve position in International Monetary Fund	-1,667	-2,491	-2,552	-358	-547	-814	-459	-732
16 Foreign currencies	-6,472	-861	-1,041	754	-142	-77	99	-920
17 Change in U.S. private assets abroad (increase, −)[3]	-72,746	-98,982	-107,535	-46,952	-29,264	-35,166	-22,307	-20,800
18 Bank-reported claims	-46,838	-84,531	-106,711	-42,645	-32,708	-36,923	-20,430	-16,650
19 Nonbank-reported claims	-3,146	-331	4,750	-508	4,112	-304	942	n.a.
20 U.S. purchase of foreign securities, net	-3,524	-5,429	-7,772	-2,843	-531	-441	-3,266	-3,535
21 U.S. direct investments abroad, net[3]	-19,238	-8,691	2,198	-956	-137	2,502	447	-615
22 Change in foreign official assets in the United States (increase, +)	15,442	4,785	3,043	8,119	-3,122	1,998	2,494	1,673
23 U.S. Treasury securities	9,708	4,983	5,716	4,439	-1,344	-2,076	4,825	4,311
24 Other U.S. government obligations	2,187	1,289	-670	-246	-296	258	-76	-556
25 Other U.S. government liabilities[4]	561	-69	-12	275	-182	387	-286	69
26 Other U.S. liabilities reported by U.S. banks	-159	-4,083	-1,713	3,436	-1,516	3,393	-1,981	-1,609
27 Other foreign official assets[5]	3,145	2,665	-278	215	216	36	12	-542
28 Change in foreign private assets in the United States (increase, +)[3]	39,041	73,136	81,451	30,988	28,202	27,621	14,178	11,451
29 U.S. bank-reported liabilities	10,743	41,262	62,869	20,476	25,423	22,552	10,687	4,207
30 U.S. nonbank-reported liabilities	6,530	532	-3,760	-457	-982	-2,304	-474	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,645	2,932	6,945	1,238	1,277	2,095	1,316	2,257
32 Foreign purchases of other U.S. securities, net	5,457	7,109	5,973	396	1,319	2,497	220	1,938
33 Foreign direct investments in the United States, net[3]	13,666	21,301	9,424	9,336	1,165	2,781	2,429	3,049
34 Allocation of SDRs	1,152	1,093	0	0	0	0	0	0
35 Discrepancy	28,870	25,809	41,864	9,497	5,142	6,038	14,139	16,546
36 Owing to seasonal adjustments	....	....	....	2,474	-802	672	-1,904	2,035
37 Statistical discrepancy in recorded data before seasonal adjustment	28,870	25,809	41,864	7,023	5,944	5,366	16,043	14,511
MEMO: Changes in official assets								
38 U.S. official reserve assets (increase, −)	-8,155	-5,175	-4,965	262	-1,089	-1,132	-794	-1,949
39 Foreign official assets in the United States (increase, +)	14,881	4,854	3,055	7,844	-2,940	1,611	2,780	1,604
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	12,769	13,314	7,176	2,230	4,988	3,079	350	-1,241
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	631	602	514	64	93	125	137	158

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

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted

Item	1980	1981	1982	1982r				1983		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	17,320	16,671	15,852	16,347	17,393	16,326	16,752
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	20,581	21,006	18,892	19,154	20,021	19,015	19,525
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−3,261**	**−4,335**	**−3,041**	**−2,808**	**−2,628**	**−2,689**	**−2,774**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1979	1980	1981	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total**	**18,956**	**26,756**	**30,075**	**31,711**	**34,006**	**33,958**	**33,936**	**34,233**	**34,261**	**34,173**
2 Gold stock, including Exchange Stabilization Fund[1]	11,172	11,160	11,151	11,148	11,148	11,148	11,144	11,139	11,138	11,132
3 Special drawing rights[2,3]	2,724	2,610	4,095	4,801	4,929	5,250	5,267	5,284	5,229	5,192
4 Reserve position in International Monetary Fund[2]	1,253	2,852	5,055	6,367	7,185	7,348	8,035	8,594	9,293	9,284
5 Foreign currencies[4,5]	3,807	10,134	9,774	9,395	10,744	10,212	9,490	9,216	8,601	8,565

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

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1979	1980	1981	1982			1983			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Deposits	429	411	505	326	386	328	366	352	424	322
Assets held in custody										
2 U.S. Treasury securities[1]	95,075	102,417	104,680	107,636	107,467	112,544	115,872	116,428	114,999	114,880
3 Earmarked gold	15,169	14,965	14,804	14,706	14,711	14,716	14,717	14,752	14,726	14,723

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

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

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

Millions of dollars, end of period

Asset account	1979	1980	1981	1982					1983	
				Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.	Feb.p
	All foreign countries									
1 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**471,710**	**471,085**	**463,601**	**468,376**	**468,740**	**462,278**	**457,642**
2 Claims on United States	32,302	28,460	63,743	88,936	90,267	89,036	90,844	91,752	89,184	87,449
3 Parent bank	25,929	20,202	43,267	60,315	60,872	61,283	62,476	61,629	59,247	58,419
4 Other	6,373	8,258	20,476	28,621	29,395	27,753	28,368	30,123	29,937	29,030
5 Claims on foreigners	317,330	354,960	378,899	362,437	360,462	354,373	357,104	357,596	353,584	350,928
6 Other branches of parent bank	79,662	77,019	87,821	91,593	93,283	90,030	91,894	91,067	89,470	89,715
7 Banks	123,420	146,448	150,708	138,517	135,454	133,365	133,269	133,300	130,874	128,980
8 Public borrowers	26,097	28,033	28,197	24,521	24,333	23,850	23,340	23,968	24,464	24,585
9 Nonbank foreigners	88,151	103,460	112,173	107,806	107,392	107,128	108,601	109,261	108,776	107,648
10 Other assets	14,777	17,715	20,148	20,337	20,356	20,192	20,428	19,392	19,510	19,265
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,678**	**366,148**	**369,746**	**361,804**	**363,483**	**361,169**	**355,008**	**350,108**
12 Claims on United States	31,171	27,191	62,142	87,328	88,613	87,316	88,971	90,032	87,490	85,823
13 Parent bank	25,632	19,896	42,721	59,634	60,207	60,538	61,662	60,973	58,479	57,716
14 Other	5,539	7,295	19,421	27,694	28,406	26,778	27,309	29,059	29,011	28,107
15 Claims on foreigners	229,120	255,391	276,882	266,420	268,253	261,896	261,701	259,127	255,697	252,665
16 Other branches of parent bank	61,525	58,541	69,398	74,252	77,470	74,032	74,759	73,463	71,174	71,885
17 Banks	96,261	117,342	122,055	111,712	110,591	107,448	106,636	106,001	103,447	100,610
18 Public borrowers	21,629	23,491	22,877	19,043	18,984	18,659	18,187	18,303	18,717	18,891
19 Nonbank foreigners	49,705	56,017	62,552	61,413	61,208	61,757	62,119	61,360	62,359	61,279
20 Other assets	7,422	9,216	11,654	12,400	12,880	12,592	12,811	12,010	11,821	11,620
	United Kingdom									
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**164,523**	**167,189**	**164,582**	**165,687**	**161,067**	**157,464**	**156,577**
22 Claims on United States	11,117	7,509	11,823	27,031	27,534	27,829	28,677	27,354	27,175	26,423
23 Parent bank	9,338	5,275	7,885	22,730	22,970	23,717	24,278	23,017	22,539	21,962
24 Other	1,779	2,234	3,938	4,301	4,564	4,112	4,399	4,337	4,636	4,461
25 Claims on foreigners	115,123	131,142	138,888	130,814	132,746	129,913	130,666	127,734	124,354	124,214
26 Other branches of parent bank	34,291	34,760	41,367	36,937	40,385	37,013	38,319	37,000	34,959	35,437
27 Banks	51,343	58,741	56,315	53,582	52,203	52,568	51,414	50,767	49,497	48,580
28 Public borrowers	4,919	6,688	7,490	6,286	6,086	6,157	6,170	6,240	6,421	6,592
29 Nonbank foreigners	24,570	30,953	33,716	34,009	34,072	34,175	34,763	33,727	33,477	33,605
30 Other assets	4,633	6,066	6,518	6,678	6,909	6,840	6,344	5,979	5,935	5,940
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**126,344**	**131,129**	**127,517**	**128,863**	**123,740**	**120,233**	**119,273**
32 Claims on United States	10,746	7,116	11,246	26,514	26,919	27,255	28,093	26,761	26,581	25,829
33 Parent bank	9,297	5,229	7,721	22,496	22,758	23,478	24,035	22,756	22,250	21,700
34 Other	1,449	1,887	3,525	4,018	4,161	3,777	4,058	4,005	4,331	4,129
35 Claims on foreigners	81,294	89,723	99,850	95,293	99,008	95,269	95,870	92,228	89,137	88,973
36 Other branches of parent bank	28,928	28,268	35,439	31,414	35,703	32,243	33,154	31,648	29,380	29,918
37 Banks	36,760	42,073	40,703	40,321	39,786	39,077	38,310	36,717	35,616	34,499
38 Public borrowers	3,319	4,911	5,595	4,336	4,214	4,251	4,281	4,329	4,600	4,789
39 Nonbank foreigners	12,287	14,471	18,113	19,222	19,305	19,698	20,125	19,534	19,541	19,767
40 Other assets	2,247	2,860	4,092	4,537	5,202	4,993	4,900	4,751	4,515	4,471
	Bahamas and Caymans									
41 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**144,194**	**140,614**	**139,438**	**140,939**	**144,843**	**142,561**	**138,470**
42 Claims on United States	19,124	17,751	46,546	56,087	55,467	55,713	57,076	59,387	56,790	56,087
43 Parent bank	15,196	12,631	31,643	32,822	32,155	32,927	34,022	34,653	32,511	32,768
44 Other	3,928	5,120	14,903	23,265	23,312	22,786	23,054	24,734	24,279	23,319
45 Claims on foreigners	86,718	101,926	98,002	83,835	81,054	79,539	79,185	81,157	81,682	78,407
46 Other branches of parent bank	9,689	13,342	12,951	17,806	17,772	17,955	18,066	18,720	20,118	19,730
47 Banks	43,189	54,861	55,096	43,616	41,333	40,439	41,025	42,406	40,641	38,981
48 Public borrowers	12,905	12,577	10,010	7,036	6,999	6,743	6,310	6,413	6,434	6,494
49 Nonbank foreigners	20,935	21,146	19,945	15,377	14,950	14,402	13,784	13,618	14,489	13,202
50 Other assets	3,135	4,160	4,503	4,272	4,093	4,186	4,678	4,299	4,089	3,976
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,686**	**138,771**	**136,077**	**134,607**	**135,648**	**139,292**	**136,724**	**132,624**

3.14 Continued

Liability account	1979	1980	1981	1982 Aug.	1982 Sept.r	1982 Oct.	1982 Nov.	1982 Dec.r	1983 Jan.	1983 Feb.p
	All foreign countries									
52 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**471,710**	**471,085**	**463,601**	**468,376**	**468,740r**	**462,278**	**457,642**
53 To United States	66,689	91,079	137,712	167,661	172,994	169,312	171,762	178,449	178,277	175,866
54 Parent bank	24,533	39,286	56,289	64,419	69,592	64,102	66,254	75,118	79,804	77,157
55 Other banks in United States	13,968	14,473	19,197	32,425	33,763	32,607	31,764	33,353	32,779	32,635
56 Nonbanks	28,188	37,275	62,226	70,817	69,639	72,603	73,744	69,978	65,694	66,074
57 To foreigners	283,510	295,411	305,630	283,954	277,886	274,222	276,287	270,494	265,591	263,522
58 Other branches of parent bank	77,640	75,773	86,396	92,202	91,189	91,658	91,270	90,079	89,293	90,384
59 Banks	122,922	132,116	124,906	103,466	99,966	98,259	98,209	96,677	92,857	90,218
60 Official institutions	35,668	32,473	25,997	20,004	20,527	19,440	21,095	19,614	20,250	19,742
61 Nonbank foreigners	47,280	55,049	68,331	68,282	66,204	64,865	65,713	64,124	63,191	63,178
62 Other liabilities	14,210	14,690	19,448	20,095	20,205	20,067	20,327	19,797	18,410	18,254
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,390**	**381,898**	**385,440**	**377,121**	**379,142**	**378,457**	**370,457**	**367,146**
64 To United States	64,530	88,157	134,645	164,403	170,098	166,377	168,291	174,966	174,656	172,197
65 Parent bank	23,403	37,528	54,437	62,369	67,678	62,191	63,963	72,796	77,536	74,828
66 Other banks in United States	13,771	14,203	18,883	32,162	33,508	32,362	31,428	32,988	32,255	32,208
67 Nonbanks	27,356	36,426	61,325	69,872	68,912	71,824	72,900	69,182	64,865	65,161
68 To foreigners	201,514	206,883	217,602	205,709	203,989	199,297	198,938	192,271	185,663	185,569
69 Other branches of parent bank	60,551	58,172	69,299	75,344	75,935	76,237	74,621	72,848	71,463	72,753
70 Banks	80,691	87,497	79,594	63,959	62,535	59,782	58,829	57,355	52,258	51,267
71 Official institutions	29,048	24,697	20,288	15,672	16,607	15,253	16,774	15,055	15,940	15,381
72 Nonbank foreigners	31,224	36,517	48,421	50,734	48,912	48,025	48,714	47,013	46,027	46,168
73 Other liabilities	7,813	8,241	12,143	11,786	11,353	11,447	11,913	11,220	10,138	9,380
	United Kingdom									
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**164,523**	**167,189**	**164,582**	**165,687**	**161,067**	**157,464**	**156,577**
75 To United States	20,986	21,785	38,022	49,001	53,919	53,777	54,003	53,954	52,650	51,927
76 Parent bank	3,104	4,225	5,444	8,022	11,336	10,568	10,597	13,091	14,287	14,080
77 Other banks in United States	7,693	5,716	7,502	11,616	13,280	12,567	12,374	12,205	12,343	12,198
78 Nonbanks	10,189	11,844	25,076	29,363	29,303	30,642	31,032	28,658	26,020	25,649
79 To foreigners	104,032	117,438	112,255	107,268	104,967	102,611	103,927	99,567	97,827	97,515
80 Other branches of parent bank	12,567	15,384	16,545	18,666	19,123	18,399	19,372	18,361	19,343	21,008
81 Banks	47,620	56,262	51,336	47,502	45,526	45,601	44,266	44,020	41,073	39,892
82 Official institutions	24,202	21,412	16,517	12,006	12,348	11,379	12,940	11,504	12,377	12,025
83 Nonbank foreigners	19,643	24,380	27,857	29,094	27,970	27,232	27,349	25,682	25,034	24,590
84 Other liabilities	5,855	5,494	6,952	8,254	8,303	8,194	7,757	7,546	6,987	7,135
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**132,536**	**137,268**	**133,591**	**135,188**	**130,261**	**126,286**	**126,007**
86 To United States	20,552	21,080	37,332	48,266	53,262	53,146	53,056	53,029	51,808	50,977
87 Parent bank	3,054	4,078	5,350	7,928	11,223	10,442	10,306	12,814	14,105	13,859
88 Other banks in United States	7,651	5,626	7,249	11,510	13,142	12,472	12,188	12,026	12,128	12,041
89 Nonbanks	9,847	11,376	24,733	28,828	28,897	30,232	30,562	28,189	25,575	25,077
90 To foreigners	72,397	79,636	79,034	79,954	80,025	76,519	77,982	73,477	71,000	71,994
91 Other branches of parent bank	8,446	10,474	12,048	14,514	15,548	14,614	15,310	14,300	15,081	16,709
92 Banks	29,424	35,388	32,298	31,898	31,187	30,404	29,092	28,810	25,177	25,563
93 Official institutions	20,192	17,024	13,612	10,322	11,012	9,806	11,198	9,668	10,657	10,121
94 Nonbank foreigners	14,335	16,750	21,076	23,220	22,278	21,695r	22,382	20,699	20,085	19,601
95 Other liabilities	2,500	2,724	3,911	4,316	3,981	3,926	4,150	3,755	3,478	3,036
	Bahamas and Caymans									
96 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**144,194**	**140,614**	**139,438**	**140,939**	**144,843**	**142,561**	**138,470**
97 To United States	37,719	59,666	85,704	99,270	99,500	96,810	98,475	104,139	104,415	102,261
98 Parent bank	15,267	28,181	39,396	42,971	44,370	40,225	41,900	46,811	50,476	47,443
99 Other banks in United States	5,204	7,379	10,474	17,911	17,927	17,481	16,805	18,461	17,549	17,313
100 Nonbanks	17,248	24,106	35,834	38,388	37,203	39,104	39,770	38,867	36,390	37,505
101 To foreigners	68,598	61,218	60,012	42,039	38,401	39,793	39,603	38,249	35,900	33,858
102 Other branches of parent bank	20,875	17,040	20,641	17,348	15,126	17,421	17,566	15,796	14,688	13,809
103 Banks	33,631	29,895	23,202	11,599	10,910	10,297	10,413	10,166	9,279	8,451
104 Official institutions	4,866	4,361	3,498	2,288	2,091	2,137	1,846	1,967	1,849	1,720
105 Nonbank foreigners	9,226	9,922	12,671	10,804	10,274	9,938	9,778	10,320	10,084	9,878
106 Other liabilities	2,660	2,953	3,335	2,885	2,713	2,835	2,861	2,455	2,246	2,351
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,227**	**140,750**	**137,717**	**136,574**	**137,828**	**141,595**	**139,148**	**135,117**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1980	1981r	1982				1983		
			Sept.r	Oct.r	Nov.r	Dec.r	Jan.	Feb.p	Mar.p
1 **Total**[1]	**164,578**	**170,109**	**171,248**	**171,406**	**168,025**	**172,780**	**175,163**	**172,917**	**173,320**
By type									
2 Liabilities reported by banks in the United States[2]	30,381	26,928	26,590	27,056	25,338	24,873	23,842	21,422	23,164
3 U.S. Treasury bills and certificates[3]	56,243	52,389	44,450	43,964	42,906	46,658	50,432	49,954	47,917
U.S. Treasury bonds and notes									
4 Marketable	41,455	53,186	64,978	65,619	65,850	67,715	67,735	69,303	70,422
5 Nonmarketable[4]	14,654	11,791	9,350	9,350	8,750	8,750	8,750	7,950	7,950
6 U.S. securities other than U.S. Treasury securities[5]	21,845	25,815	25,880	25,417	25,181	24,784	24,404	24,288	23,867
By area									
7 Western Europe[1]	81,592	65,891	61,474	60,846	59,447	61,501	62,525	62,103	61,742
8 Canada	1,562	2,403	2,057	2,204	2,044	2,070	2,430	2,754	2,943
9 Latin America and Caribbean	5,688	6,954	6,494	7,231	5,900	6,028	7,138	6,100	5,773
10 Asia	70,784	91,790	95,745	95,110	93,960	95,922	95,278	95,679	96,784
11 Africa	4,123	1,829	1,303	1,452	1,371	1,350	1,716	1,327	1,162
12 Other countries[6]	829	1,242	4,175	4,563	5,303	5,909	6,076	4,954	4,916

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

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

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

Millions of dollars, end of period

Item	1979	1980	1981r	1982			
				Mar.r	Juner	Sept.r	Dec.
1 Banks' own liabilities	1,918	3,748	3,523	4,030	4,513	4,575	4,751
2 Banks' own claims	2,419	4,206	4,980	5,300	5,895	6,337	7,689
3 Deposits	994	2,507	3,398	3,532	3,565	3,429	4,241
4 Other claims	1,425	1,699	1,582	1,768	2,329	2,908	3,448
5 Claims of banks' domestic customers[1]	580	962	971	944	921	506	676

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

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

Millions of dollars, end of period

Holder and type of liability	1979	1980	1981▲[r]	1982				1983		
				Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **All foreigners**	**187,521**	**205,297**	**244,043**	**300,348**	**300,811**	**302,776**	**305,320**	**304,779**	**302,828**	**315,715**
2 Banks' own liabilities	117,196	124,791	163,738	222,260	221,055	226,068	225,379	219,361	217,841	233,925
3 Demand deposits	23,303	23,462	19,628	15,413	17,059	17,148	16,017	16,089	17,423	16,318
4 Time deposits[1]	13,623	15,076	28,992	62,862	62,172	62,718	67,072	64,347	65,273	68,372
5 Other[2]	16,453	17,583	17,617	23,189	22,930	24,414	23,791	22,918	20,295	24,284
6 Own foreign offices[3]	63,817	68,670	97,500	120,796	118,894	121,788	118,499	116,006	114,851	124,950
7 Banks' custody liabilities[4]	70,325	80,506	80,305	78,089	79,756	76,708	79,941	85,419	84,987	81,790
8 U.S. Treasury bills and certificates[5]	48,573	57,595	55,316	51,572	53,374	52,138	55,614	62,137	61,904	58,767
9 Other negotiable and readily transferable instruments[6]	19,396	20,079	19,019	22,437	22,668	20,965	20,625	19,352	19,205	18,831
10 Other	2,356	2,832	5,970	4,080	3,715	3,605	3,702	3,930	3,877	4,193
11 **Nonmonetary international and regional organizations**[7]	**2,356**	**2,344**	**2,721**	**5,050**	**6,036**	**6,465**	**4,597**	**6,611**	**5,969**	**3,949**
12 Banks' own liabilities	714	444	638	2,752	2,337	3,387	1,584	1,787	1,695	1,304
13 Demand deposits	260	146	262	194	261	257	106	284	195	221
14 Time deposits[1]	151	85	58	734	431	969	1,339	1,333	1,367	917
15 Other[2]	303	212	318	1,825	1,645	2,161	139	170	134	166
16 Banks' custody liabilities[4]	1,643	1,900	2,083	2,298	3,699	3,078	3,013	4,824	4,275	2,645
17 U.S. Treasury bills and certificates	102	254	541	676	2,160	1,774	1,621	3,603	3,153	1,501
18 Other negotiable and readily transferable instruments[6]	1,538	1,646	1,542	1,621	1,539	1,304	1,392	1,221	1,122	1,144
19 Other	2	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**78,206**	**86,624**	**79,318**	**71,041**	**71,021**	**68,244**	**71,531**	**74,274**	**71,377**	**71,081**
21 Banks' own liabilities	18,292	17,826	17,094	16,796	16,989	16,638	16,526	16,411	14,620	16,632
22 Demand deposits	4,671	3,771	2,564	2,521	2,138	2,074	1,981	2,168	2,063	2,264
23 Time deposits[1]	3,050	3,612	4,230	5,518	6,132	5,539	5,489	4,907	5,481	5,608
24 Other[2]	10,571	10,443	10,300	8,758	8,720	9,025	9,057	9,336	7,076	8,759
25 Banks' custody liabilities[4]	59,914	68,798	62,224	54,245	54,031	51,607	55,006	57,864	56,756	54,449
26 U.S. Treasury bills and certificates[5]	47,666	56,243	52,389	44,450	43,964	42,906	46,658	50,432	49,954	47,917
27 Other negotiable and readily transferable instruments[6]	12,196	12,501	9,787	9,755	10,033	8,672	8,319	7,396	6,769	6,507
28 Other	52	54	47	39	34	28	28	35	33	25
29 **Banks**[9]	**88,316**	**96,415**	**136,030**	**183,101**	**182,766**	**185,679**	**185,097**	**178,460**	**179,066**	**192,516**
30 Banks' own liabilities	83,299	90,456	124,312	167,276	166,268	169,412	168,679	161,637	161,053	174,138
31 Unaffiliated foreign banks	19,482	21,786	26,812	46,480	47,374	47,624	50,179	45,631	46,202	49,188
32 Demand deposits	13,285	14,188	11,614	8,138	9,882	9,724	8,733	8,186	9,627	8,245
33 Time deposits[1]	1,667	1,703	8,735	26,767	26,026	26,035	28,267	25,556	25,297	27,509
34 Other[2]	4,530	5,895	6,462	11,575	11,466	11,865	13,179	11,889	11,278	13,433
35 Own foreign offices[3]	63,817	68,670	97,500	120,796	118,894	121,788	118,499	116,006	114,851	124,950
36 Banks' custody liabilities[4]	5,017	5,959	11,718	15,825	16,498	16,267	16,419	16,822	18,012	18,377
37 U.S. Treasury bills and certificates	422	623	1,687	4,897	5,634	5,792	5,809	6,292	6,791	7,122
38 Other negotiable and readily transferable instruments[6]	2,415	2,748	4,421	7,916	8,061	7,782	7,844	7,698	8,345	8,266
39 Other	2,179	2,588	5,611	3,012	2,803	2,693	2,766	2,833	2,876	2,990
40 **Other foreigners**	**18,642**	**19,914**	**25,974**	**41,156**	**40,989**	**42,388**	**44,095**	**45,434**	**46,416**	**48,169**
41 Banks' own liabilities	14,891	16,065	21,694	35,435	35,461	36,631	38,591	39,526	40,473	41,850
42 Demand deposits	5,087	5,356	5,189	4,560	4,778	5,093	5,197	5,452	5,539	5,587
43 Time deposits	8,755	9,676	15,969	29,843	29,583	30,175	31,977	32,551	33,128	34,338
44 Other[2]	1,048	1,033	537	1,031	1,100	1,363	1,416	1,524	1,807	1,925
45 Banks' custody liabilities[4]	3,751	3,849	4,279	5,721	5,528	5,756	5,504	5,908	5,943	6,319
46 U.S. Treasury bills and certificates	382	474	699	1,548	1,615	1,666	1,525	1,810	2,006	2,227
47 Other negotiable and readily transferable instruments[6]	3,247	3,185	3,268	3,146	3,035	3,207	3,070	3,037	2,970	2,914
48 Other	123	190	312	1,028	878	884	908	1,062	968	1,178
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,747	13,533	15,029	14,408	14,296	13,367	11,611	**11,383**

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

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

3.17 Continued

Area and country	1979	1980	1981▲r	1982 Sept.r	1982 Oct.r	1982 Nov.r	1982 Dec.	1983 Jan.r	1983 Feb.	1983 Mar.p
1 **Total**	**187,521**	**205,297**	**244,043**	**300,348**	**300,811**	**302,776**	**305,320**	**304,779**	**302,828**	**315,715**
2 **Foreign countries**	**185,164**	**202,953**	**241,321**	**295,299**	**294,776**	**296,311**	**300,723**	**298,168**	**296,858**	**311,766**
3 Europe	90,952	90,897	91,309	114,289	116,015	117,242	117,695	118,764	116,019	116,810
4 Austria	413	523	596	537	508	441	512	467	513	605
5 Belgium-Luxembourg	2,375	4,019	4,117	3,259	2,782	2,499	2,517	2,270	2,295	2,725
6 Denmark	1,092	497	333	149	166	221	509	996	1,197	765
7 Finland	398	455	296	328	478	572	748	473	369	408
8 France	10,433	12,125	8,486	7,720	7,358	7,065	8,169	8,462	7,723	6,758
9 Germany	12,935	9,973	7,665	5,331	5,360	6,093	5,375	5,807	6,227	6,457
10 Greece	635	670	463	471	516	496	537	589	595	597
11 Italy	7,782	7,572	7,290	6,714	5,541	4,779	5,674	4,938	4,514	4,310
12 Netherlands	2,337	2,441	2,823	2,899	3,102	3,100	3,362	3,770	3,196	3,703
13 Norway	1,267	1,344	1,457	1,773	2,026	2,197	1,567	1,476	1,407	1,061
14 Portugal	557	374	354	386	356	453	388	398	370	363
15 Spain	1,259	1,500	916	1,106	1,315	1,301	1,405	1,316	1,524	1,630
16 Sweden	2,005	1,737	1,545	1,324	1,997	1,615	1,380	1,315	1,645	1,386
17 Switzerland	17,954	16,689	18,720	26,491	27,619	27,994	28,999	28,996	30,288	30,652
18 Turkey	120	242	518	301	317	255	296	190	251	256
19 United Kingdom	24,700	22,680	28,287	48,492	49,009	50,274	48,169	50,339	47,202	47,656
20 Yugoslavia	266	681	375	307	390	470	499	470	452	491
21 Other Western Europe[1]	4,070	6,939	6,526	6,334	6,524	6,889	6,965	6,033	5,873	6,106
22 U.S.S.R.	52	68	49	47	111	45	50	47	41	42
23 Other Eastern Europe[2]	302	370	493	322	541	486	573	412	335	840
24 Canada	7,379	10,031	10,250	11,623	12,163	11,719	12,217	10,990	13,618	15,156
25 Latin America and Caribbean	49,686	53,170	85,159	110,907	108,687	110,140	112,916	110,576	109,313	119,427
26 Argentina	1,582	2,132	2,445	3,467	3,482	3,432	3,577	4,833	4,891	4,646
27 Bahamas	15,255	16,381	34,856	43,815	43,123	44,125	44,026	42,911	43,237	48,833
28 Bermuda	430	670	765	1,519	1,507	1,596	1,572	1,989	1,903	2,123
29 Brazil	1,005	1,216	1,568	1,752	2,020	1,986	2,010	1,916	2,010	1,917
30 British West Indies	11,138	12,766	17,794	23,339	23,068	24,276	26,372	24,630	23,963	27,469
31 Chile	468	460	664	1,293	1,447	1,444	1,626	1,341	1,280	1,068
32 Colombia	2,617	3,077	2,993	2,516	2,407	2,426	2,593	2,384	2,336	1,873
33 Cuba	13	6	9	7	7	8	9	10	10	9
34 Ecuador	425	371	434	524	556	519	453	472	499	548
35 Guatemala	414	367	479	639	636	639	670	682	669	653
36 Jamaica	76	97	87	121	118	108	126	115	103	133
37 Mexico	4,185	4,547	7,170	8,477	8,031	8,047	7,967	7,930	7,380	8,108
38 Netherlands Antilles	499	413	3,182	3,713	3,677	3,518	3,597	3,762	3,474	3,407
39 Panama	4,483	4,718	4,857	6,184	4,770	4,798	4,738	4,923	4,983	5,594
40 Peru	383	403	694	974	1,031	959	1,147	1,052	903	911
41 Uruguay	202	254	367	721	844	651	759	726	817	808
42 Venezuela	4,192	3,170	4,245	8,625	8,796	8,315	8,382	7,649	7,671	8,000
43 Other Latin America and Caribbean	2,318	2,123	2,548	3,219	3,166	3,293	3,291	3,251	3,185	3,327
44 Asia	33,005	42,420	50,005	51,123	49,803	48,565	48,679	48,193	49,581	52,276
China										
45 Mainland	49	49	158	254	216	214	203	220	196	208
46 Taiwan	1,393	1,662	2,082	2,494	2,568	2,769	2,716	3,139	3,515	3,530
47 Hong Kong	1,672	2,548	3,950	4,945	4,957	4,847	4,465	4,542	4,988	5,697
48 India	527	416	385	407	439	507	433	514	962	525
49 Indonesia	504	730	640	436	757	534	849	1,156	614	851
50 Israel	707	883	592	583	612	705	606	608	515	983
51 Japan	8,907	16,281	20,750	18,895	16,830	15,680	16,098	15,836	16,613	16,855
52 Korea	993	1,528	2,013	1,905	1,927	1,776	1,692	1,473	1,458	1,418
53 Philippines	795	919	874	712	736	768	770	680	787	718
54 Thailand	277	464	534	310	365	349	629	482	529	488
55 Middle-East oil-exporting countries[3]	15,300	14,453	13,174	14,030	14,053	14,396	13,433	12,332	11,672	13,057
56 Other Asia	1,879	2,487	4,854	6,152	6,344	6,020	6,784	7,210	7,731	7,945
57 Africa	3,239	5,187	3,180	2,785	3,369	3,192	3,070	3,331	3,087	2,873
58 Egypt	475	485	360	385	242	373	398	500	416	496
59 Morocco	33	33	32	63	54	66	75	51	51	57
60 South Africa	184	288	420	344	279	564	277	276	317	281
61 Zaire	110	57	26	20	23	22	23	25	31	33
62 Oil-exporting countries[4]	1,635	3,540	1,395	1,074	1,669	1,250	1,280	1,603	1,333	975
63 Other Africa	804	783	946	899	1,103	918	1,016	877	939	1,031
64 Other countries	904	1,247	1,419	4,572	4,738	5,452	6,146	6,314	5,241	5,224
65 Australia	684	950	1,223	4,355	4,530	5,224	5,904	6,080	5,052	4,933
66 All other	220	297	196	216	207	228	243	235	190	291
67 Nonmonetary international and regional organizations	2,356	2,344	2,721	5,050	6,036	6,465	4,597	6,611	5,969	3,949
68 International	1,238	1,157	1,661	3,934	5,141	5,522	3,705	5,769	5,186	3,182
69 Latin American regional	806	890	710	719	573	533	517	527	487	478
70 Other regional[5]	313	296	350	397	322	410	375	316	296	289

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

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

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

Millions of dollars, end of period

Area and country	1979	1980	1981▲r	1982 Sept.r	1982 Oct.r	1982 Nov.r	1982 Dec.	1983 Jan.r	1983 Feb.	1983 Mar.p
1 **Total**	**133,943**	**172,592**	**251,082**	**340,301**	**334,783**	**336,551**	**353,733**	**357,333**	**358,429**	**369,180**
2 **Foreign countries**	**133,906**	**172,514**	**251,026**	**340,257**	**334,728**	**336,494**	**353,665**	**357,260**	**358,352**	**369,111**
3 Europe	28,388	32,108	49,067	76,527	78,358	79,190	84,005	83,503	84,131	87,352
4 Austria	284	236	121	146	173	197	216	232	226	255
5 Belgium-Luxembourg	1,339	1,621	2,851	4,811	4,965	5,395	5,115	4,730	5,363	5,542
6 Denmark	147	127	187	358	396	406	554	609	648	1,134
7 Finland	202	460	546	806	813	904	990	984	957	923
8 France	3,322	2,958	4,124	5,816	6,219	6,627	6,863	7,204	7,369	7,176
9 Germany	1,179	948	938	1,609	1,522	1,756	1,860	1,407	1,740	1,336
10 Greece	154	256	333	283	335	373	452	576	632	603
11 Italy	1,631	3,364	5,240	6,733	7,346	7,708	7,498	7,544	7,005	7,169
12 Netherlands	514	575	682	1,099	1,285	1,122	1,428	1,470	1,356	1,629
13 Norway	276	227	384	575	544	650	572	625	587	536
14 Portugal	330	331	529	998	1,018	924	943	843	834	817
15 Spain	1,051	993	2,100	3,469	3,558	3,643	3,730	3,699	3,223	3,120
16 Sweden	542	783	1,205	2,404	2,799	2,804	3,030	3,113	2,693	2,309
17 Switzerland	1,165	1,446	2,213	1,847	1,636	1,516	1,639	1,568	1,496	1,665
18 Turkey	149	145	424	605	603	598	560	527	567	595
19 United Kingdom	13,795	14,917	23,654	41,413	41,661	40,868	44,754	44,703	45,757	48,387
20 Yugoslavia	611	853	1,224	1,196	1,248	1,261	1,418	1,382	1,399	1,386
21 Other Western Europe[1]	175	179	209	325	266	380	378	310	319	317
22 U.S.S.R	268	281	377	246	242	227	263	233	250	308
23 Other Eastern Europe[2]	1,254	1,410	1,725	1,787	1,728	1,832	1,741	1,745	1,709	2,144
24 Canada	4,143	4,810	9,164	11,870	12,982	12,500	14,216	14,865	15,569	14,791
25 Latin America and Caribbean	67,993	92,992	138,138	187,120	180,564	180,902	187,379	192,024	191,944	197,584
26 Argentina	4,389	5,689	7,522	10,964	11,019	10,816	10,960	11,231	11,431	11,258
27 Bahamas	18,918	29,419	43,446	55,999	51,848	52,207	56,300	58,003	56,630	59,527
28 Bermuda	496	218	346	429	602	957	603	582	536	506
29 Brazil	7,713	10,496	16,914	23,104	22,999	22,978	23,204	23,036	23,377	23,409
30 British West Indies	9,818	15,663	21,930	30,032	28,270	27,370	29,162	32,790	33,342	34,948
31 Chile	1,441	1,951	3,690	5,394	5,276	5,091	5,560	5,229	5,302	5,196
32 Colombia	1,614	1,752	2,018	2,826	2,838	2,895	3,185	3,221	3,159	3,184
33 Cuba	4	3	3	3	3	3	3	11	2	2
34 Ecuador	1,025	1,190	1,531	2,127	2,057	2,101	2,053	2,038	2,054	2,046
35 Guatemala[3]	134	137	124	119	111	140	124	129	119	83
36 Jamaica[3]	47	36	62	387	151	218	181	206	197	216
37 Mexico	9,099	12,595	22,409	29,630	29,422	29,558	29,449	29,422	30,234	30,896
38 Netherlands Antilles	248	821	1,076	825	685	731	814	815	906	955
39 Panama	6,041	4,974	6,779	10,583	10,286	10,516	10,133	10,040	9,296	9,471
40 Peru	652	890	1,218	2,252	2,244	2,252	2,332	2,299	2,273	2,297
41 Uruguay	105	137	157	550	572	609	681	687	684	706
42 Venezuela	4,657	5,438	7,069	9,867	9,925	10,250	10,682	10,225	10,283	10,569
43 Other Latin America and Caribbean	1,593	1,583	1,844	2,032	2,257	2,211	1,953	2,057	2,117	2,315
44 Asia	30,730	39,078	49,780	57,440	55,723	56,671	60,629	59,032	58,929	61,400
China										
45 Mainland	35	195	107	126	139	194	210	198	195	195
46 Taiwan	1,821	2,469	2,461	1,949	2,020	2,255	2,285	2,223	1,975	1,855
47 Hong Kong	1,804	2,247	4,126	6,723	5,976	6,201	7,705	7,081	7,126	7,501
48 India	92	142	123	275	254	258	222	230	200	160
49 Indonesia	131	245	351	297	315	314	342	370	429	505
50 Israel	990	1,172	1,562	1,623	1,748	1,895	2,043	1,835	1,732	1,743
51 Japan	16,911	21,361	26,762	28,584	26,722	25,952	27,199	26,741	26,845	28,689
52 Korea	3,793	5,697	7,324	7,365	7,790	8,536	9,389	9,052	9,183	9,166
53 Philippines	737	989	1,817	2,508	2,560	2,467	2,555	2,444	2,599	2,628
54 Thailand	933	876	564	409	442	501	643	649	651	621
55 Middle East oil-exporting countries[4]	1,548	1,432	1,575	2,591	2,848	3,176	3,087	3,428	3,383	3,795
56 Other Asia	1,934	2,252	3,009	4,991	4,910	4,923	4,948	4,781	4,612	4,541
57 Africa	1,797	2,377	3,503	5,176	5,017	5,274	5,350	5,608	5,504	5,483
58 Egypt	114	151	238	386	365	349	322	310	277	309
59 Morocco	103	223	284	376	367	384	347	342	359	375
60 South Africa	445	370	1,011	1,775	1,744	1,832	2,013	2,061	2,193	2,185
61 Zaire	144	94	112	59	61	58	57	57	54	52
62 Oil-exporting countries[5]	391	805	657	842	764	903	803	914	841	844
63 Other	600	734	1,201	1,738	1,717	1,747	1,807	1,924	1,781	1,717
64 Other countries	855	1,150	1,376	2,125	2,083	1,957	2,086	2,228	2,274	2,501
65 Australia	673	859	1,203	1,792	1,713	1,528	1,713	1,714	1,696	1,947
66 All other	182	290	172	332	370	429	373	514	578	554
67 Nonmonetary international and regional organizations[6]	36	78	56	44	56	57	68	73	77	69

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

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

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

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

Millions of dollars, end of period

Type of claim	1979	1980	1981▲r	1982				1983		
				Sept.r	Oct.r	Nov.r	Dec.	Jan.r	Feb.	Mar.p
1 **Total**	**154,030**	**198,698**	**287,051**	**377,854**	....	....	**393,642**	....	....	....
2 Banks' own claims on foreigners	133,943	172,592	251,082	340,301	334,783	336,551	353,733	357,333	358,429	369,180
3 Foreign public borrowers	15,937	20,882	31,302	42,670	42,429	42,296	44,601	44,360	45,411	46,697
4 Own foreign offices[1]	47,428	65,084	96,647	126,367	117,329	118,060	127,275	133,589	134,272	142,088
5 Unaffiliated foreign banks	40,927	50,168	74,134	111,693	114,464	115,123	119,327	116,434	117,660	119,982
6 Deposits	6,274	8,254	23,012	40,932	42,165	41,227	43,012	42,160	44,100	48,201
7 Other	34,654	41,914	51,123	70,761	72,299	73,896	76,315	74,274	73,560	71,782
8 All other foreigners	29,650	36,459	48,999	59,570	60,561	61,073	62,530	62,950	61,086	60,412
9 Claims of banks' domestic customers[2]	20,088	26,106	35,968	37,553	....	....	39,909	....	....	....
10 Deposits	955	885	1,378	1,329	....	....	2,226	....	....	....
11 Negotiable and readily transferable instruments[3]	13,100	15,574	26,352	29,107	....	....	30,627	....	....	....
12 Outstanding collections and other claims	6,032	9,648	8,238	7,117	....	....	7,056	....	....	....
13 MEMO: Customer liability on acceptances	18,021	22,714	29,517	35,273	....	....	38,391	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	22,333	24,468	39,862	43,649	45,717	46,884	40,967	38,263	38,608	n.a.

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

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

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

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

Millions of dollars, end of period

Maturity; by borrower and area	1979	1980	1981	1982			
			Dec.▲r	Mar.r	Juner	Sept.r	Dec.
1 **Total**	**86,181**	**106,748**	**153,879**	**174,639**	**200,596**	**213,223**	**225,853**
By borrower							
2 Maturity of 1 year or less[1]	65,152	82,555	115,849	133,247	151,698	161,686	171,852
3 Foreign public borrowers	7,233	9,974	15,099	16,651	19,367	20,057	20,999
4 All other foreigners	57,919	72,581	100,750	116,596	132,331	141,629	150,852
5 Maturity of over 1 year[1]	21,030	24,193	38,030	41,392	48,898	51,537	54,001
6 Foreign public borrowers	8,371	10,152	15,650	16,809	20,057	21,925	22,883
7 All other foreigners	12,659	14,041	22,380	24,582	28,841	29,612	31,118
By area							
Maturity of 1 year or less[1]							
8 Europe	15,235	18,715	27,914	34,383	39,064	44,880	49,232
9 Canada	1,777	2,723	4,634	5,816	6,594	7,039	7,554
10 Latin America and Caribbean	24,928	32,034	48,489	58,352	68,046	71,686	72,922
11 Asia	21,641	26,686	31,413	30,558	33,518	33,297	37,226
12 Africa	1,077	1,757	2,457	2,890	3,259	3,621	3,692
13 All other[2]	493	640	943	1,249	1,217	1,163	1,225
Maturity of over 1 year[1]							
14 Europe	4,160	5,118	8,094	8,256	9,244	10,510	11,559
15 Canada	1,317	1,448	1,774	1,858	2,340	1,955	1,923
16 Latin America and Caribbean	12,814	15,075	25,089	27,660	32,919	34,020	35,121
17 Asia	1,911	1,865	1,907	2,250	2,479	3,088	3,168
18 Africa	655	507	899	1,056	1,295	1,328	1,491
19 All other[2]	173	179	267	312	622	635	740

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

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

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

Billions of dollars, end of period

Area or country	1978[2]	1979	1980	1981				1982			
				Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**266.2**	**303.9**	**352.0**	**372.1**	**382.9**	**399.8**	**414.4**	**417.6**	**432.0**	**433.6**	**435.1**
2 G-10 countries and Switzerland	124.7	138.4	162.1	168.5	168.3	172.2	175.2	173.7	175.0	173.4	177.2
3 Belgium-Luxembourg	9.0	11.1	13.0	13.6	13.8	14.1	13.3	13.2	14.1	13.5	13.0
4 France	12.2	11.7	14.1	14.5	14.7	16.0	15.3	15.9	16.4	15.7	16.6
5 Germany	11.3	12.2	12.1	13.3	12.1	12.7	12.9	12.5	12.7	12.2	12.6
6 Italy	6.7	6.4	8.2	7.7	8.4	8.6	9.6	9.0	9.0	9.7	10.3
7 Netherlands	4.4	4.8	4.4	4.6	4.2	3.7	4.0	4.0	4.1	3.8	3.6
8 Sweden	2.1	2.4	2.9	3.2	3.1	3.4	3.7	4.0	4.0	4.7	5.0
9 Switzerland	5.3	4.7	5.0	5.1	5.2	5.1	5.5	5.3	5.1	5.0	5.0
10 United Kingdom	47.3	56.4	67.4	68.5	67.0	68.8	69.9	69.7	68.5	69.0	70.9
11 Canada	6.0	6.3	8.4	8.9	10.8	11.8	10.9	11.6	11.3	10.8	10.9
12 Japan	20.6	22.4	26.5	29.1	28.9	28.0	30.1	28.4	29.9	28.9	29.0
13 Other developed countries	19.4	19.9	21.6	23.5	24.8	26.4	28.4	30.6	32.1	32.6	33.6
14 Austria	1.7	2.0	1.9	1.8	2.1	2.2	1.9	2.1	2.1	2.0	1.9
15 Denmark	2.0	2.2	2.3	2.4	2.3	2.5	2.3	2.5	2.6	2.5	2.4
16 Finland	1.2	1.2	1.4	1.4	1.3	1.4	1.7	1.6	1.6	1.8	2.3
17 Greece	2.3	2.4	2.8	2.7	3.0	2.9	2.8	2.8	2.6	2.5	2.9
18 Norway	2.1	2.3	2.6	2.8	2.8	3.0	3.1	3.2	3.2	3.4	3.3
19 Portugal	.6	.7	.6	.6	.8	1.0	1.1	1.2	1.5	1.6	1.5
20 Spain	3.5	3.5	4.4	5.5	5.7	5.8	6.7	7.2	7.3	7.7	7.5
21 Turkey	1.5	1.4	1.5	1.5	1.4	1.5	1.4	1.6	1.5	1.5	1.4
22 Other Western Europe	1.3	1.4	1.7	1.8	1.8	1.9	2.1	2.2	2.2	2.1	2.3
23 South Africa	2.0	1.3	1.1	1.5	1.9	2.5	2.8	3.3	3.5	3.6	3.7
24 Australia	1.4	1.3	1.3	1.5	1.7	1.9	2.5	3.0	4.0	4.0	4.3
25 OPEC countries[3]	22.7	22.9	22.7	21.7	22.2	23.5	24.5	25.1	26.1	27.0	27.2
26 Ecuador	1.6	1.7	2.1	2.0	2.0	2.1	2.2	2.3	2.4	2.3	2.2
27 Venezuela	7.2	8.7	9.1	8.3	8.8	9.2	9.7	9.7	9.8	10.1	10.6
28 Indonesia	2.0	1.9	1.8	2.1	2.1	2.5	2.5	2.7	2.7	2.9	3.2
29 Middle East countries	9.5	8.0	6.9	6.7	6.8	7.1	7.5	8.2	8.7	9.0	8.5
30 African countries	2.5	2.6	2.8	2.6	2.6	2.6	2.5	2.2	2.5	2.7	2.7
31 Non-OPEC developing countries	52.6	63.0	77.4	82.2	84.8	90.2	96.2	97.5	103.6	103.8	106.9
Latin America											
32 Argentina	3.0	5.0	7.9	9.5	8.5	9.3	9.4	9.9	9.7	9.2	8.9
33 Brazil	14.9	15.2	16.2	17.0	17.5	17.7	19.1	19.7	21.3	22.4	22.8
34 Chile	1.6	2.5	3.7	4.0	4.8	5.5	5.8	6.0	6.4	6.2	6.3
35 Colombia	1.4	2.2	2.6	2.4	2.5	2.5	2.6	2.3	2.6	2.8	3.0
36 Mexico	10.8	12.0	15.9	17.0	18.2	20.0	21.6	22.9	25.1	24.8	24.4
37 Peru	1.7	1.5	1.8	1.8	1.7	1.8	2.0	1.9	2.4	2.6	2.6
38 Other Latin America	3.6	3.7	3.9	4.7	3.8	4.2	4.1	4.1	4.0	4.3	4.2
Asia											
China											
39 Mainland	.0	.1	.2	.2	.2	.2	.2	.2	.3	.2	.3
40 Taiwan	2.9	3.4	4.2	4.4	4.6	5.1	5.1	5.1	5.0	4.9	5.2
41 India	.2	.2	.3	.3	.3	.3	.3	.5	.5	.5	.6
42 Israel	1.0	1.3	1.5	1.3	1.8	1.5	2.1	1.7	2.2	1.9	2.3
43 Korea (South)	3.9	5.4	7.1	7.7	8.8	8.6	9.4	8.6	8.9	9.3	10.8
44 Malaysia	.6	1.0	1.1	1.2	1.4	1.4	1.7	1.7	1.9	1.8	2.1
45 Philippines	2.8	4.2	5.1	4.8	5.1	5.6	6.0	5.9	6.3	6.0	6.2
46 Thailand	1.2	1.5	1.6	1.6	1.5	1.4	1.5	1.4	1.3	1.3	1.6
47 Other Asia	.2	.5	.6	.5	.7	.8	1.0	1.2	1.1	1.3	1.1
Africa											
48 Egypt	.4	.6	.8	.8	.7	1.0	1.1	1.3	1.3	1.3	1.2
49 Morocco	.6	.6	.7	.6	.5	.7	.7	.7	.7	.8	.7
50 Zaire	.2	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1
51 Other Africa[4]	1.4	1.7	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.2	2.5
52 Eastern Europe	6.9	7.3	7.4	7.7	7.7	7.7	7.8	7.2	6.7	6.3	6.2
53 U.S.S.R.	1.3	.7	.4	.4	.5	.4	.6	.4	.4	.3	.3
54 Yugoslavia	1.5	1.8	2.3	2.4	2.5	2.5	2.5	2.5	2.4	2.2	2.2
55 Other	4.1	4.8	4.6	4.8	4.8	4.7	4.7	4.3	3.9	3.8	3.7
56 Offshore banking centers	31.0	40.4	47.0	53.7	59.3	61.7	63.5	65.2	70.7	70.3	66.6
57 Bahamas	10.4	13.7	13.7	15.5	17.9	21.3	18.9	19.8	23.1	20.1	18.0
58 Bermuda	.7	.8	.6	.7	.7	.8	.7	.7	.7	.8	.9
59 Cayman Islands and other British West Indies	7.4	9.4	10.6	11.9	12.6	12.1	12.4	12.0	12.2	13.3	12.8
60 Netherlands Antilles	.8	1.2	2.1	2.3	2.4	2.2	3.2	3.2	3.0	3.3	3.3
61 Panama[5]	3.0	4.3	5.4	6.5	6.9	6.7	7.6	7.1	7.3	8.0	7.5
62 Lebanon	.1	.2	.2	.2	.2	.2	.2	.2	.2	.1	.1
63 Hong Kong	4.2	6.0	8.1	8.4	10.3	10.3	11.8	12.9	14.3	14.9	14.8
64 Singapore	3.9	4.5	5.9	7.3	8.1	8.0	8.7	9.3	9.8	9.8	9.1
65 Others[6]	.5	.4	.3	.9	.3	.1	.1	.1	.1	.0	.0
66 Miscellaneous and unallocated[7]	9.1	11.7	14.0	14.9	15.7	18.2	18.8	18.3	18.2	20.1	17.6

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

2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

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

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	1981	1982			
				Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**17,433**	**22,226**	**22,480**	**22,480**	**22,393**	**20,965**	**21,440**	**21,795**
2 Payable in dollars	14,323	18,481	18,758	18,758	19,623	18,182	18,324	18,696
3 Payable in foreign currencies	3,110	3,745	3,722	3,722	2,770	2,783	3,116	3,099
By type								
4 Financial liabilities	7,523	11,330	12,117	12,117	12,599	10,028	10,707	10,253
5 Payable in dollars	5,223	8,528	9,446	9,446	10,627	8,066	8,399	8,178
6 Payable in foreign currencies	2,300	2,802	2,671	2,671	1,972	1,961	2,308	2,075
7 Commercial liabilities	9,910	10,896	10,363	10,363	9,794	10,937	10,733	11,542
8 Trade payables	4,591	4,993	4,720	4,720	4,022	5,027	4,527	4,471
9 Advance receipts and other liabilities	5,320	5,903	5,643	5,643	5,773	5,910	6,206	7,071
10 Payable in dollars	9,100	9,953	9,312	9,312	8,996	10,115	9,925	10,518
11 Payable in foreign currencies	811	943	1,052	1,052	798	822	808	1,024
By area or country								
Financial liabilities								
12 Europe	4,665	6,481	6,819	6,819	7,883	5,947	6,389	6,152
13 Belgium-Luxembourg	338	479	471	471	605	518	494	502
14 France	175	327	709	709	924	581	672	635
15 Germany	497	582	491	491	503	439	446	422
16 Netherlands	829	681	748	748	755	517	759	702
17 Switzerland	170	354	715	715	707	661	670	653
18 United Kingdom	2,477	3,923	3,559	3,559	4,282	3,084	3,212	3,061
19 Canada	532	964	958	958	914	758	702	685
20 Latin America and Caribbean	1,514	3,136	3,356	3,356	3,333	2,805	2,969	2,683
21 Bahamas	404	964	1,279	1,279	1,095	1,003	933	866
22 Bermuda	81	1	7	7	6	7	14	23
23 Brazil	18	23	22	22	27	24	28	28
24 British West Indies	516	1,452	1,241	1,241	1,469	1,044	981	992
25 Mexico	121	99	102	102	67	83	85	121
26 Venezuela	72	81	98	98	97	100	104	114
27 Asia	804	723	957	957	455	502	631	718
28 Japan	726	644	792	792	293	340	424	527
29 Middle East oil-exporting countries[2]	31	38	75	75	63	66	67	70
30 Africa	4	11	3	3	2	3	3	4
31 Oil-exporting countries[3]	1	1	0	0	0	0	0	0
32 All other[4]	4	15	24	24	12	11	13	12
Commercial liabilities								
33 Europe	3,709	4,402	3,771	3,771	3,422	3,742	3,861	3,578
34 Belgium-Luxembourg	137	90	71	71	50	47	50	50
35 France	467	582	573	573	504	700	759	602
36 Germany	545	679	545	545	473	457	436	464
37 Netherlands	227	219	221	221	232	248	281	340
38 Switzerland	316	499	424	424	400	412	358	335
39 United Kingdom	1,080	1,209	880	880	824	850	904	802
40 Canada	924	888	897	897	884	1,116	1,188	1,482
41 Latin America and Caribbean	1,325	1,300	1,044	1,044	817	1,418	1,220	1,127
42 Bahamas	69	8	2	2	22	20	6	16
43 Bermuda	32	75	67	67	71	102	48	89
44 Brazil	203	111	67	67	83	62	128	65
45 British West Indies	21	35	2	2	27	2	3	32
46 Mexico	257	367	340	340	210	727	484	475
47 Venezuela	301	319	276	276	194	219	269	157
48 Asia	2,991	3,034	3,285	3,285	3,404	3,298	3,207	3,966
49 Japan	583	802	1,094	1,094	1,090	1,064	1,134	1,028
50 Middle East oil-exporting countries[2]	1,014	890	910	910	998	958	821	1,538
51 Africa	728	817	703	703	664	732	663	736
52 Oil-exporting countries[3]	384	517	344	344	247	340	248	284
53 All other[4]	233	456	664	664	604	630	595	653

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1979	1980	1981	1981	1982			
					Dec.	Mar.	June	Sept.	Dec.*p*
1	**Total**	**31,299**	**34,482**	**35,672**	**35,672**	**30,203**	**30,483**	**29,488**	**27,153**
2	Payable in dollars	28,096	31,528	32,071	32,071	27,564	27,983	26,835	24,545
3	Payable in foreign currencies	3,203	2,955	3,601	3,601	2,639	2,500	2,653	2,608
	By type								
4	Financial claims	18,398	19,763	20,742	20,742	17,748	18,360	17,714	16,432
5	Deposits	12,858	14,166	14,688	14,688	12,730	13,603	12,608	11,918
6	Payable in dollars	11,936	13,381	14,057	14,057	12,267	13,229	12,194	11,552
7	Payable in foreign currencies	923	785	631	631	463	374	413	366
8	Other financial claims	5,540	5,597	6,054	6,054	5,018	4,757	5,106	4,514
9	Payable in dollars	3,714	3,914	3,600	3,600	3,362	3,189	3,419	2,833
10	Payable in foreign currencies	1,826	1,683	2,454	2,454	1,656	1,568	1,687	1,681
11	Commercial claims	12,901	14,720	14,930	14,930	12,455	12,122	11,774	10,721
12	Trade receivables	12,185	13,960	13,965	13,965	11,493	11,069	10,709	9,752
13	Advance payments and other claims	716	759	965	965	962	1,053	1,065	969
14	Payable in dollars	12,447	14,233	14,414	14,414	11,935	11,565	11,222	10,160
15	Payable in foreign currencies	454	487	516	516	520	557	552	561
	By area or country								
	Financial claims								
16	Europe	6,179	6,069	4,515	4,515	4,506	4,661	4,728	4,524
17	Belgium-Luxembourg	32	145	43	43	16	13	16	10
18	France	177	298	285	285	375	313	305	129
19	Germany	409	230	224	224	197	148	174	168
20	Netherlands	53	51	50	50	79	56	52	30
21	Switzerland	73	54	57	57	53	63	60	84
22	United Kingdom	5,099	4,987	3,525	3,525	3,549	3,795	3,749	3,839
23	Canada	5,003	5,036	6,628	6,628	4,942	4,365	4,322	4,199
24	Latin America and Caribbean	6,312	7,811	8,615	8,615	7,432	8,312	7,630	6,783
25	Bahamas	2,773	3,477	3,925	3,925	3,537	3,845	3,366	3,137
26	Bermuda	30	135	18	18	27	42	19	13
27	Brazil	163	96	30	30	49	76	76	60
28	British West Indies	2,011	2,755	3,503	3,503	2,797	3,504	3,171	2,656
29	Mexico	157	208	313	313	281	274	268	274
30	Venezuela	143	137	148	148	130	134	133	139
31	Asia	601	607	762	762	670	800	825	736
32	Japan	199	189	366	366	257	327	247	191
33	Middle East oil-exporting countries[2]	16	20	37	37	36	33	30	15
34	Africa	258	208	173	173	164	156	165	158
35	Oil-exporting countries[3]	49	26	46	46	43	41	50	48
36	All other[4]	44	32	48	48	34	66	44	31
	Commercial claims								
37	Europe	4,922	5,544	5,359	5,359	4,381	4,273	4,164	3,658
38	Belgium-Luxembourg	202	233	234	234	246	211	178	152
39	France	727	1,129	776	776	698	636	646	465
40	Germany	593	599	557	557	452	392	427	341
41	Netherlands	298	318	303	303	227	297	278	364
42	Switzerland	272	354	427	427	354	384	258	328
43	United Kingdom	901	929	969	969	1,062	905	1,035	765
44	Canada	859	914	967	967	943	713	666	635
45	Latin America and Caribbean	2,879	3,766	3,479	3,479	2,925	2,787	2,772	2,376
46	Bahamas	21	21	12	12	80	30	19	21
47	Bermuda	197	108	223	223	212	225	154	259
48	Brazil	645	861	668	668	417	423	481	252
49	British West Indies	16	34	12	12	23	10	7	9
50	Mexico	708	1,102	1,022	1,022	762	750	869	672
51	Venezuela	343	410	424	424	396	383	373	342
52	Asia	3,451	3,522	3,914	3,914	3,155	3,323	3,086	3,104
53	Japan	1,177	1,052	1,244	1,244	1,160	1,213	968	1,157
54	Middle East oil-exporting countries[2]	765	825	901	901	757	806	775	710
55	Africa	551	653	750	750	587	614	638	535
56	Oil-exporting countries[3]	130	153	152	152	143	138	148	133
57	All other[4]	240	321	461	461	463	413	448	413

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	1981	1982	1983 Jan.–Mar.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.^{p}
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	40,686	41,902^r	17,688	4,293^r	5,967	5,581	5,839	5,141	5,310	7,237
2 Foreign sales	34,856	37,948^r	15,038	4,400^r	5,675	5,245	4,868	4,376	4,349	6,314
3 Net purchases, or sales (−)	**5,830**	**3,954^r**	**2,650**	**−107**	**292**	**336**	**971**	**765**	**961**	**923**
4 Foreign countries	**5,803**	**3,869^r**	**2,593**	**−110**	**282**	**325**	**946**	**755**	**940**	**897**
5 Europe	3,662	2,596	2,444	−268	175	69	672	586	890	968
6 France	900	−143	107	−43	−30	−8	43	47	52	8
7 Germany	−22	333	447	−43	47	26	138	84	137	226
8 Netherlands	42	−60	51	−62	−102	−24	25	2	8	41
9 Switzerland	288	−529	536	−144	−118	−208	226	211	223	101
10 United Kingdom	2,235	3,129	1,194	73	435	317	242	183	442	569
11 Canada	783	221^r	298	115	5	72	154	90	61	147
12 Latin America and Caribbean	−30	304	56	−82	142	54	39	−5	83	−23
13 Middle East[1]	1,140	368	−123	134	−98	9	−153	−57	−13	−53
14 Other Asia	287	246^r	−182	−16	22	112	210	118	−91	−210
15 Africa	7	2	17	0	0	2	3	6	4	8
16 Other countries	−46	131	84	6	35	7	22	18	6	60
17 Nonmonetary international and regional organizations	**27**	**85**	**57**	**3**	**10**	**11**	**25**	**10**	**21**	**26**
BONDS[2]										
18 Foreign purchases	17,304^r	21,631^r	6,127	2,288^r	2,778	2,099	2,099	1,933	1,885	2,310
19 Foreign sales	12,252^r	20,480^r	6,805	2,283^r	2,961^r	2,280	2,457	2,278	1,877	2,651
20 Net purchases, or sales (−)	**5,052^r**	**1,151^r**	**−678**	**5^r**	**−183^r**	**−181**	**−358**	**−345**	**8**	**−341**
21 Foreign countries	**4,991^r**	**1,179^r**	**−667**	**40^r**	**−223^r**	**−190**	**−348**	**−343**	**33**	**−358**
22 Europe	1,371^r	1,848^r	−613	−80^r	408^r	−236	−158	−189	−148	−276
23 France	11	295^r	−45	25	−17^r	24	146	−21	−2	−22
24 Germany	848	2,116^r	−15	86	187^r	11	43	−96	−35	116
25 Netherlands	70	28^r	19	−10	−2	−4	−1	16	0	3
26 Switzerland	108	161	89	−24	−4	−13	44	29	62	−2
27 United Kingdom	196^r	−903^r	−377	−180^r	225^r	−327	−461	−105	−90	−182
28 Canada	−12	25	46	2	−152	10	−2	11	15	21
29 Latin America and Caribbean	132	160	33	19	−15	28	−6	23	11	−1
30 Middle East[1]	3,465	−821^r	−286	141^r	−435	−20	−177	−211	86	−161
31 Other Asia	44	−23	154	−47	−30	28	−5	23	72	59
32 Africa	−1	−19	−1	0	0	0	0	0	−1	0
33 Other countries	−7	7	−1	5	0	0	−1	0	0	0
34 Nonmonetary international and regional organizations	**61^r**	**−28**	**−10**	**−36**	**41**	**10**	**−10**	**−2**	**−25**	**17**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−247^r	−1,340^r	−993	−160	−308	−740	−272	−320	−226	−447
36 Foreign purchases	9,339^r	7,170^r	3,260	545	706	772	927	1,032	1,042	1,187
37 Foreign sales	9,586^r	8,511^r	4,254	705	1,014	1,512	1,199	1,352	1,268	1,634
38 Bonds, net purchases, or sales (−)	−5,460^r	−6,610	−1,039	−1,140^r	−1,331	−458^r	−417	22	−278	−782
39 Foreign purchases	17,553	29,900^r	9,090	3,081^r	3,058	2,953^r	2,962	2,881	3,526	2,683
40 Foreign sales	23,013^r	36,510^r	10,129	4,222	4,389	3,411	3,379	2,859	3,804	3,465
41 Net purchases, or sales (−), of stocks and bonds	**−5,707^r**	**−7,950^r**	**−2,032**	**−1,300^r**	**−1,639**	**−1,199^r**	**−689**	**−298**	**−504**	**−1,229**
42 Foreign countries	**−4,694^r**	**−6,778^r**	**−1,980**	**−809^r**	**−1,247**	**−1,168^r**	**−736**	**−272^r**	**−817**	**−891**
43 Europe	−728^r	−2,436^r	−1,598	−271	−517	−572	−555	−307	−687	−604
44 Canada	−3,697	−2,364^r	−638	−298^r	−181	−7^r	−29	−20	−449	−169
45 Latin America and Caribbean	69	246^r	575	−65	−268	−62	29	258	345	−28
46 Asia	−367^r	−1,851^r	−365	241	−283	−536	−195	−192^r	−37	−135
47 Africa	−55	−9	42	1	0	4	4	−9	21	30
48 Other countries	84^r	−364	4	−416	3	5	10	−2	−10	16
49 Nonmonetary international and regional organizations	**−1,012**	**−1,172^r**	**−52**	**−491^r**	**−392**	**−31**	**47**	**−26**	**312**	**−339**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1981	1982r	1983 Jan.–Mar.	1982 Sept.r	1982 Oct.r	1982 Nov.r	1982 Dec.r	1983 Jan.r	1983 Feb.	1983 Mar.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**70,249r**	**85,169**	....	**82,157**	**83,860**	**84,667**	**85,169**	**85,458**	**86,057**	**88,849**
2 Foreign countries[2]	64,565r	80,586	....	78,373	79,166	79,447	80,586	80,854	82,098	83,209
3 Europe[2]	24,012r	29,274	....	28,853	29,071	29,447	29,274	29,855	31,039	32,348
4 Belgium-Luxembourg	543	447	....	551	834	448	447	716	−87	−332
5 Germany[2]	11,861	14,841	....	14,520	14,493	14,704	14,841	15,151	16,650	17,549
6 Netherlands	1,991r	2,754	....	2,374	2,356	2,473	2,754	2,839	3,011	3,194
7 Sweden	643	667	....	635	655	687	667	668	681	656
8 Switzerland[2]	846	1,540	....	1,233	1,266	1,532	1,540	1,013	1,039	1,038
9 United Kingdom	6,709	6,549	....	7,358	7,237	7,099	6,549	6,721	6,941	7,478
10 Other Western Europe	1,419	2,476	....	2,183	2,230	2,505	2,476	2,748	2,804	2,764
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	514	602	....	428	482	552	602	649	639	724
13 Latin America and Caribbean	736	1,076	....	1,204	1,086	1,231	1,076	1,067	1,050	951
14 Venezuela	286	188	....	221	204	172	188	190	74	77
15 Other Latin America and Caribbean	319	656	....	771	657	759	656	720	792	690
16 Netherlands Antilles	131	232	....	211	225	300	232	156	185	184
17 Asia	38,671	49,502	....	47,668	48,288	48,079	49,502	49,146	49,256	49,076
18 Japan	10,780	11,578	....	11,410	11,396	11,314	11,578	11,655	11,707	11,736
19 Africa	631	77	....	178	178	77	77	77	80	80
20 All other	2	55	....	43	61	62	55	60	34	31
21 Nonmonetary international and regional organizations	5,684r	4,583	....	3,784	4,694	5,220	4,583	4,604	3,959	5,640
22 International	5,638	4,186	....	3,558	4,417	4,939	4,186	4,165	3,405	4,966
23 Latin American regional	1	6	....	−4	−4	−4	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**12,700r**	**14,920**	**3,680**	**1,670**	**1,703**	**808**	**502**	**289**	**599**	**2,792**
25 Foreign countries[2]	11,604r	16,021	2,623	1,627	792	281	1,139	268	1,245	1,111
26 Official institutions	11,730r	14,529	2,707	1,526	641	231	1,866	20	1,567	1,119
27 Other foreign[2]	−127	1,487	−84	101	151	50	−727	248	−323	−9
28 Nonmonetary international and regional organizations	1,096r	−1,096	1,057	43	910	527	−637	21	−645	1,681
MEMO: Oil-exporting countries										
29 Middle East[3]	11,156	7,534	−625	173	209	−320	303	121	−233	-514
30 Africa[4]	−289	−552	0	−125	0	−100	0	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Apr. 30, 1983 Per-cent	Rate on Apr. 30, 1983 Month effective	Country	Rate on Apr. 30, 1983 Per-cent	Rate on Apr. 30, 1983 Month effective	Country	Rate on Apr. 30, 1983 Per-cent	Rate on Apr. 30, 1983 Month effective
Austria	3.75	Mar. 1983	France[1]	12.5	Feb. 1983	Norway	9.0	Nov. 1979
Belgium	10.0	Apr. 1983	Germany, Fed. Rep. of	4.0	Mar. 1983	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	17.0	Apr. 1983	United Kingdom[2]	....	....
Canada	9.37	Apr. 1983	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	7.5	Apr. 1983	Netherlands	3.5	Mar. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1980	1981	1982	1982 Oct.	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
1 Eurodollars	14.00	16.79	12.24	10.43	9.77	9.47	8.97	9.14	9.25	9.23
2 United Kingdom	16.59	13.86	12.21	9.74	9.30	10.55	11.04	11.29	10.92	10.21
3 Canada	13.12	18.84	14.38	12.14	11.08	10.56	9.87	9.69	9.36	9.39
4 Germany	9.45	12.05	8.81	7.55	7.24	6.54	5.78	5.79	5.40	5.16
5 Switzerland	5.79	9.15	5.04	3.66	3.76	3.71	2.78	2.95	3.64	4.20
6 Netherlands	10.60	11.52	8.26	7.09	6.36	5.66	4.97	4.82	4.34	5.19
7 France	12.18	15.28	14.61	13.51	12.98	12.70	12.55	12.88	12.64	12.12
8 Italy	17.50	19.98	19.99	18.57	19.05	19.20	18.95	19.04	19.19	18.20
9 Belgium	14.06	15.28	14.10	12.75	12.50	12.25	12.25	12.25	13.32	11.05
10 Japan	11.45	7.58	6.84	6.97	6.98	6.96	6.47	6.64	6.78	6.69

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1980	1981	1982	1982 Nov.	1982 Dec.	1983 Jan.	1983 Feb.	1983 Mar.	1983 Apr.
1 Argentina/peso	n.a.	n.a.	20985.00	39200.00	43883.91	48916.66	50239.47	62386.95	66868.56
2 Australia/dollar[1]	114.00	114.95	101.65	94.27	96.82	98.26	96.62	88.39	86.76
3 Austria/schilling	12.945	15.948	17.060	17.947	16.994	16.783	17.076	16.940	17.176
4 Belgium/franc	29.237	37.194	45.780	49.600	47.493	46.888	47.739	47.519	48.577
5 Brazil/cruzeiro	n.a.	92.374	179.22	228.51	244.63	262.30	309.01	401.30	434.77
6 Canada/dollar	1.1693	1.1990	1.2344	1.2262	1.2385	1.2287	1.2277	1.2263	1.2325
7 Chile/peso	n.a.	n.a.	51.118	69.050	72.630	74.257	76.863	76.378	76.028
8 China, P.R./yuan	n.a.	1.7031	1.8978	2.0002	1.9445	1.9238	1.9653	1.9834	1.9938
9 Colombia/peso	n.a.	n.a.	64.071	68.168	69.526	70.762	71.751	73.179	74.751
10 Denmark/krone	5.6345	7.1350	8.3443	8.9595	8.5275	8.4171	8.5811	8.6223	8.6663
11 Finland/markka	3.7206	4.3128	4.8086	5.5263	5.3425	5.3120	5.3907	5.4266	5.4342
12 France/franc	4.2250	5.4396	6.5793	7.2152	6.8548	6.7725	6.8855	7.0204	7.3148
13 Germany/deutsche mark	1.8175	2.2631	2.428	2.5543	2.4193	2.3893	2.4280	2.4110	2.4397
14 Greece/drachma	n.a.	n.a.	66.872	72.889	70.788	80.761	83.621	83.897	84.037
15 Hong Kong/dollar	n.a.	5.5678	6.0697	6.6724	6.5417	6.5252	6.6060	6.6536	6.7868
16 India/rupee	7.8866	8.6807	9.4846	9.7968	9.6926	9.7938	9.9184	9.9652	9.9824
17 Indonesia/rupiah	n.a.	n.a.	660.43	680.92	687.95	694.62	700.01	714.72	970.81
18 Iran/rial	n.a.	79.324	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Ireland/pound[1]	205.77	161.32	142.05	132.91	137.69	139.16	136.81	134.79	129.53
20 Israel/shekel	n.a.	n.a.	24.407	31.344	32.966	34.863	36.986	38.867	40.951
21 Italy/lira	856.20	1138.60	1354.00	1468.84	1398.74	1374.71	1399.78	1429.72	1451.88
22 Japan/yen	226.63	220.63	249.06	264.09	241.94	232.73	236.12	238.25	237.75
23 Malaysia/ringgit	2.1767	2.3048	2.3395	2.3647	2.3529	2.2822	2.2757	2.2898	2.3063
24 Mexico/peso	22.968	24.547	72.990	130.61	147.35	150.75	157.81	161.78	153.77
25 Netherlands/guilder	1.9875	2.4998	2.6719	2.7861	2.6698	2.6310	2.6779	2.6834	2.7486
26 New Zealand/dollar[1]	97.34	86.848	75.101	71.092	72.569	72.921	71.895	66.642	65.726
27 Norway/krone	4.9381	5.7430	6.4567	7.2397	7.0346	7.0447	7.1171	7.1852	7.1460
28 Peru/sol	n.a.	n.a.	694.59	878.66	942.47	1019.54	1087.43	1160.19	1284.37
29 Philippines/peso	n.a.	7.8113	8.5324	8.8733	9.0546	9.2632	9.4488	9.5896	9.8449
30 Portugal/escudo	50.082	61.739	80.101	91.911	92.685	94.548	93.771	95.867	99.055
31 Singapore/dollar	n.a.	2.1053	2.1406	2.2123	2.1522	2.0768	2.0758	2.0854	2.1010
32 South Africa/rand[1]	128.54	114.77	92.297	87.77	92.03	93.82	91.04	91.64	91.42
33 South Korea/won	n.a.	n.a.	731.93	745.60	746.36	749.80	752.19	757.94	765.29
34 Spain/peseta	71.758	92.396	110.09	119.09	126.125	126.844	129.886	133.498	135.99
35 Sri Lanka/rupee	16.167	18.967	20.756	21.009	21.166	21.378	22.355	22.982	22.971
36 Sweden/krona	4.2309	5.0659	6.2838	7.5095	7.3555	7.3227	7.4385	7.4882	7.4941
37 Switzerland/franc	1.6772	1.9674	2.0327	2.1931	2.0588	1.9679	2.0180	2.0663	2.0587
38 Thailand/baht	n.a.	21.731	23.014	23.000	23.000	23.000	22.999	22.991	22.990
39 United Kingdom/pound[1]	232.58	202.43	174.80	163.21	161.60	157.56	153.29	149.00	153.61
40 Venezuela/bolivar	n.a.	4.2781	4.2981	4.2996	4.2971	4.2973	4.3101	7.9500	9.0429
MEMO:									
United States/dollar[2]	87.39	102.94	116.57	124.27	119.22	117.73	119.70	120.71	121.82

1. Value in U.S. cents.

2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	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.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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Index to Statistical Tables

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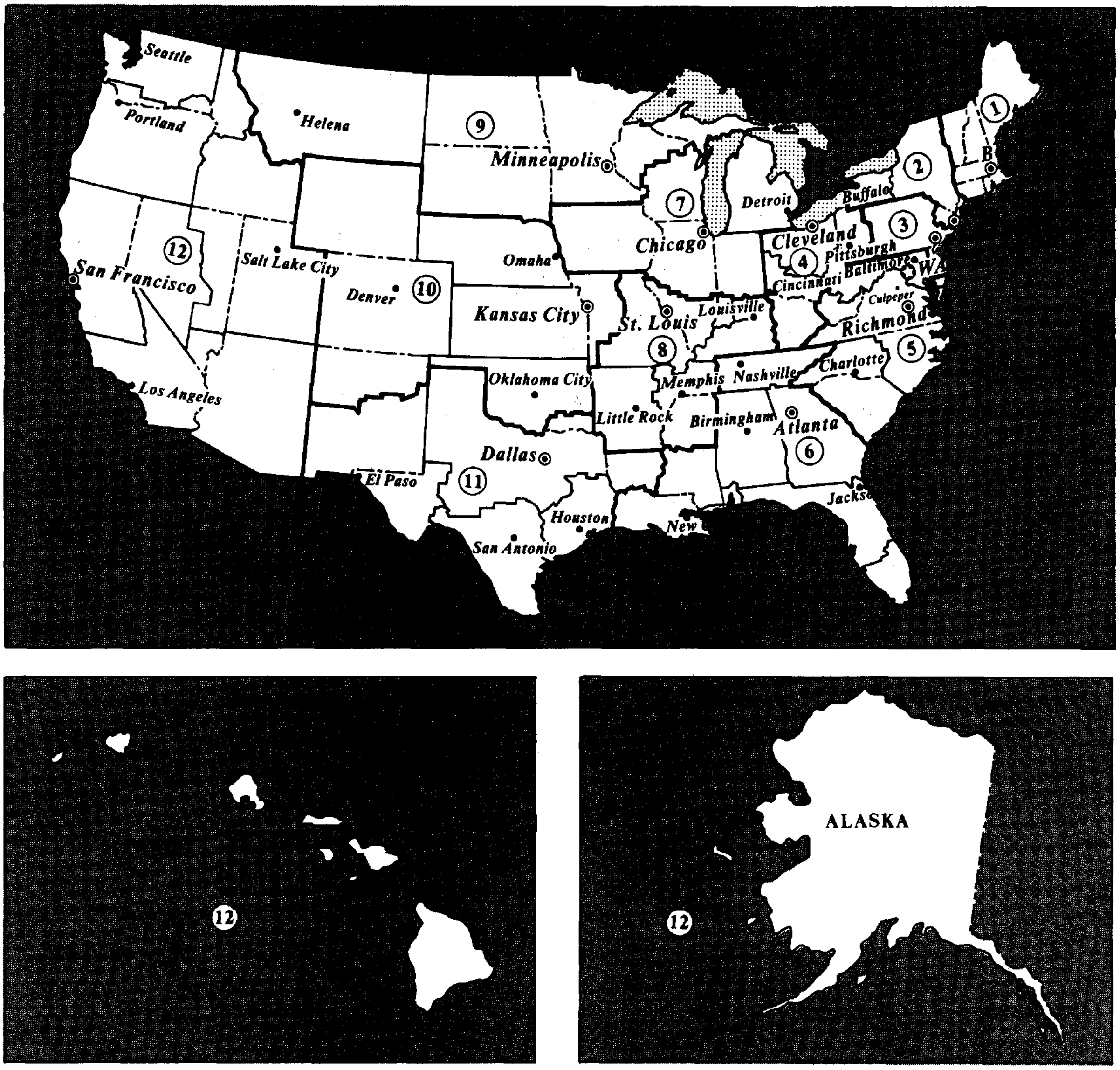
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility