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On balance over the three-month period from February through April 1989, the dollar rose ¼ percent against the German mark and Canadian dollar, 2¼ percent against the Japanese yen, 4 percent against the British pound, and 5 percent against the Swiss franc. The dollar ended the period 1 percent higher on a trade-weighted basis as measured by the staff of the Board of Governors.

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At its meeting on March 28, 1989, the Committee adopted a directive that called for maintaining the current degree of pressure on reserve positions and that provided for giving particular weight to potential developments that might require some firming during the intermeeting period. Accordingly, some added reserve restraint would be acceptable, or some slight lessening of

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reserve pressure might be acceptable, over the intermeeting period, depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of around 3 percent and 5 percent respectively over the three-month period from March to June. It was understood that operations would continue to be conducted with some flexibility in light of the persisting uncertainty in the relationship between the demand for borrowed reserves and the federal funds rate.

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Recent Developments in the Profitability and Lending Practices of Commercial Banks

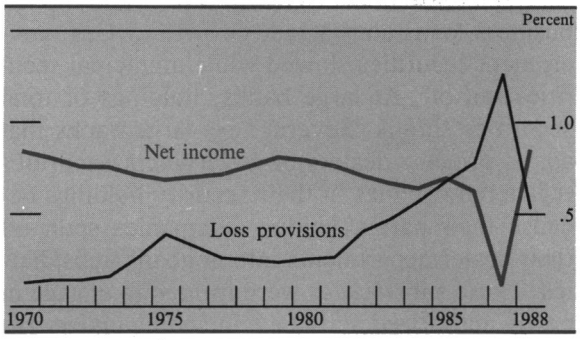
Martin H. Wolfson and Mary M. McLaughlin, of the Board's Division of Monetary Affairs, prepared this article. Douglas Carpenter and Vernon McKinley provided research assistance.

The profitability of U.S.-chartered insured commercial banks recovered in 1988, after a year of record low earnings. Large banks registered the sharpest turnaround; their rates of profitability were the highest in many years after huge losses in 1987. At all commercial banks, the lowest level of loss provisions in five years, in conjunction with higher net interest income, contributed to a return on assets of 0.84 percent, the highest in two decades (chart 1). The return on equity increased sharply to 13.52 percent. This strong performance allowed banks to pay dividends to shareholders that were generous by historical standards, while still increasing their equity capital ratios somewhat. Banks chose to provision at a lower level last year, even though charge-offs increased, particularly on foreign loans. Net charge-offs in fact exceeded provisions, and consequently, banks ended 1988 with loss reserves down from a year earlier (chart 2).

Short-term interest rates rose steadily throughout most of last year as the Federal Reserve took steps to restrain inflation (chart 3). With the demand for bank credit generally strong and its cost rising, the rate of return on banks' loan portfolios rose significantly. In contrast, rates paid on many retail deposits at commercial banks adjusted only partially to the increases in market rates. As a result, the spread between interest income and interest expense (net interest margin) widened (table 1).

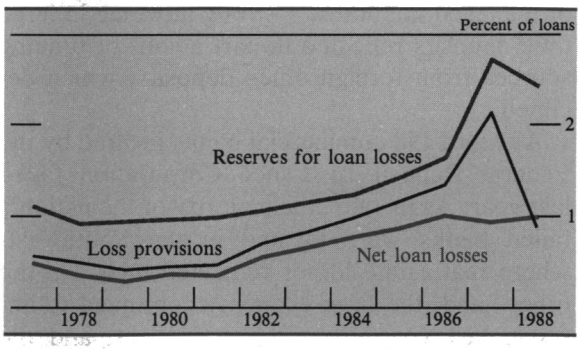
Despite strong domestic demand for loans, overall asset growth of U.S. banks remained moderate last year. Acquisitions of securities slowed, in part to accommodate higher domestic loan growth in the context of tighter monetary policy and in part as a result of the continued runoff of tax-exempt securities following the 1986 tax law change. Foreign loans declined as large banks reduced their exposure to developing countries by recognizing losses and slowing new loan growth. Partly to improve capital ratios, money center banks reduced their assets by stepping up loan sales and striving to pare back holdings of narrow-margin assets.

1. Net income and loss provisions as a percent of assets



Annual data.

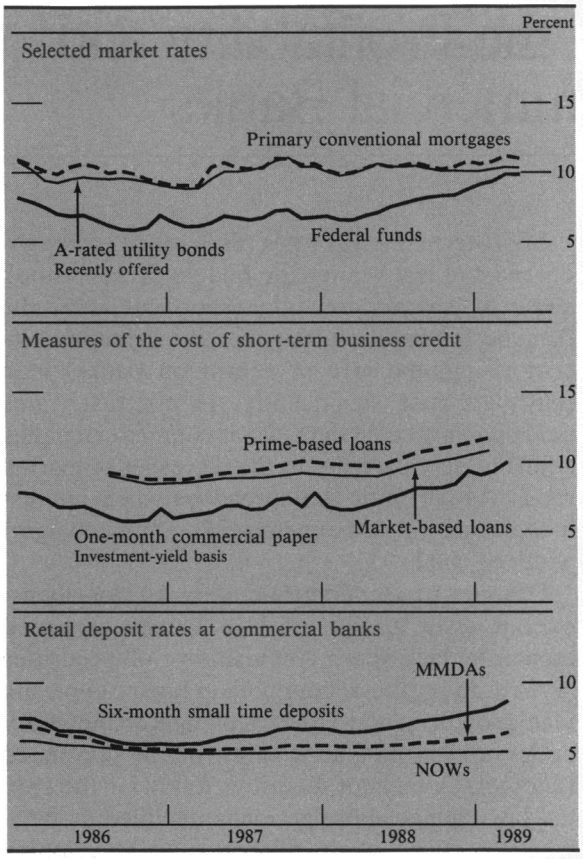
2. Reserves for loan losses, loss provisions, and net loan losses



Annual data. The denominator for reserves for loan losses, a stock, is total loans outstanding at year-end. Loss provisions and net loan losses are flows; their denominator is average loans for the year.

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3. Selected market and commercial bank interest rates



Rates on prime-based and on market-based loans (shown in the middle panel) are quarterly; all other rates are monthly.

In their funding strategy last year, banks relied heavily on both large and small time deposits. In contrast to other retail deposits, interest rates paid on small time deposits generally kept pace with rising market rates, and the rate of growth of these deposits picked up sharply. In the category of managed liabilities, a strong advance in large time deposits reflected in part a shift of funding sources from foreign office deposits, which declined.

A record 198 commercial banks insured by the Federal Deposit Insurance Corporation failed last year. As in 1987, the majority of the nation's failed banks were located in the Southwest, where real estate losses remained high. On the other hand, the farm economy continued to improve last year, despite the drought, and the profitability of agricultural banks exceeded that of the banking system as a whole.

1. Income and expense as a percent of average net assets, all insured commercial banks,[1,2]

Item	1984	1985	1986	1987	1988
Gross interest income	10.33	9.58	8.50	8.34	8.95
Gross interest expense	6.98	6.08	5.11	4.95	5.42
Net interest margin	3.35	3.50	3.39	3.40	3.53
Noninterest income	1.09	1.20	1.28	1.41	1.47
Loss provision	.57	.68	.78	1.27	.54
Other noninterest expense	3.04	3.17	3.22	3.30	3.33
Securities gains (losses)	−.01	.06	.14	.05	.01
Income before taxes	.83	.90	.80	.28	1.14
Taxes[3]	.19	.21	.19	.18	.33
Extraordinary items	.01	.01	.01	.01	.03
Net income	.64	.70	.62	.11	.84
Cash dividends declared	.32	.33	.33	.36	.44
Net retained earnings	.32	.37	.29	−.24	.40
MEMO					
Net interest margin, taxable equivalent[4]	3.71	3.88	3.79	3.61	3.78

1. Assets are fully consolidated and net of loss reserves.
2. In 1984, data are based on averages for call dates at the beginning and end of the year only. After 1984, data are based on averages of the call date in December of the preceding year and all four call dates in the current year.
3. Includes all taxes estimated to be due on income, extraordinary gains, and security gains.
4. For each bank with profits before taxes greater than zero, income from tax-exempt state and local obligations was increased by $[t/(1-t)]$ times the lesser of profits before tax or interest earned on tax-exempt obligations (t is the marginal federal income tax rate). This adjustment approximates the equivalent pretax return on tax-exempt obligations.

Balance Sheet Developments

Interest-Bearing Assets

Expansion of bank credit increased slightly last year, as a marked slowdown in the acquisition of securities offset an acceleration in the growth of loans. All size groups of banks registered strong loan growth except for money center banks, at which loan volume contracted. The fastest-growing component of bank credit was real estate loans. Domestic business loans registered a sharp increase in their growth rate, while foreign business loans contracted. Growth of U.S. government securities slowed while municipal securities ran off. At large banks, holdings of total securities shrank. Several very large banks that act as primary dealers of government securities registered declines in their security holdings because their parent holding companies spun off their dealer departments into nonbank subsidiaries. These subsidiaries were formed to engage in newly authorized activities, including underwriting securities such as commercial paper, bonds

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secured by one- to four-family mortgages, and municipal bonds.

Awareness of the new risk-based capital guidelines, due to go into effect in a transitional stage in 1990 and to take full effect in 1992, probably was an important influence on banks' portfolio decisions in 1988. The new guidelines rank asset categories by credit risk and require that banks have capital equal to 7.25 percent of risk-weighted assets by the end of 1990 and 8 percent by year-end 1992. In addition, half of the capital requirement must be met with "core" capital, defined as common equity, retained earnings, and perpetual preferred stock.

Commercial and Industrial (C&I) Loans. C&I loans made by U.S. commercial banks to domestic borrowers expanded nearly 7 percent in 1988, up strongly from the weak pace in 1987 (table 2). The pickup in domestic business loan demand was associated with an increase in the gap between capital expenditures and internal funds of nonfinancial corporations, a typical development as a business cycle progresses, and with continued strong credit demands associated with acquisitions, mergers, and other corporate restructurings. Business loan demand also accelerated because nonfinancial corporations focused their credit demands last year on short-term markets, despite the considerable increase in the level of short-term interest rates. Other short-term nonfinancial corporate debt instruments expanded even more strongly last year. Commercial paper growth accelerated to 18 percent and C&I loans to U.S. residents made by U.S. branches and agencies of foreign banks advanced almost 17 percent. Firms apparently chose to postpone longer-term issues in the expectation that lower credit costs were on the horizon. Also, investors began to shun corporate investment-grade bonds after the announcement late last year of the RJR Nabisco leveraged buyout. Fears developed that the value of such debt could decline if the issuing firms became takeover targets—so-called event risk.

The faster growth of domestic C&I loans resulted mainly from expansion at banks with assets of more than $5 billion other than money center banks, although C&I loan growth increased at smaller banks as well. At money center banks, the volume of business loans contracted in 1988, as it typically has in recent years. Partly as a result of loan sales, C&I loans at these banks have fallen from 32 percent of average

2. Annual growth rate of selected balance sheet items, all insured commercial banks[1]

Percent, except as noted

Balance sheet item	1984	1985	1986	1987	1988	Outstanding, Dec. 31, 1988 (billions of dollars)
Interest-earning assets	8.6	9.3	8.0	3.9	4.1	2,694
Loans	16.1	7.6	7.6	4.2	6.1	1,879
Commercial and industrial loans	9.2	1.8	4.0	−1.2	2.5	595
U.S. addressees	n.a.	5.9	9.6	.8	6.9	512
Other	n.a.	−6.2	−12.1	−5.5	−14.0	83
Consumer	17.9	14.2	7.3	3.3	6.3	354
Real estate	14.8	13.1	17.7	16.6	13.8	659
Foreign government	1.4	−3.8	−.3	−.2	−9.7	35
Agricultural	1.6	−10.0	−11.1	−6.2	3.2	30
Security loans	13.7	21.5	−22.2	−11.2	−.4	16
Securities	−8.3	13.9	10.2	7.2	1.9	514
U.S. government	−2.0	2.5	17.3	10.0	5.0	321
State and local	n.a.	32.9	−12.6	−13.7	−12.0	104
Deposits	6.6	7.7	7.8	2.3	4.2	2,359
Foreign office	3.0	1.2	−2.7	8.8	−7.8	312
Domestic office	7.3	9.0	9.7	1.4	6.3	2,047
Demand	6.6	8.9	13.6	−10.3	1.4	451
Other checkable deposits	n.a.	17.8	33.4	8.3	8.1	199
Savings (includes MMDAs)	n.a.	16.6	17.5	−.9	1.3	526
Small time	n.a.	3.4	−1.1	7.6	14.6	522
Large time	8.6	2.0	−1.5	13.0	8.9	316
Other liabilities for borrowed money	39.9	36.1	13.4	10.3	14.0	152

1. Growth rates calculated on an end-of-year to end-of-year basis. n.a. Not available.

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3. Loans made at rates below prime as a percent of total short-term business loans at large banks

Item	1984	1985	1986	1987	1988
Total	**80.6**	**85.2**	**82.8**	**72.6**	**67.7**
Excluding overnight loans	76.4	72.6	69.7	59.4	54.6
Excluding loans with a maturity of a month or less	57.9	52.1	53.2	46.5	43.3
MEMO: Prevailing prime rate less the one-month commercial paper rate (basis points)	199	194	175	158	167

Short-term loans are those with maturities of less than one year.
SOURCE. Survey of Terms of Bank Lending.

4. Volume of overnight loans and the spread of the overnight loan rate over the federal funds rate

Item	1984	1985	1986	1987	1988
Volume (billions of dollars)	18.1	15.2	16.6	14.4	13.2
Spread (basis points)	50	52	46	62	58

Average loans extended over four survey weeks of each year.
SOURCE. Survey of Terms of Bank Lending.

assets in 1984 to 23 percent last year. This trend also reflects the continuing ability of money center banks' most creditworthy business borrowers to go directly to the money and capital markets for funds. Many of these borrowers have better credit ratings than most of the money center banks. Capital pressures, which have caused money center banks to deemphasize narrow-margin loans, also have contributed to their runoff of C&I loans. Data from the Federal Reserve's Survey of Terms of Bank Lending illustrate this development. Over the period from 1985 through 1988, the percentage of gross business loan extensions made by large banks at rates below prime has declined (table 3). Loans made at rates below prime typically are priced at rather narrow spreads over funding costs.

Overnight loans provide a good example of this type of lending. These loans tend to be made in very large denominations, on the order of $5 million to $20 million. Among other purposes, they are used by firms to facilitate a delay in issuing commercial paper or bonds in the expectation of improving market conditions. Banks have raised the cost of these loans relative to the federal funds rate in the past couple of years (table 4), and the amount of overnight loans on banks' balance sheets has declined.

These developments notwithstanding, money center banks continue to be heavily involved in the C&I loan business. By selling loans without recourse, these banks have been able to exploit their well-developed capabilities of originating loans and to generate fee income without increasing required capital. According to the general pattern revealed by the Senior Loan Officer Opinion Survey of Bank Lending Practices (LPS),[1] the leading sellers of C&I loans are the money center banks, although other large banks are becoming increasingly important participants in this market. About 80 percent of C&I loans sold by LPS respondents are purchased by other banks—presumably those with lower costs of capital or cheaper deposits, as well as banks wishing to diversify their portfolios or banks whose total production costs for these loans exceed the purchase price. Particularly important purchasers have been domestic branches and agencies of foreign banks. Nonbank purchasers include nonfinancial corporations, life insurance companies, and thrift institutions.

About 43 percent of loan sales at LPS respondents in 1988 involved merger-related loans. Although large banks have been active in selling merger credits, these institutions also hold considerable amounts of merger-related loans in their own portfolios. As of December 31, 1988, merger-related loans—defined to include loans made to finance leveraged buyouts (LBOs), other mergers and acquisitions, and defensive or other financial restructurings—accounted for about 11½ percent of LPS respondents' C&I loan portfolios, down from 15¾ percent a year earlier. About 80 percent of these loans were made to finance LBOs. Such loans frequently have quite attractive yields (prime plus 1½ percentage points or LIBOR plus 2½ percentage points represent typical terms). To date, the losses on these loans have been low, and thus they apparently have worked to boost banks' net interest income and profitability. Moreover, large upfront and commitment fees, particularly for lead banks, have contributed to noninterest income.

1. The LPS provides the Board with information on evolving lending practices of 60 large domestically chartered banks, including the money center banks. The appendix describes this survey in more detail.

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The loan sales market has grown rapidly in recent years, with the outstanding dollar volume of loans sold by LPS respondents rising almost 40 percent in the 15 months ending with June 1988, to $53 billion. When this market began several years ago, it consisted predominantly of loans made to investment-grade borrowers; as it has grown and matured, however, an increasing share of loans sold have been those made to non-investment-grade borrowers.

In addition to loan sales, banks have expanded their involvement in several other types of off-balance-sheet activities such as loan commitments, interest rate swaps, and foreign-exchange trading. Reflecting growth of these activities, noninterest income of commercial banks rose to 1.47 percent of average consolidated assets last year, up from 1.41 percent the year before. Since 1984, noninterest income at all banks relative to assets has risen 38 basis points. Of course, these activities add to costs, but noninterest expense (other than loss provisions) has risen less in recent years, up 29 basis points over the same period, measured as a percentage of assets.

Loan commitments constitute one of the most important types of off-balance-sheet activity. The predominant form of loan commitment for C&I loans is the revolving line of credit. According to the LPS survey, business borrowers prefer formal revolving loan commitments to other lending arrangements for several reasons. These include convenience, minimization of loan arrangement costs, and access to credit at a predetermined spread over reference rates. This assured access can be advantageous in case of a general credit tightening or a deterioration in the borrower's creditworthiness. Banks often protect themselves against this latter event, however, by including in loan commitments "material adverse change" clauses that allow them to void a commitment if a borrower's credit condition deteriorates beyond limits specified in the commitment contract.

Real Estate Loans. Although growth of real estate loans decelerated a bit in 1988, these loans increased faster than any other major component of bank credit, as they have for the past five years. As a result of this rapid growth, real estate loans in 1988 climbed to more than 20 percent of commercial bank assets, edging out C&I loans as banks' largest single loan category. Although real estate loans are relatively more important at smaller banks, all size groups of banks have shared in this growth. Indeed, even at money center banks, real estate loans accounted for nearly 14 percent of assets last year, up from less than 10 percent in 1984.

For banks of all sizes, the largest category of real estate loans outstanding is that secured by one- to four-family residences. Expansion of this component last year included an increase of 37 percent in revolving home equity loans. This debt instrument has become much more popular in response to a provision of the Tax Reform Act of 1986 that phased out the tax deductibility of household interest payments for nonmortgage debt. Even at very large banks, where business-oriented mortgages (such as those for construction and land development and those secured by nonfarm nonresidential properties) rival home mortgages in importance, growth of home equity loans was strong last year.

High vacancy rates and other difficulties experienced recently in the commercial real estate market have slowed the growth of the nonfarm nonresidential component of real estate loans, especially in areas of the Southwest where the energy industry is important. For banks in Texas, Oklahoma, and Louisiana, real estate loans dropped 4 percent overall in 1988, with major declines in the commercial area. Net charge-offs of real estate loans accounted for a considerable part of this decline. Problems with real estate loans, including the necessity for larger loss provisions and interest lost from nonperforming assets, contributed to the poor profit performance of these banks. In the northeastern United States, where the volume of real estate construction has been well above average for several years, concerns have developed about overbuilding.

The growth of real estate loans secured by farmland slowed last year, likely owing to improvements in the agricultural economy. In periods of stress, such as the mid-1980s, farm production loans often are collateralized by farm real estate, causing loans secured by farmland to expand while damping the growth of unsecured

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loans for agricultural production and other loans to farmers.

Consumer Loans. Growth of loans to individuals picked up in 1988, but remained moderate. Demand for consumer loans has slowed in recent years because of burgeoning home equity loans, the proceeds of which frequently are used to pay down more expensive credit card and consumer installment loans. Consumer loan growth also was held down last year by the securitization of consumer receivables by several very large banks. This development boosted noninterest income and contributed to the contraction of consumer loans at money center banks last year.

Loans to Foreign Addressees. Both loans to foreign governments and business loans to non-U.S. addressees contracted substantially last year.[2] These two categories, especially loans to foreign governments, contain many of the loans made to developing countries. Such loans are made almost exclusively by large banks. These banks, particularly regional banks, made a concerted effort last year to reduce their exposure to heavily indebted developing countries. The primary methods used were secondary market sales, debt exchanges (such as Mexico's exchange of some of its debt for new bonds backed by U.S. Treasury zero-coupon bonds), and prepayments (with reductions) of debt by private-sector borrowers. All of these methods have required that banks recognize a loss on their loans outstanding.

At large regional banks, loans to foreign governments fell 26 percent and C&I loans to foreign addressees declined almost 19 percent last year. At money center banks, loans to foreign governments were about unchanged, while foreign C&I loans declined 12.8 percent. For the most part, loans to developing countries represent a smaller share of regional banks' total assets than is the case for the money center banks. Thus, regional banks have been able to write off or otherwise reduce their holdings of these loans with less capital erosion.

Regional banks charged off $1.9 billion of loans to foreign governments and also allowed their loans outstanding to drop an additional $1.4 billion. In contrast, $1.3 billion in charge-offs at money center banks was offset by $1.4 billion in new lending. At both groups of banks a relatively small share of the decline in foreign business loans was due to charge-offs.

Security Loans. The volume outstanding of these loans, extended mainly to brokers and dealers, was little changed last year after two years of considerable declines. The market for security loans is dominated by money center banks. These banks apparently have chosen to deemphasize this type of credit, perhaps because of its relatively low rate of return. As with C&I loans, large banks are in the practice of selling some of the security loans they have originated.

Agricultural Loans. With some improvement in the farm economy, the three-year decline in the volume of farm borrowing from banks halted in 1988. Total loans to farmers (unsecured production loans plus loans secured by farmland) rose slightly, both on average and for all sizes of banks. This development had particular implications for the smallest banks, where agricultural credit represents a substantial 10 percent of their portfolio and where more than 70 percent of all loans to farmers are booked. In 1988, agricultural banks charged off loans at only three-fourths the national rate, an improvement over the preceding few years, and their nonperforming assets represented a smaller portion of their total loans than that for the industry as a whole.

Farm debt at all lenders has declined almost 25 percent since the early 1980s. Difficulty in servicing debt incurred earlier to expand real estate holdings and changes in federal farm subsidy programs resulted in a lower level of agricultural loan extensions. Charge-offs by several farm lenders, especially around mid-decade, further reduced the stock of such loans. Because banks' portfolios were affected by these developments less than those of other agricultural lenders, banks' share of all agricultural credit has risen to 30 percent, more than any other lender.

2. Loans to foreign banks (not shown separately in table 2) also declined.

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5. Loan losses and recoveries, all insured commercial banks

Millions of dollars, except as noted

Year and size of bank[1]	Loan losses	Recoveries	Net charge-offs		Loss provisions
			Amount	Percent of average loans[2]	
1988					
All banks	21,742	4,024	17,718	.97	15,825
Less than $300 million	3,545	779	2,766	.78	3,280
$300 million to $5 billion	5,260	898	4,362	.85	4,864
$5 billion or more					
Money center banks	4,589	1,107	3,482	.90	2,324
Others	8,348	1,240	7,108	1.25	5,358
1987					
All banks	19,674	3,627	16,047	.92	36,457
Less than $300 million	4,430	847	3,583	1.00	4,230
$300 million to $5 billion	5,298	840	4,458	.88	6,278
$5 billion or more					
Money center banks	4,120	1,024	3,096	.79	14,012
Other	5,826	916	4,910	1.00	11,937

1. Size categories are based on fully consolidated assets at year-end.

2. See table 1, note 2.

Securities. Commercial banks' security holdings were up slightly last year. Securities issued by states and political subdivisions in the United States ran off, as they have since passage of the Tax Reform Act of 1986. A provision of that act disallowed the deduction from taxable income of 80 percent of the interest costs of funding most tax-exempt obligations acquired after August 7, 1986. In anticipation of that date, many banks, particularly larger ones, had acquired a considerable volume of long-term grandfathered instruments, which are likely to be running off well into the next decade.

Growth of U.S. government securities slowed to 5 percent last year, well under the pace of the past two years, as large regional banks ran off these liquid instruments and their growth at money center banks fell by half. Banks' holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages increased 22 percent in 1988, about half the rate of the preceding two years.[3] Growth of this instrument was strong at all size groups of banks. These large increases in holdings of mortgage-backed securities, along with continued strong real estate lending, underscore the expanded role for commercial banks in real estate markets.

3. Holdings of mortgage pools issued or guaranteed by the U.S. government exceed private mortgage pools in banks' portfolios by more than 20 to 1.

Trading account assets grew 8⅔ percent last year. Three-fourths of these assets are held by the money center banks. These very large banks realized larger trading gains and fees, relative to total assets, than other banks did on average. They also earned sharply higher interest income on these assets than other banks did.

Asset Quality

The overall charge-off rate resumed its upward climb last year, after falling somewhat in 1987. Partly as a result of this development, nonperforming assets reported by banks declined as a percentage of the loan portfolio.

In the aggregate, banks charged off 0.97 percent of their loan portfolio last year, up from 0.92 percent the year earlier (table 5). Banks with assets of more than $5 billion were responsible for the increase. In particular, large banks other than money center banks reported a ratio of net charge-offs to loans of 1.25 percent, up sharply from 1.00 percent in 1987. As noted earlier, charge-offs of loans to developing countries were an important factor contributing to the increase.

Detailed data on charge-offs net of recoveries by type of loan are available for banks with assets of more than $300 million (table 6). Small improvements in 1988 were reported in several areas: domestic business loans, loans to consumers, and real estate loans. (The overall figure for real estate charge-offs, however, is an aggregate of relatively

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6. Net charge-offs, by type of loan, insured commercial banks with assets of more than $300 million or with foreign offices

Percent of average total loans

Item	1985	1986	1987	1988
Total loans	.75	.89	.91	1.03
Commercial and industrial	1.02	1.14	.96	.95
U.S. addressees	.94	1.10	.86	.82
Foreign addressees	1.25	1.29	1.35	1.55
Consumer	1.24	1.58	1.58	1.52
Credit-card	2.57	3.28	3.26	3.08
Installment	.63	.75	.74	.73
Real estate	.22	.38	.47	.42
Foreign government	.84	.47	2.58	9.35
Depository institutions[1]	.15	.36	.56	.98
U.S. banks	.12	.33	.11	.15
Foreign banks	.15	.36	.96	1.83

1. Includes acceptances of other banks.

high losses on commercial real estate and relatively low losses on one- to four-family residential properties.) Significant increases were reported in charge-offs of foreign loans: foreign business loans, loans to foreign banks, and especially, loans to foreign governments.

With some of their most troubled loans charged off, the reported quality of commercial banks' nonperforming assets improved in 1988 (table 7). For all banks, the proportion of loans either past due or not accruing interest fell somewhat, to 4.65 percent. The total of nonaccrual loans plus other real estate owned (OREO)—mostly foreclosed real estate—also registered improvement over 1987. Real estate loans on nonaccrual status were about unchanged; at large banks other than money center banks, however, they increased sharply.

Banks are not required to report data on nonperforming loans to foreign governments; they do, however, report such information for three other categories of foreign loans. Of these, the largest by far is foreign business loans. A significant proportion of these loans did not accrue interest last year. At money center banks, foreign business loans on nonaccrual status increased in 1988, in contrast to all other banks reporting these data, where the proportion of such loans on nonaccrual status declined sharply.

Liabilities

Growth of commercial bank deposits advanced last year despite declines at foreign offices (table 2). At domestic offices, deposits accelerated strongly. This pickup stemmed partly from a small expansion in demand deposits after a major contraction in 1987. Growth of small time deposits nearly doubled last year. Their yields responded relatively promptly to increases in mar-

7. Nonperforming assets, all insured commercial banks

Percent of total loans outstanding, except as noted

Year and size of bank[1]	Past due	Nonaccrual loans				Total nonaccrual loans plus other real estate owned[3]
		Total	Selected components[2]			
			Real estate	Commercial and industrial		
				Foreign	Domestic	
1988						
All banks	2.14	2.51	1.92	n.a.	n.a.	3.08
Less than $300 million	2.70	1.44	1.38	n.a.	n.a.	2.56
$300 million to $5 billion	2.13	1.45	1.88	8.70	1.73	2.08
$5 billion or more						
Money center banks	1.60	5.60	2.25	10.06	3.34	5.90
Other	2.16	2.14	2.35	6.56	1.60	2.50
1987						
All banks	2.18	2.86	1.94	n.a.	n.a.	3.41
Less than $300 million	2.91	1.60	1.48	n.a.	n.a.	2.70
$300 million to $5 billion	2.16	1.56	1.83	13.96	1.86	2.13
$5 billion or more						
Money center banks	1.48	5.85	2.70	9.16	4.61	6.16
Other	2.23	2.69	2.13	12.16	2.28	3.05

1. See table 5, note 1.
2. As a percent of total loans in that category
3. As a percent of total loans outstanding plus other real estate owned.
n.a. Not available.

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8. Profit rates, all insured commercial banks

Percent

Type of return and size of bank[1]	1984	1985	1986	1987	1988
Return on assets[2,3]					
All banks	.64	.70	.62	.11	.84
Less than $300 million	.83	.74	.58	.63	.74
$300 million to $5 billion	.81	.83	.76	.58	.76
$5 billion or more					
Money center banks	.52	.45	.46	−.86	1.06
Others	.34	.74	.68	−.02	.82
Return on equity[3,4]					
All banks	10.59	11.18	9.97	1.80	13.52
Less than $300 million	10.40	9.19	7.21	7.76	8.89
$300 million to $5 billion	13.03	12.83	11.52	8.79	11.39
$5 billion or more					
Money center banks	11.42	9.60	9.50	−19.46	23.40
Others	6.58	13.56	12.18	−.28	15.16
MEMO: Return on assets					
Agricultural banks	.71	.51	.44	.68	.90
Banks in Texas, Oklahoma and Louisiana	.65	.43	−.47	−.86	−.96

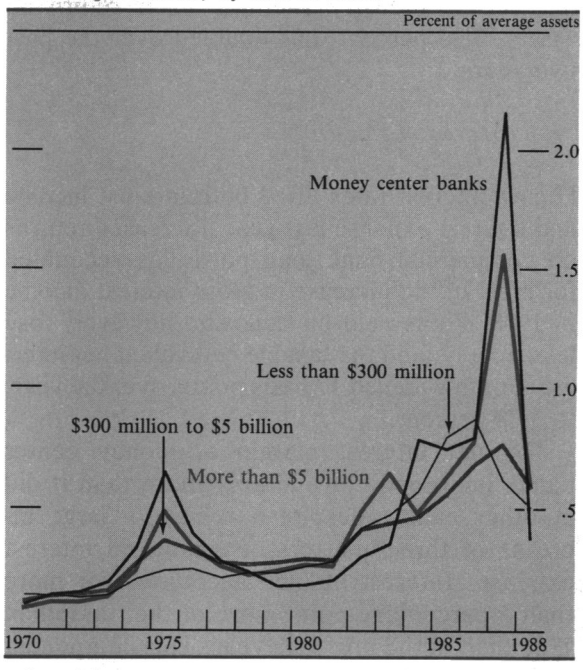
1. See table 5, note 1.
2. Net income as a percent of average fully consolidated assets net of loss reserves.
3. See table 1, note 2.
4. Net income as a percent of average equity capital.

ket rates, likely drawing in funds from more liquid deposit categories for which deposit rates tend to be more sluggish. Nevertheless, retail liquid deposits grew a bit over the moderate pace of 1987. Retail deposits at commercial banks may have been augmented last year by funds that were withdrawn or diverted from thrift institutions. Thrift institutions historically have offered higher deposit rates than banks. Last year, however, this premium narrowed, in part due to pressure by regulators. Depositor reaction to the relative decline in the overall attractiveness of thrift deposits, perhaps along with increased concern late in the year about the financial condition of these institutions, probably reduced their deposit growth and led to higher growth at banks.

TRENDS IN PROFITABILITY

Commercial banks of all sizes enjoyed improved profitability last year, although large banks did best and sectoral differences remained.[4] At the money center banks, a return on assets of 1.06 percent was about double their performance in any recent profitable year and well above the previous peak, reached in the early 1970s. Other large banks registered a return on assets that was about even with that for the industry as a whole (table 8). At money center banks, loss provisions relative to assets were at their lowest level since

4. Loss provisions, by size of bank



Annual data.

4. The profitability picture is less improved when examined from the perspective of the National Income and Product Accounts. This accounting system reduces net income by the amount of net charge-offs rather than by the amount of loss provisions.

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1983; at other large banks, this ratio was lower last year than at any time since 1984 (chart 4).

At money center banks, about 60 percent of loss provisions in 1988 were attributable to international business, well below the record 1987 share but a little above the average of previous years. A quarter of loss provisions made by other large banks was ascribed to international business, in line with the average of the mid-1980s. For all banks with foreign offices, profits from business abroad last year rose to the pre-1987 share of about one-fifth of total net income; for money center banks the contribution was about one-third.

The increased level of profitability of banks with assets of less than $5 billion resulted almost entirely from declines in provisions for losses, as other factors affecting the earnings of these banks were not much changed on balance. Losses at banks in Texas, Oklahoma, and Louisiana deepened for the third consecutive year, and in 1988 were equivalent to almost 1 percent of assets. Late last year, the subsidiary banks of the largest bank holding company in Texas, First Republic Corporation, were taken over by NCNB Corporation in an FDIC-assisted merger. Apparently recovered from their problems earlier in the decade, agricultural banks outperformed the industry average. Their return on assets, 0.90 percent, has doubled over the past two years.

Net Interest Margin

Higher interest rates lifted both interest income and interest expense last year. Increased returns on commercial bank loan portfolios accounted for most of the increase in gross interest income in 1988. Rates paid on deposits, however, rose less steeply, and the taxable equivalent net interest margin widened 17 basis points over the year, to 3.78 percent.

The net interest margin at money center banks improved considerably more than it did at other banks, despite a relatively large increase of three-quarters of a point in interest expense. Interest income accounted for more than a percentage point more of their assets in 1988 than in the previous year. This component was boosted substantially by the signing by Brazil of a refinancing plan late last year that brought current the interest on its loans with U.S. banks.[5] The wider interest rate margin at the money center banks also is consistent with their efforts to reduce holdings of narrow-margin assets, discussed previously. Nevertheless, at 3.07 percent, the margin at these banks remained well below the industry average. Other large banks also benefited from the higher interest income from Brazilian loans, which helped to increase their margin 18 basis points.

Medium-sized banks, with assets between $300 million and $5 billion, registered slightly smaller changes in both interest income and expenses than large banks other than money center banks. They finished the year with interest income somewhat below and with interest expenses significantly below the industry's levels as a proportion of assets. Thus, their margin continued to exceed the average.

The smallest banks registered growth in interest income and expense that was less than half that for all banks. Over time, this group has tended to have higher interest income and lower interest expense than larger institutions. Small banks' net interest margin, at 4.33 percent of assets, continued to be well above the average spread for all banks. While rates paid on interest-bearing deposits nationally rose 38 basis points from 1987 to 1988, at this group of banks the increase was only 20 basis points. This difference likely reflects both a lower degree of interest rate pass-through to depositors at smaller banks and a higher proportion of retail deposits.

Noninterest Income and Expense and Security Gains

The increase in noninterest income in 1988 was twice that of noninterest expense (excluding loss provisions). As a result, the negative spread between these two components continued to contract.

An important part of the improvement in income was attributable to increased fees from merger-related financing activities at banks with

5. Despite the receipt of past-due interest income, most money center banks did not remove Brazilian loans from nonperforming status.

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assets of $5 billion or more, as well as fee income and gains on assets held in trading accounts. However, these large banks earned less from foreign exchange transactions last year than they did in 1987. Large banks also spent slightly more in 1988 for all types of noninterest expenses. In particular, money center banks' wages and benefits as a percentage of assets rose 2 percent last year (compared with no change at all banks) and remained above those for all banks for a second year, likely indicative of the costs of managing growing off-balance-sheet activities.

Both noninterest income and expense were little changed at banks with assets of less than $5 billion. Noninterest income, 1.11 percent of assets, remained ¾ of a percentage point lower at these banks than at larger banks. This development was likely attributable to less involvement in off-balance-sheet and trading account activities. Deposit service charges and trust income accounted for half of their noninterest income but showed no growth over 1987. Expenses for salaries and premises declined relative to assets at these banks for the second consecutive year.

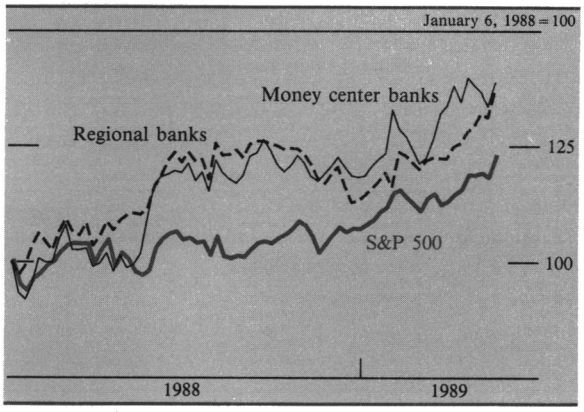
Capital gains on the sale of securities held in investment accounts fell for a second straight year across all sizes of banks. The money center banks hold about one-third as much of their assets in securities as banks on average do; yet their gains on sales from investment accounts, expressed as a share of assets, were triple the average for all banks last year.

Dividends and Retained Earnings

Commercial banks paid dividends equal to 0.44 percent of their assets in 1988, a higher rate than in any of the past 20 years. While most smaller institutions paid out about 64 percent of profits in dividends, the share for money center banks was only about 36 percent. As a group, these latter banks had to dip into capital in 1987 to pay dividends, and they retained a larger proportion of their net income this past year to replenish those funds. Nevertheless, even at money center banks dividends were paid out at a rate well above the average of recent years.

The stock price index of regional banks rose relative to the Standard and Poor's 500 index until the third quarter of last year and fell off somewhat after that (chart 5). Nonetheless, it outperformed the general market overall in 1988, likely reflecting the boost to dividends. The growth of the index of stock prices for money center banks was little different from that of the S&P 500 during the first four months of 1988. But it trended upward thereafter and since late 1988 has even gained on the index for regional banks.

5. Stock price indexes



Weekly data as of Wednesday.

Capital

Retained earnings funded three-fifths of the additions to equity capital in 1988 (table 9). The industry's ratio of regulatory primary capital to

9. Changes in total equity capital, all insured commercial banks

Millions of dollars, except as noted

Item	1984	1985	1986	1987	1988
Retained income[1]					
All banks	7,795	9,348	8,069	−7,324	11,691
Large banks[2]	2,239	4,177	4,121	−10,142	7,567
Net change in equity capital					
All banks	14,940	15,399	16,103	2,226	19,340
Large banks	6,095	5,559	7,446	−5,554	10,914
Retained income as a percent of the net change in equity capital					
All banks	52	61	50	n.m.	60
Large banks	37	75	55	n.m.	69

1. Net income less cash dividends declared on preferred and common stock.
2. Banks with fully consolidated assets of $5 billion or more at year-end.
n.m. Not meaningful.

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10. Growth of assets and equity capital in 1988

Percent

Asset size of bank		Ratio of equity capital to assets[1]		Growth[2]	
		Quartile	Average	Interest-bearing assets	Equity capital
Less than $5 billion	1		5.49	6.19	12.41
	2		7.38	7.67	5.93
	3		8.82	6.88	5.94
	4		12.88	10.16	4.93
$5 billion or more	1		3.17	−2.70	33.76
	2		4.86	−.31	12.00
	3		5.66	5.85	12.64
	4		7.23	11.49	3.71

1. Total equity capital divided by total assets, as of December 31, 1987.
2. Measured from end-of-year to end-of-year.

assets increased 13 basis points to 7.93 percent in 1988. While on average banks showed only a small change in capitalization, money center banks, which as a group have relatively low capital ratios, improved their capital positions substantially. A full 90 percent of the increase in their equity capital came from retained earnings.

Regardless of size, there was a general connection between banks' equity positions at the beginning of the year and subsequent expansion of interest-earning assets and equity capital last year (table 10). Banks that began the year with relatively low equity capital made greater efforts to boost its level; those that started 1988 with less need for additional capital showed slower equity growth. At the same time, banks' growth of interest-earning assets was inversely correlated with expansion of holdings of equity. For example, large banks in the lowest quartile shrank their interest-earning assets 2.7 percent and increased their equity one-third. Conversely, the best-capitalized large banks expanded interest-earning assets 11½ percent and added less than 4 percent to their equity. Smaller banks, which are in general better capitalized, exhibited less sensitivity than larger banks in terms of the relation of the growth of equity and assets to initial capitalization.

Smaller banks also had a wider dispersion of capital ratios than large banks did. For banks with assets of less than $5 billion, the average ratio of equity capital to assets for those in the top quartile was more than 7 percentage points higher than it was for those in the lowest quartile. For larger banks, this range was about half as wide.

Developments in Early 1989

The profitability of commercial banks continued to increase during the first quarter of 1989. The improvement resulted from higher net interest margins, continued low provisions for loan losses, and slow growth of expenses. Banks of all sizes registered gains. Some of the largest banks, however, suffered declines in net income, in part due to lower profits from trading in bonds and foreign exchange.

The spring of this year witnessed the failure of MCorp, the last large Texas banking company to have remained independent of banking interests outside the state. In what is likely to be the third largest failure in U.S. banking history (exceeded only by Continental Illinois and First Republic), the FDIC took control of 20 of MCorp's 25 subsidiary banks. In total, 86 banks had failed in the United States as of June 3 (compared with 74 for a similar period of time last year).

Another development early in the year was the announcement by Secretary of the Treasury Nicholas F. Brady of a new plan to address the economic situation of heavily indebted countries. A key element of the Secretary's initiative involves encouraging commercial banks to reduce debt payments for those countries that implement acceptable economic adjustment programs. Financial guarantees for banks that reduce their debt loads would be provided by the World Bank and the International Monetary Fund.

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Appendix: Data Sources

The basic source of data for this article is the Report of Condition and Income (the Call Report) filed by every insured commercial bank with its regulatory agency. This report provides a complete balance sheet and income statement for each bank. Unless otherwise noted, the data reflect the foreign and domestic operations of banks on a fully consolidated basis. Supplementary sources of data used in this article are the Survey of Terms of Bank Lending (STBL) and the Senior Loan Officer Opinion Survey of Bank Lending Practices (LPS). Details on these two surveys may be found in an appendix to the article by Thomas F. Brady, "Changes in Loan Pricing and Business Lending at Commercial Banks," FEDERAL RESERVE BULLETIN, vol. 71 (January 1985), page 13. Results of the LPS may be obtained by writing to the Banking and Money Market Statistics Section, stop 81, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Since February 1984, questions have been asked in the LPS concerning a variety of bank lending practices as listed below.

Date	Topic
May 1989	Commercial and industrial (C&I) loans secured by real estate; adjustable-rate mortgages.
February 1989	Bank lending related to mergers and other financial restructurings
November 1988	Growth of C&I lending
August 1988	Sales of C&I loans and participations
May 1988	Security loans; business borrowing under loan commitments
February 1988	Bank lending related to mergers and other financial restructurings; growth of C&I lending
December 1987	Changes in bank credit since the stock market crash
November 1987	Home equity lines of credit
September 1987	Growth of C&I lending
June 1987	Sales of C&I loans and participations
February 1987	Business lending related to mergers and other financial restructurings
January 1987	Home equity lines of credit
November 1986	Tax reform affecting bank credit
August 1986	Lending to "middle-market" business customers
June 1986	Security loans; credit-card lending and delinquency rates
February 1986	Sales of participations in domestic C&I loans
November 1985	Compensating balances for loan commitments; business loan demand
August 1985	Standby letters of credit
June 1985	Sales of participations in domestic C&I loans; delinquency rates on closed-end consumer installment loans
April 1985	Bankers acceptances
February 1985	Growth of C&I lending; commercial paper market as an alternative to bank loans; sales of interest rate caps; trends in consumer installment lending
November 1984	Loan sales and participations; interest rate swaps; growth of C&I lending
September 1984	Trends in consumer and business loan growth
June 1984	Impact on bank lending practices of recent disruptions in financial markets; financial futures
April 1984	Booking of domestic C&I loans offshore; loans to finance mergers and acquisitions; growth of consumer and C&I lending
February 1984	Adjustable-rate mortgages

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks

A. All banks

Item	1984	1985	1986	1987	1988
	Balance sheet items as a percent of average consolidated assets				
Interest-earning assets	86.47	86.58	86.97	87.43	87.94
Loans	57.56	59.85	59.44	59.75	60.59
Commercial and industrial	22.52	22.26	20.96	20.04	19.55
U.S. addressees	...	17.50	16.93	16.60	16.55
Non-U.S. addressees	...	4.76	4.03	3.44	3.00
Real estate	14.77	15.71	16.71	18.69	20.56
Construction	2.80	3.20	3.49	3.87	4.01
Farmland	.40	.41	.43	.46	.49
1- to 4-family	7.12	7.20	7.31	8.00	9.03
Home equity	...	...	...	...	1.13
Other	...	...	...	...	7.90
Multifamily residential	.41	.44	.49	.56	.58
Nonfarm nonresidential	3.64	4.00	4.43	5.21	5.77
Consumer	9.97	10.80	11.06	11.10	11.31
Credit card	...	2.48	2.75	2.97	3.13
Installment and other	...	8.32	8.31	8.13	8.18
Foreign government	1.68	1.56	1.43	1.34	1.23
Agricultural production	1.65	1.51	1.22	1.03	.99
Security	.75	.83	.79	.63	.53
Other	6.16	7.19	7.27	6.92	6.43
Securities	16.47	15.53	16.11	16.67	16.84
U.S. government	9.96	9.50	9.26	10.03	10.35
U.S. Treasury	5.63	4.50	4.29	5.58	5.47
Government-backed mortgage pools	...	.96	1.16	2.08	2.59
Other government	...	4.05	3.80	2.38	2.29
State and local government	5.73	4.95	5.31	4.34	3.69
Tax exempt	...	...	...	4.28	3.63
Taxable	...	...	...	.06	.06
Other bonds and stocks	.93	1.08	1.55	2.29	2.80
Trading account assets	...	1.24	1.55	1.32	1.26
Gross federal funds sold and reverse repurchase agreements	4.17	4.43	4.72	4.43	4.26
Interest-bearing deposits	6.33	5.53	5.15	5.26	4.99
Deposit liabilities	77.93	77.30	76.72	76.43	76.22
In foreign offices	12.94	12.61	11.61	11.38	10.85
In domestic offices	64.99	64.69	65.11	65.06	65.37
Demand deposits	16.47	15.63	16.03	15.41	14.34
Other checkable deposits	4.34	4.57	5.21	6.01	6.27
Other core deposits					
MMDA	10.32	11.72	12.64	12.32	11.44
Savings	5.10	4.64	4.79	5.76	6.08
Small time	16.53	16.67	15.68	14.95	16.16
Large time deposits	12.23	11.46	10.76	10.60	11.08
Gross federal funds purchased and repurchase agreements	7.51	7.68	8.25	8.06	7.72
Other liabilities for borrowed money	2.78	3.44	4.02	4.45	4.93
MEMO					
Money market liabilities	35.46	35.19	34.63	34.49	34.58
Loss reserves	.70	.80	.92	1.36	1.54
Total equity capital	6.01	6.17	6.21	6.06	6.10

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks —Continued

A. All banks—Continued

Item	1984	1985	1986	1987	1988
	Effective interest rate (percent)				
Rates earned					
Securities	9.67	9.42	8.49	7.95	8.06
State and local government	6.16	7.15	7.17	7.27	7.38
Loans, gross	13.99	11.93	10.71	10.34	10.99
Net of loss provision	12.87	10.78	9.37	8.21	10.10
Taxable equivalent					
Securities	11.39	11.88	10.96	8.89	9.06
Securities and gross loans	13.56	11.93	10.77	10.09	10.67
Rates paid					
Interest-bearing deposits	9.92	8.20	6.98	5.82	6.20
Large certificates of deposit	10.67	8.72	7.31	6.86	7.39
Deposits in foreign offices	12.62	9.48	7.78	7.90	8.92
Other deposits	8.84	7.66	6.67	5.10	5.34
All interest-bearing liabilities	10.20	8.29	7.01	6.11	6.59
	Income and expenses as a percent of average net consolidated assets				
Gross interest income	10.33	9.58	8.50	8.34	8.95
Gross interest expense	6.98	6.08	5.11	4.95	5.42
Net interest margin	3.35	3.50	3.39	3.40	3.53
Taxable equivalent	3.71	3.88	3.79	3.61	3.78
Noninterest income	1.09	1.20	1.28	1.41	1.47
Loss provision	.57	.68	.78	1.27	.54
Other noninterest expense	3.04	3.17	3.22	3.30	3.33
Securities gains or losses (−)	−.01	.06	.14	.05	.01
Income before tax	.83	.90	.80	.29	1.14
Taxes	.19	.21	.19	.18	.33
Extraordinary items	.01	.01	.01	.01	.03
Net income	.64	.70	.62	.11	.84
Cash dividends declared	.32	.33	.33	.36	.44
Net retained income	.32	.37	.29	−.25	.40
MEMO					
Average assets (billions of dollars)	2,401	2,559	2,753	2,883	2,959
Number of banks	13,952	13,898	13,733	13,273	12,691

See notes to tables in the text.

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks

B. Banks with less than $300 million in assets

Item	1984	1985	1986	1987	1988
	Balance sheet items as a percent of average consolidated assets				
Interest-earning assets	89.33	89.85	90.00	90.50	90.83
Loans	52.39	54.21	53.10	53.29	54.32
Commercial and industrial	14.51	15.00	14.01	13.23	12.74
U.S. addressees	...	14.96	13.99	13.21	12.72
Non-U.S. addressees	...	.04	.02	.02	.02
Real estate	19.57	20.69	21.75	23.78	25.69
Construction	1.99	2.22	2.22	2.22	2.19
Farmland	1.19	1.27	1.38	1.55	1.73
1- to 4-family	10.69	11.20	11.48	12.55	13.89
Home equity	...	...	...	.64	.72
Other	...	...	...	12.96	13.16
Multifamily residential	.45	.49	.53	.59	.60
Nonfarm nonresidential	5.25	5.70	6.14	6.87	7.29
Consumer	12.57	12.78	12.15	11.51	11.28
Credit card	...	.48	.53	.66	.74
Installment and other	...	12.29	11.62	10.85	10.53
Foreign government	.01	.02	.02	.01	.01
Agricultural production	4.50	4.27	3.62	3.23	3.24
Security	.13	.08	.07	.06	.06
Other	.91	1.37	1.48	1.47	1.30
Securities	28.64	27.19	26.80	27.44	28.07
U.S. government	19.33	18.39	17.73	18.70	19.64
U.S. Treasury	...	...	...	9.11	9.77
Government-backed mortgage pools	...	1.52	1.40	2.58	3.25
Other government	...	...	...	7.01	6.61
State and local government	8.90	8.12	8.01	6.65	5.72
Tax exempt	...	...	...	6.48	5.52
Taxable	...	...	...	.17	.20
Other bonds and stocks	.63	.68	1.06	2.09	2.71
Trading account assets	...	.03	.06	.07	.05
Gross federal funds sold and reverse repurchase agreements	5.36	5.55	7.01	6.45	5.29
Interest-bearing deposits	2.92	2.86	3.03	3.25	3.10
Deposit liabilities	87.61	87.81	88.14	88.11	87.96
In foreign offices	.06	.09	.06	.03	.04
In domestic offices	87.56	87.71	88.08	88.09	87.92
Demand deposits	16.73	15.39	15.03	14.41	13.74
Other checkable deposits	7.64	8.03	9.00	10.30	10.68
Other core deposits					
MMDAs	12.77	13.99	14.94	14.77	13.21
Savings	7.98	7.07	7.25	8.41	8.73
Small time	31.39	31.61	30.46	29.25	30.67
Large time deposits	11.05	11.61	11.40	10.95	10.89
Gross federal funds purchased and repurchase agreements	1.85	1.59	1.36	1.34	1.32
Other liabilities for borrowed money	.49	.49	.50	.53	.55
MEMO					
Money market liabilities	13.45	13.79	13.32	12.85	12.80
Loss reserves	.60	.68	.77	.84	.85
Total equity capital	7.96	8.04	8.01	8.09	8.26

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks —Continued

B. Banks with less than $300 million in assets—Continued

Item	1984	1985	1986	1987	1988
	Effective interest rate (percent)				
Rates earned					
Securities	10.34	9.63	8.71	7.89	7.91
State and local government	7.17	7.47	7.48	7.51	7.58
Loans, gross	14.36	12.44	11.44	10.78	11.00
Net of loss provision	13.11	10.98	9.81	9.59	10.07
Taxable equivalent					
Securities	12.07	11.45	10.49	8.95	8.84
Securities and gross loans	13.61	12.11	11.13	10.18	10.31
Rates paid					
Interest-bearing deposits	9.48	7.92	6.91	5.47	5.67
Large certificates of deposit	10.92	8.67	7.31	6.54	7.09
Other deposits	9.23	7.79	6.84	5.31	5.46
All interest-bearing liabilities	9.49	7.92	6.91	5.50	5.70
	Income and expenses as a percent of average net consolidated assets				
Gross interest income	10.76	10.17	9.18	8.63	8.91
Gross interest expense	6.69	5.99	5.21	4.67	4.89
Net interest margin	4.07	4.18	3.97	3.96	4.03
Taxable equivalent	4.58	4.67	4.45	4.27	4.33
Noninterest income	.78	.81	.81	.83	.85
Loss provision	.58	.79	.87	.64	.51
Other noninterest expense	3.25	3.34	3.35	3.33	3.35
Securities gains or losses (−)	−.01	.07	.15	.03	.01
Income before tax	1.02	.92	.71	.86	1.01
Taxes	.20	.19	.15	.24	.29
Extraordinary items	.01	.01	.02	.02	.02
Net income	.83	.74	.58	.63	.74
Cash dividends declared	.41	.43	.40	.41	.47
Net retained income	.42	.32	.19	.23	.27
MEMO					
Average assets (billions of dollars)	638	652	664	666	647
Number of banks	13,218	13,100	12,871	12,414	11,796

See notes to tables in the text.

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Federal Reserve Bank of St. Louis

A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks

C. Banks with $300 million to $5 billion in assets

Item	1984	1985	1986	1987	1988
	Balance sheet items as a percent of average consolidated assets				
Interest-earning assets	86.14	87.43	87.67	88.27	88.82
Loans	55.25	59.63	60.41	61.99	63.23
Commercial and industrial	19.02	19.32	18.70	18.51	18.22
U.S. addressees	...	18.79	18.33	18.13	17.99
Non-U.S. addressees	...	.53	.37	.38	.23
Real estate	16.55	17.99	19.66	22.00	24.23
Construction	3.61	4.05	4.42	4.82	4.80
Farmland	.20	.20	.23	.24	.27
1- to 4-family	7.52	7.93	8.23	9.07	10.49
Home equity	...	...	...	1.51	1.70
Other	...	...	...	8.47	8.79
Multifamily residential	.50	.55	.64	.65	.66
Nonfarm nonresidential	4.71	5.25	6.13	7.21	8.01
Consumer	12.68	13.93	13.96	14.28	14.66
Credit card	...	3.28	3.46	4.01	4.02
Installment and other	...	10.65	10.50	10.28	10.64
Foreign government	.49	.43	.33	.33	.23
Agricultural production	.69	.69	.57	.46	.46
Security	.73	.65	.61	.54	.39
Other	5.08	6.62	6.59	5.86	5.03
Securities	19.69	18.34	18.28	18.10	18.17
U.S. government	11.59	11.09	10.43	11.01	11.18
U.S. Treasury	8.32	7.96	7.20	6.86	6.37
Government-backed mortgage pools	...	1.01	1.18	2.13	2.39
Other government	...	2.12	2.04	2.02	2.43
State and local government	7.21	6.06	6.35	4.92	4.14
Tax exempt	...	...	...	4.87	4.10
Taxable	...	...	...	.05	.05
Other bonds and stocks	1.02	1.19	1.50	2.17	2.84
Trading account assets	...	.29	.34	.26	.32
Gross federal funds sold and reverse repurchase agreements	5.51	5.14	5.26	4.71	4.16
Interest-bearing deposits	5.38	4.03	3.38	3.21	2.94
Deposit liabilities	79.26	79.74	79.90	78.56	78.75
In foreign offices	2.91	2.69	2.42	2.50	2.31
In domestic offices	76.35	77.05	77.49	76.05	76.44
Demand deposits	20.24	18.72	18.68	17.43	16.10
Other checkable deposits	5.08	5.36	6.31	7.08	7.44
Other core deposits					
MMDAs	12.67	14.75	15.92	15.22	13.87
Savings	5.33	5.98	6.12	6.90	7.37
Small time	17.99	18.68	17.91	16.88	19.13
Large time deposits	14.04	13.57	12.55	12.54	12.53
Gross federal funds purchased and repurchase agreements	9.49	8.56	8.60	9.17	8.79
Other liabilities for borrowed money	1.88	2.33	2.27	3.03	3.20
MEMO					
Money market liabilities	28.31	27.14	25.84	27.24	26.83
Loss reserves	.70	.77	.85	1.02	1.02
Total equity capital	6.17	6.39	6.52	6.51	6.59

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks —Continued

C. Banks with $300 million to $5 billion in assets—Continued

Item	1984	1985	1986	1987	1988
	Effective interest rate (percent)				
Rates earned					
Securities	9.17	9.13	8.26	7.69	7.86
State and local government	5.63	6.87	6.94	7.02	7.14
Loans, gross	13.74	11.75	10.70	10.23	10.72
Net of loss provision	12.80	10.80	9.56	8.97	9.76
Taxable equivalent					
Securities	10.86	11.87	11.04	8.80	8.85
Securities and gross loans	13.21	11.79	10.78	10.05	10.44
Rates paid					
Interest-bearing deposits	9.25	7.82	6.77	5.46	5.78
Large certificates of deposit	10.55	8.55	7.23	6.79	7.39
Deposits in foreign offices	11.11	8.63	6.96	6.79	7.65
Other deposits	8.74	7.58	6.64	5.11	5.37
All interest-bearing liabilities	9.40	7.82	6.75	5.63	6.00
	Income and expenses as a percent of average net consolidated assets				
Gross interest income	9.95	9.43	8.54	8.24	8.73
Gross interest expense	6.38	5.67	4.87	4.57	4.98
Net interest margin	3.58	3.76	3.67	3.67	3.75
Taxable equivalent	4.05	4.26	4.19	3.99	4.04
Noninterest income	1.27	1.32	1.27	1.32	1.33
Loss provision	.46	.56	.69	.78	.61
Other noninterest expense	3.43	3.55	3.44	3.42	3.41
Securities gains or losses (−)	−.01	.04	.11	.04	.00
Income before tax	.95	1.00	.93	.83	1.06
Taxes	.15	.18	.18	.26	.31
Extraordinary items	.01	.01	.01	.01	.01
Net income	.81	.83	.76	.58	.76
Cash dividends declared	.36	.37	.39	.42	.46
Net retained income	.45	.45	.37	.16	.30
MEMO					
Average assets (billions of dollars)	640	685	738	808	804
Number of banks	668	724	779	777	800

See notes to tables in the text.

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Federal Reserve Bank of St. Louis

A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks

D. Nine money center banks

Item	1984	1985	1986	1987	1988
	Balance sheet items as a percent of average consolidated assets				
Interest-earning assets	82.72	83.86	84.59	84.76	84.84
Loans	63.39	62.94	61.09	59.23	58.53
Commercial and industrial	31.78	29.46	26.49	24.23	22.77
U.S. addressees	...	14.34	13.24	12.57	12.04
Non-U.S. addressees	...	15.12	13.25	11.60	10.73
Real estate	9.81	10.49	11.45	12.52	13.71
Construction	1.97	2.18	2.52	2.88	2.96
Farmland	.07	.07	.06	.04	.04
1- to 4-family	4.22	4.22	4.17	4.35	5.03
Home equity	...	...	...	.43	.55
Other	...	...	...	4.26	4.48
Multifamily residential	.32	.38	.45	.56	.60
Nonfarm nonresidential	1.71	1.89	2.09	2.33	2.34
Consumer	5.28	5.78	6.13	5.99	5.82
Credit card	...	2.21	2.21	2.05	1.77
Installment and other	...	3.57	3.92	3.94	4.04
Foreign government	4.11	3.92	3.82	3.65	3.67
Agricultural production	.61	.49	.36	.28	.26
Security	.98	1.21	1.16	.82	.65
Other	10.82	11.57	11.67	11.75	11.65
Securities	5.78	5.75	7.08	8.15	8.65
U.S. government	2.31	2.31	2.28	2.75	3.08
U.S. Treasury	1.79	1.85	1.58	1.43	1.34
Government-backed mortgage pools	...	.38	.61	1.25	1.64
Other government	...	.09	.09	.07	.10
State and local government	2.17	1.61	2.07	2.00	1.85
Tax exempt	...	...	...	1.99	1.84
Taxable	...	...	...	.01	.01
Other bonds and stocks	1.45	1.82	2.73	3.40	3.72
Trading account assets	...	3.67	4.90	4.52	4.33
Gross federal funds sold and reverse repurchase agreements	2.51	3.54	3.62	3.95	4.64
Interest-bearing deposits	8.29	7.95	7.91	8.91	8.69
Deposit liabilities	72.08	70.74	69.92	70.16	69.57
In foreign offices	35.21	35.86	34.64	35.03	34.02
In domestic offices	36.88	34.88	35.28	35.13	35.56
Demand deposits	11.83	11.51	12.46	12.34	11.53
Other checkable deposits	1.24	1.30	1.63	2.03	2.23
Other core deposits					
MMDAs	6.36	7.35	7.70	6.89	6.72
Savings	1.89	1.77	2.06	3.09	3.56
Small time	4.95	4.76	4.12	3.95	4.38
Large time deposits	10.62	8.18	7.30	6.83	7.14
Gross federal funds purchased and repurchase agreements	7.42	7.66	8.17	6.87	6.02
Other liabilities for borrowed money	5.25	6.51	7.95	8.69	9.52
MEMO					
Money market liabilities	58.49	58.21	58.07	57.41	56.69
Loss reserves	.69	.83	1.02	2.11	2.69
Total equity capital	4.56	4.69	4.78	4.33	4.42

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks —Continued

D. Nine money center banks—Continued

Item	1984	1985	1986	1987	1988
	Effective interest rate (percent)				
Rates earned					
Securities	9.37	9.88	8.85	8.72	8.67
State and local government	5.28	7.09	7.33	7.52	7.70
Loans, gross	14.10	11.98	10.44	10.34	11.67
Net of loss provision	13.22	10.78	9.12	6.68	11.02
Taxable equivalent					
Securities	11.05	12.76	11.69	9.00	9.78
Securities and gross loans	13.98	12.05	10.58	10.18	11.50
Rates paid					
Interest-bearing deposits	11.06	8.91	7.41	6.70	7.43
Large certificates of deposit	10.70	9.07	7.45	7.33	8.04
Deposits in foreign offices	12.90	9.59	7.88	8.01	9.01
Other deposits	7.83	7.43	6.47	4.47	5.00
All interest-bearing liabilities	11.55	7.96	7.57	7.30	8.25
	Income and expenses as a percent of average net consolidated assets				
Gross interest income	10.50	9.50	8.26	8.41	9.55
Gross interest expense	7.85	6.75	5.58	5.85	6.63
Net interest margin	2.65	2.75	2.68	2.57	2.91
Taxable equivalent	2.83	2.92	2.89	2.60	3.07
Noninterest income	1.15	1.35	1.62	1.99	2.11
Loss provision	.50	.75	.79	2.16	.38
Other noninterest expense	2.53	2.71	2.96	3.17	3.27
Securities gains or losses (−)	.02	.06	.13	.08	.03
Income before tax	.78	.71	.68	−.70	1.40
Taxes	.26	.26	.22	.15	.41
Extraordinary items	0	0	0	0	.08
Net income	.52	.45	.46	−.86	1.06
Cash dividends declared	.24	.25	.21	.28	.38
Net retained income	.29	.21	.25	−1.14	.69
MEMO					
Average assets (billions of dollars)	590	618	645	650	641
Number of banks	9	9	9	9	9

See notes to tables in the text.

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Federal Reserve Bank of St. Louis

A.1. Portfolio composition, interest rates, and income and expenses, all insured commercial banks

E. Large banks other than money center banks

Item	1984	1985	1986	1987	1988
	Balance sheet items as a percent of average consolidated assets				
Interest-earning assets	83.12	84.89	85.57	86.17	87.30
Loans	60.07	63.02	62.87	63.45	64.33
Commercial and industrial	26.04	26.02	24.79	23.98	23.42
U.S. addressees	...	21.96	21.60	21.36	21.42
Non-U.S. addressees	...	4.06	3.19	2.62	1.99
Real estate	12.40	13.09	13.72	16.05	18.49
Construction	3.74	4.33	4.61	5.15	5.43
Farmland	.06	.08	.10	.11	.12
1- to 4-family	5.56	5.29	5.32	6.04	7.08
Home equity	...	...	...	1.16	1.33
Other	...	...	...	5.43	5.75
Multifamily residential	.34	.33	.34	.44	.47
Nonfarm nonresidential	2.55	2.91	3.18	4.11	5.15
Consumer	8.80	10.25	11.52	11.78	12.35
Credit card	...	4.00	4.60	4.68	5.09
Installment and other	...	6.26	6.91	7.10	7.26
Foreign government	2.43	2.08	1.71	1.59	1.23
Agricultural production	.57	.50	.42	.38	.35
Security	1.27	1.43	1.32	1.04	.91
Other	8.57	9.64	9.40	8.63	7.57
Securities	9.89	9.79	12.09	13.11	13.42
U.S. government	5.27	5.47	6.46	7.73	8.15
U.S. Treasury	3.95	4.14	4.45	4.72	4.55
Government-backed mortgage pools	...	.88	1.41	2.29	3.00
Other government	...	.45	.60	.71	.60
State and local government	4.13	3.68	4.65	3.74	3.14
Tax exempt	...	...	...	3.72	3.13
Taxable	...	...	...	.02	.01
Other bonds and stocks	.59	.64	.97	1.64	2.13
Trading account assets	...	1.12	1.14	.79	.74
Gross federal funds sold and reverse repurchase agreements	2.98	3.33	3.01	2.80	3.31
Interest-bearing deposits	9.38	7.64	6.46	6.03	5.50
Deposit liabilities	71.25	69.94	68.90	69.41	70.17
In foreign offices	15.76	13.57	10.97	10.28	9.40
In domestic offices	55.49	56.37	57.93	59.13	60.77
Demand deposits	16.79	16.61	17.48	16.77	15.26
Other checkable deposits	2.94	3.26	3.77	4.59	4.96
Other core deposits					
MMDAs	8.97	10.29	11.56	11.79	11.40
Savings	3.73	3.44	3.60	4.56	4.83
Small time	9.82	10.48	10.06	9.91	11.48
Large time deposits	13.24	12.28	11.45	11.50	12.84
Gross federal funds purchased and repurchase agreements	12.01	13.24	14.40	13.76	12.73
Other liabilities for borrowed money	3.86	4.75	5.55	5.73	6.34
MEMO					
Money market liabilities	44.86	43.84	42.37	41.27	41.31
Loss reserves	.83	.92	1.06	1.54	1.68
Total equity capital	5.08	5.42	5.50	5.29	5.29

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A.1. Portfolio composition, interest rates, and income and expenses, insured commercial banks —Continued

E. Large banks other than money center banks

Item	1984	1985	1986	1987	1988
	Effective interest rate (percent)				
Rates earned					
Securities	8.76	9.15	8.17	8.04	8.25
State and local government	5.27	6.90	6.92	7.15	7.26
Loans, gross	13.75	11.60	10.35	10.12	10.78
Net of loss provision	12.30	10.57	9.06	7.61	9.80
Taxable equivalent					
Securities	10.56	12.69	11.44	8.88	9.31
Securities and gross loans	13.48	11.75	10.54	9.98	10.64
Rates paid					
Interest-bearing deposits	10.11	8.34	6.90	5.88	6.26
Large certificates of deposit	10.58	8.80	7.34	7.06	7.40
Deposits in foreign offices	12.28	9.37	7.67	7.83	8.93
Other deposits	8.73	7.68	6.47	6.63	5.29
All interest-bearing liabilities	10.56	8.09	6.87	6.18	6.64
	Income and expenses as a percent of average net consolidated assets				
Gross interest income	10.08	9.19	8.03	8.14	8.76
Gross interest expense	7.11	5.94	4.85	4.82	5.33
Net interest margin	2.97	3.25	3.18	3.31	3.42
Taxable equivalent	3.26	3.59	3.58	3.48	3.66
Noninterest income	1.19	1.32	1.42	1.53	1.61
Loss provision	.78	.64	.79	1.58	.62
Other noninterest expense	2.87	3.02	3.09	3.25	3.29
Securities gains or losses (−)	−.02	.07	.16	.05	.00
Income before tax	.49	.96	.88	.06	1.13
Taxes	.16	.23	.21	.08	.33
Extraordinary items	.01	.01	.01	.00	.02
Net income	.34	.74	.68	−.02	.82
Cash dividends declared	.24	.26	.32	.35	.45
Net retained income	.10	.48	.36	−.36	.37
MEMO					
Average assets (billions of dollars)	534	605	707	759	867
Number of banks	57	65	74	73	86

See notes to tables in the text.

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A.2. Report of income, all insured commercial banks

Millions of dollars

Item	1984	1985	1986	1987	1988
Operating income, total	**274,255**	**275,741**	**269,152**	**281,218**	**308,580**
Interest, total	248,034	245,152	233,961	240,548	264,999
Loans	181,897	181,368	172,712	177,217	196,119
Balances with banks	16,556	13,660	11,139	11,874	13,198
Gross federal funds sold and reverse repurchase agreements	10,455	9,404	8,918	8,810	10,025
Securities (excluding trading accounts)	36,730	37,387	37,860	38,698	40,738
Tax exempt	8,238	8,752	10,594	9,085	8,014
Taxable	28,491	28,635	27,266	29,613	32,724
Trading account assets	2,396	3,333	3,332	3,948	4,918
Service charges on deposits	6,518	7,333	7,908	8,659	9,323
Other operating income	19,703	23,257	27,282	32,012	34,258
Operating expense, total	**254,285**	**254,184**	**250,821**	**274,330**	**275,050**
Interest, total	167,670	155,549	140,762	142,649	160,455
Deposits	139,331	129,439	115,898	113,687	125,961
Large certificates of deposit	25,767	22,705	19,281	18,935	21,907
Deposits in foreign offices	35,782	30,117	24,440	25,946	28,248
Other deposits	77,782	76,618	72,177	68,806	75,806
Gross federal funds purchased and repurchase agreements	19,322	16,432	15,745	15,472	18,146
Other borrowed money[1]	9,017	9,677	9,119	13,220	16,347
Salaries, wages, and employee benefits	36,463	39,467	42,262	44,463	45,595
Occupancy expense	11,760	13,137	14,291	15,041	15,496
Loss provision	13,704	17,504	21,538	36,534	15,990
Other operating expense	24,688	28,527	31,968	35,643	37,515
Securities gains or losses (−)	−146	1,506	3,785	1,397	285
Income before tax	19,824	23,063	22,115	8,286	33,815
Taxes	4,660	5,499	5,184	5,267	9,871
Extraordinary items	216	237	271	162	833
Net income	15,379	17,802	17,202	3,181	24,777
Cash dividends declared	7,584	8,455	9,133	10,505	13,086

1. Includes interest paid on U.S. Treasury tax and loan account balances and on subordinated notes and debentures.

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Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period February through April 1989, provides information on Treasury and System foreign exchange operations. It was presented by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York. Daniel Brotman was primarily responsible for preparation of the report.[1]

The dollar traded with a firm undertone during most of the three months ending in April, buoyed by persistent investment and commercial demand for the currency. At times, upward pressure intensified and, in keeping with Group of Seven (G-7) undertakings to foster exchange rate stability, the U.S. monetary authorities intervened to resist the dollar's rise. On occasion, the upward pressure subsided and the dollar eased back somewhat. Overall, dollar exchange rates remained more stable than in recent quarterly periods, although throughout the period the dollar continued to edge back toward the highs reached in the fall of 1988. On balance, the dollar rose ¼ percent against the German mark and Canadian dollar, 2¼ percent against the Japanese yen, 4 percent against the British pound, and 5 percent against the Swiss franc. The dollar ended the three-month period 1 percent higher on a trade-weighted basis as measured by the staff of the Board of Governors of the Federal Reserve System.

A variety of factors contributed to the investment demand for dollars and dollar assets during this period. The currency's stronger performance in 1988 and early 1989 relative to preceding years prompted investors to feel more confident about increasing the share of dollar assets in their overall portfolios and reducing the hedged proportion of their dollar assets. By such actions, they could benefit more from the relatively wide short-term interest rate differentials favoring the dollar and avoid the increased costs of maintaining hedges.

Meanwhile, as positive sentiment toward the dollar mounted, commercial market participants also began to alter their trading strategies. Those, such as Japanese exporters, who at times in the past had been heavy forward sellers of dollar receivables, scaled back their selling in advance of payment. Similarly, those who had dollars to buy in the future began to buy more dollars during the period lest the U.S. currency rise further. With the dollar consistently well bid in the market, interbank and speculative position-takers became more willing to take on long-dollar positions.

Underpinning the more positive sentiment toward the dollar were two key factors: interest rate differentials and political developments. Interest rate differentials continued to favor the dollar, providing a strong incentive for investors to purchase dollar assets so long as they presumed the dollar would remain stable or rise. During the three months ending in April, short-term interest rate differentials against the yen increased from what were already considered high levels, while against the mark they remained sizable but in about the same range as earlier.

At times during the period, political developments abroad also weighed against several major foreign currencies. In Japan, investigations of an insider trading scandal brought the government of Prime Minister Takeshita under increasing pressure and raised concerns about its viability. In Germany, electoral setbacks to the governing coalition's leading party and other centrist par-

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

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ties gave rise to market uncertainty at a time when there was already considerable confusion in the market surrounding the imposition and subsequent removal of a withholding tax on interest income.

Under these circumstances, market participants appeared increasingly willing to overlook, at least for the time being, developments cited last year as giving rise to concerns about the dollar. Trade data released by the United States and other countries during the period suggested that the pace of adjustment of world trade and current account balances might be slowing. Similarly, market observers at times expressed disappointment over the absence of plans for substantial, long-term reduction of the U.S. budget deficit.

During the period, the degree of upward pressure on the dollar varied in response to shifting market views regarding inflationary pressures and the appropriate tightness of monetary policy in the United States and abroad. Changing market assessments of official commitments to exchange rate stability at times also affected market demand for the U.S. currency. Upward pressure was most pronounced at the opening of the period in February, during March, and toward the end of April. Upward pressure abated, and the dollar settled back somewhat in mid-February and mid-April.

The Dollar Settles Back in Mid-February

When the three-month period opened in February, market sentiment toward the dollar was distinctly bullish. Market participants, mindful of Chairman Greenspan's earlier indications in congressional testimony of the Federal Reserve's strong anti-inflationary stance, interpreted evidence of robust U.S. economic growth as a portent of higher dollar interest rates. In particular, the early February report of an unexpectedly large rise in U.S. employment in January reinforced expectations that a buoyant economy would lead to further tightening of U.S. monetary policy. As the dollar firmed above its January highs, the U.S. monetary authorities sold a total of $350 million against marks during the period from February 2 through February 6 in the only intervention operations during the month.

Thereafter, sentiment toward the dollar took on a more cautious tone. This change in sentiment appeared, in part, to reflect concern about central bank intervention. The dollar was approaching levels at which central banks had acted forcefully to counter its rise in 1988. Believing that the central banks would again seek to limit the dollar's rise to these levels, market participants appeared less aggressive about bidding for dollars in the exchange market. Also, after President Bush's budget address before Congress on February 9, market participants began to adopt a more realistic view regarding the difficulties the Administration and the Congress would face in negotiating a long-term plan to reduce the U.S. fiscal deficit. After rising in early February to DM1.8880 and ¥130.67, the dollar began to edge lower, and upward pressure abated.

By mid-February, inflation and monetary policy had become the most immediate market concerns. A variety of economic statistics released at that time seemed to indicate a surprising upturn in inflation in several industrialized countries, including the United States and Germany, as well as a worrisome persistence of high inflation in the United Kingdom. There was also considerable uncertainty about the extent to

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, April 28, 1989
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

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which tax changes in several foreign countries might give rise to inflationary wage demands in the coming months. Against this background, market participants began to wonder whether efforts to subdue inflation worldwide might prove more difficult, and require higher interest rates, than had previously been assumed. The management of monetary policy by central banks in various countries tended to come under greater market scrutiny.

As for the United States, some market observers questioned whether the successive moves toward moderate tightening by the Federal Reserve over the past year would be sufficient to prevent an acceleration of inflation. At the same time, market participants expressed concern that the potential economic, financial, and political implications of further policy tightening might deter the U.S. central bank from acting as forcefully as needed.

In contrast, market analysts at that time appeared more certain that signs of accelerating inflation in Germany would lead to a quick tightening of the German central bank's policy stance. This market view showed through in a significant increase in German money market rates as German banks aggressively bid for funds in anticipation of a near-term increase in the Bundesbank's official interest rates.

In this environment, dollar exchange rates eased from their earlier levels. By February 20, the dollar had declined to its period low against the yen of ¥125.25. Against the mark, the dollar continued to edge lower for another week, reaching its period low of DM1.8095 on February 27. Even at these levels, however, the dollar remained well above where it had opened the year.

Resumption of the Dollar's Advance in March

In late February, market assessments of the relative tightness of monetary policy in the United States and abroad underwent an abrupt shift.

Questions regarding the U.S. central bank's counter-inflationary stance were put to rest, and U.S. short-term market interest rates began to edge higher when the Federal Reserve unexpectedly drained liquidity from the banking system on February 23 and on the following day increased its discount rate ½ percentage point.

Shortly thereafter, the Bundesbank appeared to send a signal through its public statements and money market operations that it saw no need at that time to tighten its policy stance. Market participants also noted the constraints on Bundesbank monetary policy stemming from currency relationships within the European Monetary System (EMS). With the German mark approaching the upper limit of its bilateral parity with another EMS currency, the Danish krone, further German tightening was viewed as unlikely, and short-term mark interest rates began to decline. Elsewhere, market participants interpreted actions by both the Bank of Japan and the Bank of England as indicating that these monetary authorities were also reluctant to see further increases in short-term interest rates.

Observers concluded that the Federal Reserve's increase in the discount rate was unlikely to lead to an immediate tightening of policy elsewhere. With U.S. economic statistics released during the month continuing to suggest generally strong economic performance, market participants expected that the recent widening of

2. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury[1]

Millions of dollars; drawings or repayments (−)

Central bank drawing on the U.S. Treasury	Amount of facility	Outstanding, January 31, 1989	February	March	April	Outstanding, April 30, 1989
Central Bank of the Argentine Republic	265.0	.8	−.8	*	*	*
Central Bank of Venezuela	450.0	0	0	450.0	−450.0	0

1. Data are on a value-date basis.

*Facility expired on February 28, 1989.

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interest rate differentials favoring the dollar would be maintained. The report that U.S. producer prices had increased a full percentage point in February, in particular, fueled expectations that dollar interest rates would remain firm.

Under these circumstances, upward pressure on the dollar reemerged, and by mid-March the dollar had more than fully recouped its February decline. As the dollar moved up against most major currencies, the U.S. monetary authorities resumed selling dollars against marks on March 8, generally operating in coordination with other central banks.

At the same time that sentiment toward the U.S. currency was becoming more positive, sentiment toward other currencies, most notably the Swiss franc and Japanese yen, was worsening. In Switzerland, reports surfaced of heavy selling of the Swiss franc as that currency broke out of the range in which it had traded for several years against the German mark. As the Swiss currency declined, upward pressure on the dollar increased, and the dollar rose against not only the franc but other continental currencies as well.

In Japan, the political atmosphere in March became increasingly tense and uncertain as allegations spread of insider trading and influence peddling by prominent individuals in business and politics. Reports that foreign investors were looking to liquidate some of their Japanese bond and equity holdings added to the selling pressure on the Japanese yen. Indeed, whereas until mid-month the dollar was advancing most strongly against the mark among the major currencies, by the end of the month upward pressure had shifted to the dollar–yen exchange rate. Thus, at the end of March, U.S. intervention operations were expanded to include dollar sales against yen. In all, the U.S. monetary authorities sold $1,419 million against marks and $100 million against yen between March 8 and March 30.

By the end of March, the dollar's renewed rise led market participants to question the firmness of official commitments to exchange rate stability. As an early April meeting of the G-7 Finance Ministers and Central Bank Governors approached, some observers speculated that the G-7 might tolerate a further rise in dollar exchange rates as a consequence of the need to deal with inflation. In this atmosphere, the dollar reached its period highs of DM1.9025 against the mark and ¥133.50 against the yen at the end of March. At these levels, the dollar was trading about 5 percent and 6½ percent respectively above its late-February lows against these two currencies.

3. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations, February 1–April 30, 1989[1]

Millions of dollars

Item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Realized	0	0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1989	941.9	734.5

1. Data are on a value-date basis.

Dissipation of Upward Pressure on the Dollar in April

Around the time of the G-7 meeting in Washington on April 2, however, market participants began to revise their assessment of official attitudes toward the dollar. A communiqué issued after the meeting stated that "a rise of the dollar which undermined adjustment efforts, or an excessive decline, would be counterproductive." Market participants interpreted this asymmetrical statement as a sign that the authorities remained committed to resisting the dollar's rise but were prepared to see some decline in the dollar. U.S. intervention sales of dollars against yen during the previous week and market reports of similar operations by the Bank of Japan after the G-7 meeting served to highlight this commitment. So, too, did operations on April 10 and 11 when the U.S. monetary authorities were quick to reenter the market, selling a total of $170 million against marks, as soon as the dollar began to recover from its initial decline after the G-7 meeting.

Around the same time, accumulating, though still ambiguous, evidence that the pace of U.S. economic growth might be easing added to a more cautious sentiment surrounding the dollar. In particular, a number of economic reports on

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April 14 suggested that earlier fears of a sharp rise in U.S. inflation might have been premature and that capacity pressures in the economy might have peaked.

Meanwhile, market expectations of a possible tightening of monetary policy abroad began to resurface. The announcement on April 13 that the Swiss National Bank would increase its discount and Lombard rates drew market attention once again to the possibility that interest rates abroad might need to be raised. Around the same time, pressures within the EMS eased, and the Bundesbank was thus seen as having more scope to tighten its credit stance if it so chose. In Japan, rumors that the Bank of Japan was making preparations to raise its discount rate also became more widespread. Moreover, reports that the newly appointed German Finance Minister would seek to repeal the recently imposed withholding tax on interest earnings from domestic securities lent some support to the mark against both the dollar and the yen.

When the Bundesbank in fact announced an increase of ½ percentage point in its discount and Lombard rates on April 20, and several other continental European central banks joined in by increasing their own official rates, the dollar initially eased further. The dollar moved as low as DM1.8410 against the mark and ¥130.90 against the yen, to trade 3¼ percent and 2 percent respectively, below its March highs.

Strong Close at the End of the Period

The dollar then quickly began to rebound. Market participants, noting that the Bundesbank's tightening move had had only a limited effect on market interest rates in Germany, reportedly began to take profits on long-mark positions established earlier in the month. By the following day, the dollar was already above the levels at which it had been trading before the German interest rate announcement.

At the same time, expectations diminished that other countries would soon follow the Bundesbank's move. Market expectations of higher interest rates in Japan lessened after a Japanese price report that suggested that the inflationary effect of Japan's new consumption tax might prove less than initially had been feared. Similarly, in Switzerland, comments by a senior central bank official countered the view that the Swiss central bank would further tighten its credit stance.

In these circumstances, sentiment toward the dollar again became bullish, and investment-related purchases of dollars reportedly began to accelerate. With the dollar approaching the levels of its period highs of late March, the U.S. monetary authorities intervened on the last trading day of the period to sell $100 million, half against marks and half against yen. The dollar closed the quarterly period at DM1.8810 against the mark and ¥133.02 against the yen.

For the period as a whole, the U.S. monetary authorities sold a total of $2,139 million, $1,989 million against German marks and $150 million against Japanese yen. The U.S. Treasury, through the Exchange Stabilization Fund (ESF), and the Federal Reserve participated equally in these intervention operations.

The U.S. authorities also acquired $228.2 million equivalent of Japanese yen through nonmarket operations. Of this amount, the authorities sold $99.1 million and $84.8 million equivalent of Special Drawing Rights to official institutions for yen and separately received $44.3 million equivalent of yen in repayments under the Supplementary Financing Facility of the International Monetary Fund.

Other ESF foreign currency transactions that took place during the period were the following:

- The Central Bank of the Argentine Republic repaid the remaining $0.8 million of its swap arrangement with the ESF on February 28. The $265 million facility with the ESF, part of a $500 million short-term financing package arranged in October 1988, expired on February 28.
- The U.S. Treasury, through the ESF, agreed to establish a facility to provide up to $450 million in short-term financing to Venezuela on March 13. On March 15, Venezuela drew the the entire amount in the facility, and on April 3, repaid the Treasury in full.

As of the end of April, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $941.9 million for the

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Federal Reserve and $734.5 million for the ESF. These valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

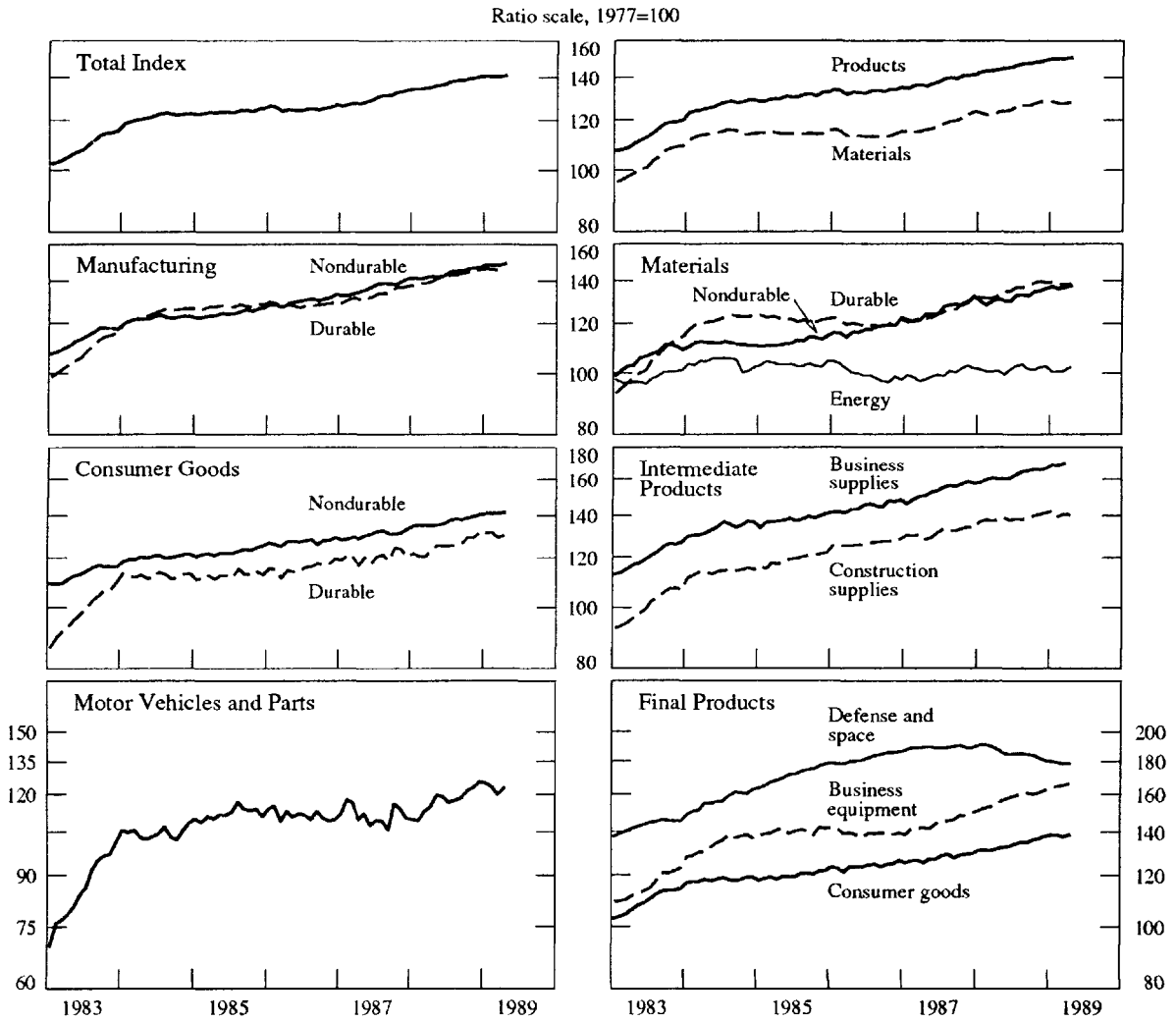
The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. A portion of the balances is invested in securities issued by foreign governments. As of the end of April, holdings of such securities by the Federal Reserve amounted to $1,503.3 million equivalent, and holdings by the Treasury amounted to the equivalent of $1,985.0 million.

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Industrial Production

Released for publication May 15

Industrial production increased 0.4 percent in April after having been unchanged in March and having declined a revised 0.3 percent in February. The April rise resulted from further gains in business equipment and increases in the output of durable consumer goods, mainly motor vehicles, and materials. In contrast, production of construction supplies declined in April and, on balance, has weakened noticeably since January. At 141.1 percent of the 1977 average, the total index in April was 4.2 percent higher than it was a year earlier. Manufacturing output also rose 0.4 percent in April; capacity utilization in manufacturing edged up to 84.0 percent, but was still 0.7 percentage point below the January rate. Detailed data for capacity utilization are shown



All series are seasonally adjusted. Latest series: April.

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Group	1977 = 100		Percentage change from preceding month					Percentage change, Apr. 1988 to Apr. 1989
	1989		1988	1989				
	Mar.	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.	
	Major market groups							
Total industrial production	**140.5**	**141.1**	**.4**	**.3**	**−.3**	**.0**	**.4**	**4.2**
Products, total	150.0	150.6	.6	.5	−.1	.1	.3	4.5
Final products	148.2	149.1	.7	.3	.2	−.1	.5	4.6
Consumer goods	137.8	138.6	1.0	.2	.1	−.6	.5	5.0
Durable	129.2	130.3	2.1	−.4	.1	−1.8	.9	5.7
Nondurable	141.0	141.6	.6	.4	.1	−.2	.4	4.8
Business equipment	165.4	166.3	.8	.8	.5	.4	.6	7.6
Defense and space	178.5	178.7	−.9	−.3	−.4	−.5	.1	−4.9
Intermediate products	156.3	155.8	.6	1.0	−.9	.7	−.3	4.1
Construction supplies	140.7	140.3	.5	.6	−1.9	.9	−.3	2.0
Materials	127.4	128.2	.0	−.1	−.6	.0	.6	3.8
	Major industry groups							
Manufacturing	146.7	147.3	.3	.6	−.3	.0	.4	4.6
Durable	145.5	146.1	.3	.3	−.3	−.2	.4	4.6
Nondurable	148.3	148.9	.3	.9	−.3	.2	.4	4.6
Mining	102.1	103.3	.2	−1.8	−1.9	1.0	1.2	−1.4
Utilities	115.9	116.0	1.5	−1.3	2.2	−.5	.1	4.5

NOTE. Indexes are seasonally adjusted.

separately in "Capacity Utilization," Federal Reserve monthly statistical release, G.3.

In market groups, within consumer goods, auto assemblies increased to an annual rate of 7.4 million units from a rate of 7.1 million units in March; the output of light trucks for consumer use also advanced. Most other consumer goods posted moderate gains. Business equipment rose again, reflecting continued strength in most sectors and a rebound in transit equipment, primarily motor vehicles. Materials production rose 0.6 percent in April, but was only slightly above the January level. During the first quarter, most major material sectors weakened; however, by April, output of these sectors, except basic metals, had rebounded, and in some industries, notably chemicals, output in April was considerably above their first-quarter averages.

In industry groups, within manufacturing, most industries, except primary metals and the construction-related sectors, posted gains in April; the largest increases occurred in motor vehicles, paper, and petroleum products. Outside manufacturing, mining output increased 1.2 percent, owing, in part, to a sharp increase in coal. Production at utilities was essentially unchanged.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
Jan.	141.0	140.8	.4	.3
Feb.	141.0	140.4	.0	−.3
Mar.	141.0	140.5	.0	.0
Apr.	...	141.1	...	.4

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Statements to Congress

Statement by Martha R. Seger, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 16, 1989.

Thank you for the opportunity to offer the comments of the Board of Governors on H.R. 736, the "Truth in Savings Act." H.R. 736 would require that certain information be provided to existing or potential deposit account holders regarding the terms of a deposit account. Depository institutions would have to disclose rate and cost information in advertisements, to provide more detailed rate and cost information in a schedule, and to inform account holders when terms are changed. The Board would be required to write rules to implement these requirements.

The Board is mindful of the interest in ensuring that account holders have adequate information on which to base their saving decisions, and fully supports that concept. In fact, the Board's Regulation Q has, for many years, required disclosure of account terms in advertisements, and institutions have been encouraged to make schedules of their fees available to their account holders.

It appears that the industry recognizes the value of full disclosure as well. Our experience in examining state member banks tells us that the majority of our institutions already provide comprehensive written disclosures outlining their fees and the terms of their accounts. Further, consumer surveys conducted by the Board reflect that most depositors believe that they are receiving adequate information.

With this as background, the Board is ambivalent about H.R. 736. On the one hand, the goal of the legislation is consistent with the Board's objectives and with general banking practice. On the other hand, any set of complex rules of the type that will be required by this legislation will increase an already heavy regulatory burden. Particularly for small institutions, the cumulative effect of individual regulations, each well intended in its purpose to address a specific problem, can be overwhelming. For example, just since the beginning of last year, extensive new requirements have been mandated relating to funds availability, adjustable-rate mortgages, credit and charge card solicitations, and home equity lines. Each of these new regulations has required institutions to revise or create printed forms, adopt conforming policies and procedures, provide training for personnel, and, particularly in the case of funds availability, make extensive data processing system changes. And, of course, these additional requirements are over and above the ongoing regulatory burdens financial institutions bear.

Because of our experience with these recent laws—as well as with numerous other consumer statutes for which we have rule-writing authority—we know firsthand that simple concepts invariably result in complex regulations. For example, the concepts of improved funds availability and uniform consumer credit disclosures appeared to be simple and straightforward. Yet, as history has shown, to encompass the diversity of business practices and products among financial institutions, the implementing regulations of necessity are intricate and voluminous. Moreover, we have learned that even rules that are not designed to affect the number or diversity of products—such as simple disclosure requirements—may have the practical effect of standardizing products. If fewer options are available, consumers may be deprived of the benefits of variety. Consequently, we believe that a compelling need should be demonstrated before new legal requirements are added to the array of existing rules.

In the case of account disclosures, our best information suggests that, by and large, institutions are providing the information that deposi-

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tors say they need, either voluntarily or as a result of existing account advertising regulations such as Regulation Q. We would, therefore, question the need for H.R. 736 at this time, particularly because of the additional regulatory burden it would impose on depository institutions.

If the Congress nevertheless decides to go forward with legislation, H.R. 736 should be carefully tailored to avoid unnecessary complications and burdens. In particular, we recommend the following actions.

H.R. 736 would require the disclosure of an "effective percentage yield" on accounts with maturities of less than one year besides the annual percentage yield (APY) that must be disclosed for all accounts. Requiring a yield relating to a portion of a year would directly conflict with the notion of APY, and would tend to confuse the consumer about the return on the account. Consumers have become accustomed to the concept of annual percentage figures through the "annual percentage rate" disclosed in consumer credit transactions pursuant to the Truth in Lending Act. The Board recommends that disclosures in advertisements and account schedules for a rate other than an APY on accounts with maturities of less than one year be deleted from H.R. 736; alternatively, a statement could be appended to the APY that discloses that the "yield assumes that the funds are on deposit for a full year."

The bill would require depository institutions to send "in a regular mailing" schedules of terms and conditions to existing account holders no later than 90 days after the effective date of regulations implementing the act. The Board believes that 90 days is too brief a period for depository institutions to review the new regulation, effectively reexamine their entire deposit product line, and prepare, print, and mail account schedules to existing customers. In our view, an appropriate minimum time period for mandating compliance is 180 days after the effective date of the regulation. Also, depository institutions should be given flexibility to decide in what manner to mail the required schedule to their existing customers. For example, if a depository institution wished to send its schedule in a special mailing, it should be permitted to do so. Language requiring the schedule to be included in a "regularly scheduled" mailing should be deleted.

We note that the civil liability provisions of this bill are quite sweeping, and, in covering advertising, are broader than those in other consumer disclosure laws such as the Truth in Lending Act. A violation of the advertising provision of H.R. 736 would be subject to statutory penalties that would allow an individual to recover a minimum of $100 and allow class actions with the potential for recoveries far out of proportion to any actual harm. Further, suits could be brought by individuals who have no relationship with the financial institution or its consumer deposit products other than having viewed a newspaper advertisement. Particularly since financial institutions will be examined for compliance by federal regulatory agencies, the Board believes that the Congress can achieve the purposes of the legislation without subjecting institutions to costly litigation by the public at large.

To clarify coverage, H.R. 736 should expressly provide in its definition of "account" that the act applies only to consumer deposit accounts, and not to business purpose accounts. This provision would reduce the compliance burden somewhat and would focus the disclosures on the class of depositors who might most need them. In addition, H.R. 736 should make clear that the requirement to notify account holders of a change in a term that "may reduce the yield" is not intended to govern a decrease in yield in accordance with a variable-rate term previously disclosed. This will avoid institutions having to mail a "change in term" notice when yields vary as a result of routine rate adjustments.

H.R. 736 would preempt state laws relating to the disclosure of deposit account information to the extent the state law is inconsistent with the new federal law. H.R. 736 does not, however, provide a mechanism for determining if a given state law is preempted. Similarly, the bill would allow depository institutions to rely on rules issued by the Board, but does not provide a means for interpretation of formal Board actions. To ease compliance burdens by alleviating uncertainty, and to promote greater uniformity of enforcement of H.R. 736, the Board recommends that it be given the express authority both to

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determine if state laws are preempted under the act and to authorize an official to issue interpretations of the regulation. This follows the approach taken in other consumer financial services legislation such as the Truth in Lending Act and the Electronic Fund Transfer Act. We have found that such provisions allow us to provide greater certainty about disclosure requirements in an efficient and flexible manner.

Finally, while the focus of our comments has been on reducing the burden of regulatory compliance, we note that accounts of depository institutions are being advertised by organizations that are not subject to H.R. 736. For example, national brokerage firms offer certificates of deposit of selected depository institutions to consumers in conjunction with some of their accounts. While we have reservations about the need for the bill, as a matter of equitable coverage we encourage the Congress to consider whether consumers should be afforded the same protections under the act whether they deal directly with the institution of account or through an intermediary.

We appreciate the opportunity to offer our views on the proposed legislation and hope that they will be helpful to you. □

Statement by H. Robert Heller, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight and Investigations of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 17, 1989.

I am pleased to appear before this subcommittee to present the views of the Board of Governors on the legislative proposals to limit the use of brokered deposits by troubled federally insured financial institutions. The Board recognizes that the use of brokered deposits by troubled institutions can have a potentially adverse impact on the deposit insurance system. For this reason, the Board supports reasonable efforts to limit the use of brokered deposits by such institutions. However, brokered funds can also improve the efficiency of capital markets by channelling investment funds to their optimal use and by helping institutions address short-term liquidity and funding needs. In attempting to control the potential abuses of brokered deposits, we must be careful to preserve their benefits.

The administration's legislative proposal to address the thrift industry's problems calls for a study that would, among other things, review the role of brokered deposits and the need for any limitations on the use of these funds. Thus, while the Board shares the concern of Congress over the use of brokered deposits by troubled institutions, we believe that it would be more appropriate at this time to defer legislative action on brokered deposits pending the findings of the anticipated study. After a full review of the relevant issues and problems, the merits of the proposed legislation can be better determined.

In my remarks today, I will briefly discuss the extent to which financial institutions have used brokered deposits, the potential benefits and problems the deposits may present, and the supervisory approach the Federal Reserve has taken toward these accounts. I will also offer some suggestions for strengthening the legislative proposals, should you decide to pursue this approach. In general, my comments will focus on *fully insured* (retail) brokered deposits that are either initially obtained in amounts of less than $100,000 or that are subsequently divided into deposits of that size. These deposits represent a potential for abuse and the main risk to the federal deposit insurance system.

Role of Brokered Deposits

Depository institutions have used brokered deposits for several years to attract funds from outside their traditional geographic markets. In recent years, the use of these deposits has increased substantially. At the end of 1984, the first year we collected data on retail brokered deposits, insured commercial banks held $25 billion in total brokered deposits, of which $7 billion were insured retail deposits. By the end of 1988, total brokered deposits had increased to more than

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$53 billion, of which $19 billion were retail. State member banks, which are subject to supervision by the Federal Reserve, held $7 billion in brokered deposits at the end of 1988, of which $3 billion were in the form of insured retail deposits.

Savings and loan associations currently hold about $72 billion in brokered deposits, of which $59 billion are insured.

Over all, brokered deposits represent about 2.5 percent of all domestic deposits at commercial banks and about 7.4 percent of the deposits at savings and loans. Fully insured retail brokered deposits represent less than 1 percent of the domestic deposits at banks and about 6 percent of the domestic deposits at thrift institutions. The vast majority of depository institutions, about 90 percent, do not make use of brokered deposits at all.

Much of the overall growth in these deposits occurred because they increased the efficiency of financial markets. Indeed, a significant portion of these funds are held by large banks that currently meet or exceed the minimum primary capital standard and that are otherwise in satisfactory condition. Banks that specialize in credit card activities, those that have little or no local deposit-taking powers, and those that are affiliates of much larger institutions are often active users of brokered deposits. Brokered deposits contribute to more open competition for depositor funds and increase sources of liquidity to financial institutions. This is particularly true for organizations that do not otherwise have access to national money markets.

Most brokered deposits in commercial banks are not federally insured and do not inherently raise the issue of "moral hazard," whereby investors gain increased income while the government absorbs any increased risk. Providers of large amounts of uninsured funds normally have both the incentive and the capacity to evaluate the creditworthiness of the banks in which they are investing. Nonetheless, even uninsured brokered deposits can increase the risk to the insurance system if they are used to fund poor investments by the purchasing bank.

However, the unintended expansion of insurance coverage by troubled institutions through the use of retail brokered deposits significantly increases the risks to the deposit insurance system. Institutions that seek rapid asset and earnings growth can often raise substantial funds nationwide by offering higher-than-market rates for insured brokered funds. To reach their growth targets and to cover their high funding costs, these institutions may then invest in increasingly risky ventures. This could lead to increased losses, and possibly failures, rather than to higher profits. As their condition declines, these institutions may seek to raise additional brokered funds and acquire additional high-risk, high-yielding assets. This may further contribute to their deterioration and raise the ultimate cost to the federal deposit insurance fund.

The evidence also shows that the use of brokered deposits appears to increase the costs of resolving failures that do occur. An examination of the use of brokered deposits by banks that eventually failed indicated that failed banks with large ratios of brokered deposits to total deposits imposed greater resolution costs per dollar of deposits on the Federal Deposit Insurance Corporation (FDIC) than failed banks with smaller ratios of brokered deposits. In statistical tests, this relationship was highly significant. The analysis also indicates that banks that failed in 1988 had higher ratios of brokered deposits in the previous two years than banks in the same size classes that did not fail. However, in the vast majority of cases, failed banks did not make excessive use of brokered deposits.

Clearly, bank managers can make poor investments with funds from any source. They can also raise insured deposits directly through telephone solicitations or by advertising for the deposits nationwide—thereby avoiding brokers altogether, as some institutions have done. The critical factor is to maintain an adequate level of supervision over insured institutions to detect and prevent undue exposure of the insurance system.

Federal Reserve Supervisory Approach

In recognition of the potential for abuse, the bank regulatory agencies began in 1983 to collect information from banks about their use of brokered

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funds. At that time, the Federal Reserve also developed and implemented specific procedures for monitoring the use of brokered deposits by state member banks and for taking actions to detect and deter abusive actions involving such funds. These procedures involve the monitoring of changes in the level of an institution's brokered funds and an identification of the use of these funds. When appropriate, excessive use can trigger an onsite credit evaluation or a full-scope examination.

An evaluation of the use of brokered deposits is also part of all onsite examinations. In light of the potential risks that these deposits present, examiners focus on various aspects of asset quality and growth rates in banks with substantial use of brokered funds. Specifically, when brokered deposits exceed 5 percent of total deposits, or are otherwise of concern, examiners are required to evaluate the bank's use of such deposits, the role they have in the bank's overall funding strategy, their effect on the condition of the bank, the quality of the loans funded by them, and other relevant factors.

Examiners also review the activities of banks that *place* deposits with money brokers to ensure that they have exercised appropriate credit judgment. Deficiencies in this area can constitute an unsafe or unsound banking practice.

Virtually all formal enforcement actions undertaken by the Federal Reserve against state member banks that involve issues of safety and soundness include provisions relating to the use of brokered deposits. These provisions typically require the banks to give prior notice to the Federal Reserve before acquiring further brokered deposits and to provide periodic information about the intended and actual use of the funds. The Federal Reserve may halt those plans when considered appropriate.

Active enforcement of these procedures has enabled the Federal Reserve to minimize the use of brokered deposits among problem state member banks.[1] At the end of 1988, problem banks held only $25 million of brokered deposits—less than ½ of 1 percent of the total brokered deposits held by all state member banks. Thus, regulatory action by the Federal Reserve has significantly curtailed the use of brokered deposits in troubled state member banks.

Proposed Legislation

As we understand it, the proposed House bill would prohibit a bank or thrift institution that does not meet minimum capital standards from *increasing* its use of brokered deposits. However, the legislation appears to permit institutions to maintain existing levels of brokered deposits through the "rollover" or renewal of such accounts. The Senate version would likewise grandfather existing brokered deposits in troubled institutions, but would otherwise prohibit the use of brokered deposits, including existing deposits if they are subsequently increased or renewed.

Both versions of the legislation define troubled institutions as federally insured financial institutions that do not meet minimum capital requirements according to the FDIC. Both versions would also allow the FDIC to waive these restrictions after finding that accepting such deposits does not constitute an unsafe or unsound banking practice.

The Senate approach would appear to reduce or eliminate the use of brokered deposits by troubled institutions more quickly than the House bill. It would do so by, in effect, prohibiting the renewal of brokered accounts. At the same time, this approach could create significant liquidity pressures for troubled institutions that rely heavily on brokered funds, unless they receive supervisory waivers. Without such waivers, these institutions would need to find alternative sources of funds or could be forced to the discount window. In either event, their liquidity problems would surface earlier and could be resolved more quickly, either by forcing them to reduce their size or to cease operations.

As I have already stated, the Board believes that the Congress should defer any legislative action on brokered deposits pending the results of the proposed study of the deposit insurance system. However, if the Congress chooses to proceed with these legislative proposals at this

1. Problem banks are institutions that have been rated 4 or 5 under the rating system used by federal bank regulatory agencies.

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time, the Board would recommend four changes to render the legislation more effective.

One, as currently drafted, the legislation gives to the FDIC the authority to determine if an institution does not meet minimum capital standards, as well as the authority to grant any waivers on the legislation's brokered funds restrictions. We strongly believe that in the case of commercial banks it would be more appropriate and consistent with the current supervisory structure to assign these responsibilities to the bank's primary federal regulator, rather than to the insuring agency. The primary supervisor sets the capital standards for commercial banks under its jurisdiction and is the appropriate agency for determining whether a bank meets the minimum capital standard. The primary supervisor should also have the authority to grant waivers, since it is the agency whose longstanding supervision of the bank best enables it to assess the potential risks stemming from the institution's use of brokered deposits.

Two, Congress may also wish to consider whether the definition of "troubled institution" should be expanded to include factors other than the capital ratio. The relative level of problem loans and other measures of overall financial strength may be important factors to be considered.

Three, the Board notes that the proposed legislation is directed at all brokered funds. Since *insured* brokered deposits have been the principal source of concern, the Congress might consider focusing any legislation only on those deposits.

Four, we believe that any legislation that is adopted should cover all insured financial institutions. However, as currently drafted the proposed restriction would apply only to banks because of the manner in which "deposit broker" is defined.

CONCLUSION

In summary, the Board supports vigorous efforts to restrict the use of brokered deposits in troubled depository institutions. Indeed, while the Federal Reserve has been generally successful in limiting the misuse of brokered deposits in state member banks, we recognize the potential for abuse of the insurance system that they may present. In this regard, we believe the legislative proposals contained in the House and Senate bills properly focus on restricting the use of brokered deposits by troubled institutions, while avoiding unnecessary limitations on the prudent use of such funds by sound banks and thrift institutions.

We also believe, however, that the use of brokered funds by depository institutions raises several complex issues and questions. For this reason, we believe it would be more appropriate to defer legislative action at this time and to await the outcome of the anticipated study of the deposit insurance system, which will include a detailed review of the advantages and disadvantages of brokered deposits. □

Statement by Glenn E. Loney, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, before the Subcommittee on Policy Research and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 31, 1989.

Thank you for inviting me to speak to you about the Federal Reserve System's enforcement of the mandatory flood insurance purchase requirements for mortgages secured by improved real estate and manufactured homes located in designated flood hazard areas. I appreciate the opportunity to discuss the Board's examination procedures, as well as our examination experience in this area.

As you may know, the regulatory provisions for the flood insurance requirements for state member banks are in the Federal Reserve Board's Regulation H, the regulation that governs membership in the Federal Reserve System. I believe that the placement of flood insurance provisions in the membership regulation emphasizes the importance the Board places on this area. Specifically, these flood insurance require-

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ments are detailed in the "Banking Practices" section of the regulation. This section lists practices considered generally unsafe and unsound for state member banks. Including the mandatory flood insurance provisions in this section indicates to present, as well as potential state member banks, that the Board expects its members to comply with these provisions.

Before I discuss the Federal Reserve's experiences with the mandatory flood insurance purchase requirements, I would like to tell you a little about the structure of the Board's compliance examination program and how the flood insurance provisions are handled by our examiners.

First, the Federal Reserve Board has had a cadre of specialized consumer compliance examiners since 1977. The twelve Federal Reserve Banks hire and manage the day-to-day activities of the examiners while the Board exercises general policy oversight and management of the program. I mention this to let you know that our examiners who deal with the flood insurance provisions are full-time specialists in their field who are operating in an ongoing professional program. These examiners are well-versed in all aspects of the consumer regulations, including those for flood insurance.

Second, we examine state member banks for compliance with the consumer laws at least once every 24 months. The actual interval between examinations of a particular bank will vary, depending on its compliance posture as reflected in its most recent examination. Banks with lesser compliance records, of course, are examined more frequently. We have also offered an educational advisory service for member banks experiencing difficulties in any area of the compliance program. Through this service, member banks have requested an examiner's assistance with any compliance difficulties it is experiencing, outside a regularly scheduled examination. The strong compliance background of our examiners, the frequency with which we examine banks under our supervisory authority, and the open communication between our Reserve Banks and our state member banks, we believe, have contributed to the prompt corrective action that is usually taken by state member banks and the improved compliance posture that ensues.

Third, our examiners use the interagency flood insurance examination procedures developed by the Federal Financial Institutions Examination Council. These procedures, which were reviewed and updated last summer, require examiners to review loan originations, extensions, and renewals secured by improved real estate or manufactured homes. Specifically, Federal Reserve System examiners review a sample of loans made within 30 days of the date of the examination. We use a 30-day sample period to obtain an adequate sample of loans that is reflective of current bank policy.

The Board's sampling procedures instruct examiners to expand sample sizes whenever necessary to reach a conclusion about whether the bank is in compliance. For example, if the bank under examination made few real estate loans during the sample period, the examiner would extend the sample period back several months to obtain an adequate sample size. In fact, because of the small asset size of, and correspondingly low volume of real estate loans extended by most state member banks, our examiners often expand the sample sizes of real estate loans.

To illustrate the relatively small percentage of lending covered by the flood insurance provision engaged in by the banks we directly supervise, I would point out that a large number of the approximately 1,100 state member banks are small or rural banks with relatively small real estate lending portfolios. Only 5 percent of the institutions reporting Home Mortgage Disclosure Act (HMDA) data for 1987 were state member banks. These banks made less than 3 percent of the home purchase loans and less than 4 percent of the total of all other categories of the HMDA loans reported. I mention this to indicate that while our efforts to enforce the flood insurance provisions have been effective, the loan volume of the banks we examine, compared with that of other lending institutions, is small.

To check on flood insurance policy renewals, examiners are instructed to refer to work papers from the previous examination report for a list of loans requiring flood insurance that were reviewed during the last examination. These loan files are then to be reviewed to see whether a current flood insurance policy is in effect. In addition, examiners are also instructed to review

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any refinanced loans that may be included in the normal statistical sample to see that any necessary flood insurance policy renewal was purchased.

Based on our examination experience, we have found state member bank compliance with the flood insurance provisions to be good. For example, of the 639 banks examined for compliance in 1988, 530 banks, or 83 percent, had no flood insurance violations. The majority of the violations that were cited involved the bank's failure to document adequately that a flood check had been performed. Upon further review, however, examiners found few cases in which flood insurance should have been purchased and was not. Examination data for 1987 and 1986 are similar. In fact, 78 percent of all banks examined in 1987, and 81 percent of those examined in 1986 had no flood insurance violations.

Fourth, to ensure that System examiners understand the importance of flood insurance, we provide extensive training in this area. During the Board's formal three-week basic consumer compliance examinations school, System examiners are taught the flood insurance requirements contained in Regulation H, as well as the practical applications of how to determine whether the improved real property or manufactured home securing a loan is located in a flood hazard area. This training enables our examiners to conduct their own independent determinations of whether flood insurance is necessary for the loans sampled during the examination. For example, our examiners learn how to use flood maps, and community status books, as well as other methods for determining whether property is located in a flood hazard area. Incidentally, I might add, we use training materials developed by the Federal Emergency Management Agency (FEMA) as part of our curriculum.

To reinforce classroom lectures, each student in our school is required to participate in conducting a "mock examination" as part of the curriculum. For this mock examination, the students use the interagency examination procedures for flood insurance, along with our work papers, to review the mock loan files for violations of the flood insurance provisions and other consumer regulations. This approach allows examiners to resolve many of their questions about examination procedures and techniques in a classroom setting, rather than in the field under the tight constraints of an examination deadline. We have found this training approach to be an effective means of teaching examination procedures and techniques.

Besides teaching the flood insurance requirements in the Board's consumer examinations schools, staff members also teach the flood insurance provisions in one of the Board's commercial examination schools. Although examination responsibility for this area rests with the consumer compliance examiners, we believe that alerting the commercial examiners to the need for flood insurance on all types of properties, including commercial real estate located in a flood plain, will help ensure that state member banks comply with the mandatory purchase requirements.

To ensure that the Reserve Banks are implementing all the consumer regulations uniformly and effectively, Board staff members regularly review compliance examination reports prepared by the Reserve Banks, participate in field examinations, and also review Reserve Bank compliance examination work papers in conjunction with regularly scheduled operations reviews of the Reserve Banks. As part of the Board's normal oversight function, staff members routinely compare and analyze data on examination hours and numbers of violations found, as well as the types of violations discovered by each Federal Reserve District. Discrepancies noted in the use of our work papers or the interagency examination procedures are brought to Reserve Bank management's attention as necessary. In addition, staff members regularly participate in the workshops and conferences that FEMA holds for the financial institution regulatory agencies. Reserve Banks have also participated in FEMA's flood awareness campaigns by distributing FEMA material to state member banks. I mention these matters to indicate that our program does not stop with the examiner or the examination report and that we have tried to manage this effort effectively and stay current regarding developments in this area.

The System has been stressing the importance of complying with the flood insurance requirements over the years. As it does for all of its examination responsibilities, the Board takes its

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responsibilities for enforcing the flood insurance provisions seriously. While there is always room for improvement, I believe that the few violations that we have noted during our examinations indicate that the Federal Reserve System's examination process is satisfactorily addressing the mandatory flood insurance purchase requirements and that the banks we supervise are adequately addressing their responsibilities under this law. □

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Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MARCH 28, 1989

1. Domestic Policy Directive

Information reviewed at this meeting suggested that activity in the nonfarm economy expanded appreciably further in the first quarter. Gains in jobs and personal income were sizable in the first two months of the year. The available indicators on domestic demand presented a mixed picture, but preliminary data for January suggested some improvement in the external sector. The latest price data indicated some pickup in inflation from recent trends, only in part reflecting jumps in food and energy prices.

Total nonfarm payroll employment rose markedly further in January and February after strong gains in the fourth quarter. The rise was paced by continuing steady advances in service-producing industries. Appreciable increases in factory and construction jobs also were recorded over the two months, but unusually mild winter weather contributed to a bunching of construction employment gains in January followed by some retrenchment in February. The civilian unemployment rate fell to 5.1 percent in February.

Industrial production was unchanged in February after rising considerably over the previous several months. A reduced rate of automobile assemblies and weakness in the output of materials contributed to the leveling of industrial activity. In other areas, production gains were well maintained for consumer goods, and the output of business equipment rose rapidly following weakness in the fourth quarter. Total industrial capacity utilization edged down in February. Despite appreciable drops in utilization rates in primary metals, petroleum products, and paper, these industries continued to operate at relatively high levels. In manufacturing, the operating rate moderated a bit but remained high. After a weather-related surge in January, housing starts fell in February to a level somewhat below their average in the fourth quarter.

Growth in consumer spending moderated in January and February. Purchases of cars and light trucks fell back considerably, and the unusually warm weather held down expenditures on heating bills. Outlays for goods other than motor vehicles changed little, while purchases of nonenergy services posted another sizable rise.

Indicators of business capital spending suggested a rebound from a decline in the fourth quarter. Shipments of nondefense capital goods excluding aircraft were well above the fourth-quarter level in January and February. Nonresidential construction activity rose strongly for a second month in January, with gains recorded in almost all categories of building. Petroleum drilling, which declined through much of last year, appeared to be stabilizing. Inventory investment in the manufacturing sector picked up in early 1989. Much of the rise was recorded in the aircraft industry, where work-in-progress inventories were growing in reflection of booming production, and in nonelectrical machinery, where computer demand had flattened out in the fourth quarter. At the retail level, the pace of non-auto inventory investment generally remained in line with the pattern of sales.

Producer prices of finished goods rose sharply in both January and February, mostly reflecting higher prices for food and energy, but prices of a broad range of other finished goods also increased at a faster rate. Among intermediate materials, prices continued to rise at a substantial pace. Excluding food and energy, consumer prices advanced in January and February at a rate a shade above the average for 1988. Revised data for labor costs in the fourth quarter and the limited data available for early 1989 continued to

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suggest that these costs remained under upward pressure.

After a considerable increase in the fourth quarter of last year, the nominal U.S. merchandise trade deficit narrowed in January, according to preliminary estimates. The value of imports declined substantially, reflecting an apparent reversal of the strong rise in non-oil imports that had occurred in the fourth quarter. The value of exports also declined, but by less than that for imports, with decreases recorded in almost all major trade categories. Economic growth slackened in most of the major foreign industrial nations in the fourth quarter, but data available so far in 1989 did not indicate further slowing.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies rose somewhat on balance over the intermeeting period. The dollar was under downward pressure through most of February, partly in response to unexpectedly large increases in U.S. price indexes. After the Federal Reserve Board approved an increase in the discount rate on February 24, the dollar rebounded as U.S. short-term interest rates rose relative to key foreign interest rates.

At its meeting on February 7–8, the Committee adopted a directive calling for no immediate change in the degree of pressure on reserve positions. It was agreed that policy would be tightened promptly if incoming information tended to confirm expectations of growing inflationary pressures. The contemplated reserve conditions were expected to be consistent with growth of M2 and M3 at annual rates of about 2 and 3½ percent respectively over the period from December through March.

In the context of incoming data tending to reinforce earlier evidence of mounting inflation, the Manager for Domestic Operations adjusted the provision of reserves in mid-February to incorporate a higher level of adjustment plus seasonal borrowing. Subsequently, on February 24, the Board approved an increase in the discount rate from 6½ percent to 7 percent. The federal funds rate moved up from about 9 to 9⅛ percent at the time of the February meeting to an average a little above 9¾ percent from late February to late March.

The uncertainties about the relationship between borrowing and the federal funds rate that had complicated open market operations for many months persisted during the intermeeting period. Adjustment plus seasonal borrowing continued to fall considerably short of expectations in relation to the federal funds rate and, as contemplated by the Committee, operations continued to be implemented with some flexibility. In light of accumulating indications of additional weakness in borrowing demands relative to earlier patterns, the borrowing assumption was adjusted downward in the maintenance period beginning March 9. This technical adjustment was made to bring the assumed level of borrowing in line with recent experience and with desired overall conditions in reserve markets. Adjustment plus seasonal borrowing averaged about $450 million in the three reserve maintenance periods ending during the intermeeting interval.

The tightening of monetary policy along with growing market concerns about inflation led to sizable increases in interest rates during this period. In short-term markets, rates on most private issues rose nearly 1 percentage point, somewhat more than the increase in the federal funds rate, and the prime rate was raised in two steps of ½ percentage point. Rates on Treasury bills moved up appreciably less, at a time when there was no overall growth in the size of the weekly auctions and the supply available for competitive awards was reduced by substantial retail demand through noncompetitive tenders. In longer-term debt markets, yields generally were up about ⅓ to ½ percentage point, but yields on fixed-rate mortgages rose somewhat more. Major indexes of stock prices declined somewhat over the intermeeting period.

After weakening appreciably in January, growth of M2 and M3 strengthened in February and was estimated to have picked up further in March. On balance, however, the expansion of both aggregates had remained quite subdued this year, apparently reflecting increases in short-term market rates that had widened the opportunity costs of holding deposits. In addition, the outflows of funds and other adjustments associated with the problems of financially troubled thrift depository institutions probably reduced slightly the growth of the broader monetary aggregates. On average in the first quarter,

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growth of M2 was a little below the Committee's earlier expectations, while that of M3 was close to expectations. The levels of M2 and M3 in March were estimated to be respectively, a little below and a little above the lower bounds of the Committee's 1989 ranges for those aggregates. M1 apparently declined on balance in the first quarter, while total domestic nonfinancial debt grew at a rate near the midpoint of the Committee's monitoring range for the year.

The staff projections prepared for this meeting suggested that the expansion in the nonfarm economy was likely to moderate appreciably during 1989. The projections assumed that the drought had ended and that normal growing conditions would prevail in agriculture this year. The staff anticipated somewhat faster increases in consumer prices and further cost pressures over the year ahead, especially because of reduced margins of unutilized labor and other production resources. A monetary policy to contain inflation necessarily would involve slower growth of overall demand and an easing of pressures on resources; to the extent the strength in demand were to persist, such a policy could imply additional pressures in financial markets. On that basis, the staff projected slower growth in consumer spending and in business fixed investment than had occurred in 1988 and some decline in housing construction. Foreign trade was expected to make a smaller contribution to growth in domestic output than it did in 1988. It was assumed that fiscal policy would become somewhat more restrictive over the year.

In the Committee's discussion of the economic situation and outlook, members focused on recent indicators of business activity that pointed at least tentatively to some moderation in the rate of economic growth. The members agreed that the extent and possible duration of any slowing in the expansion were subject to a great deal of uncertainty, and that more time was needed to assess whether recent developments augured for a sustained period of reduced expansion. The most recent softening in some of the economic data reflected at least in part a normal adjustment to unusual, weather-related strength at the start of the year and thus did not provide a firm basis for concluding that more than a pause, such as often occurs during an expansion, might be involved. Indeed, in the view of many members, the economy retained considerable momentum and there was a substantial risk that without further policy action the expansion might not slow sufficiently to relieve inflationary pressures. Others believed that policy already might have been tightened sufficiently to contain price pressures in 1989 and to permit progress to be made over time in bringing inflation under control. In addition to the indications of possible moderation in the expansion, these members pointed to the sluggish growth of the monetary aggregates and to the recent increases in interest rates and in the exchange value of the dollar as consistent with a less robust economy and a less inflationary environment over time.

In their review of specific developments bearing on the economic outlook, members reported that the expansion continued to display considerable vigor in many regions of the country, while at least modest overall improvement was occurring in some previously depressed areas. At the same time, many business contacts around the country provided indications of marginally less ebullient business conditions or business expectations. Manufacturing continued to bolster economic activity in many regions and was in turn buttressed by sales in export markets. Another positive factor was the apparent absence of excessive inventories in most industries relative to current sales. Some members referred to strength in the agricultural sector, although concerns about drought conditions were growing in some regions. With regard to developments pointing to reduced economic expansion, several members referred to signs that the growth in consumer spending had moderated, but it also was noted that the recent softness in the major automobile component had followed a spurt in late 1988 and might be reversed later. Some slowing in the growth of consumer spending was deemed to be desirable to assure satisfactory economic performance, given the need to ease inflationary pressures on labor and capital resources while accommodating continuing gains in exports. In addition, the rise in mortgage rates together with reduced investor demand had dimmed the outlook for housing, although unusual weather early this year made developments in this sector of the economy especially difficult

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to assess. Prospects for business investment were tempered by ongoing indications of weak construction activity in many areas and by some softness in new orders for business equipment. However, overall spending on business equipment was being well maintained and some rebound in total business fixed investment appeared likely after the slowdown in the latter part of 1988. On the whole, the expansion, while apparently moderating, showed few signs of the kinds of imbalances that might lead to substantial or cumulative weakening.

The members recognized that the appreciation of the dollar over the past year, a byproduct of reliance on monetary policy to resist inflationary pressures, would help to damp price increases. On the other hand, a stronger dollar implied slower progress in reducing the nation's trade deficit. Nonetheless, many domestic industries remained competitive in world markets at current dollar exchange rates, and further growth in exports was seen as a reasonable expectation, at least over the quarters immediately ahead.

As at earlier meetings, the members gave considerable attention to the outlook for inflation. Recent large increases in key price indexes were disappointing, if not entirely unexpected, and depending on the performance of the volatile food and energy sectors, the rate of inflation might well remain relatively high over the near term. Labor market conditions remained tight in many areas, especially for skilled workers, and many business contacts reported pressures on both labor and nonlabor costs. There also were indications that businesses were finding it less difficult to pass on rising costs by increasing prices, although efforts to meet competitive pressures by curbing costs were continuing. At the same time, historical experience suggested that a sustained pickup of inflation was unlikely in light of the reduced rate of money growth that had been experienced for an extended period, especially if such growth were to continue to be relatively restrained.

In the Committee's discussion of policy implementation for the intermeeting period ahead, a majority of the members expressed a clear preference for maintaining unchanged conditions of reserve availability. They emphasized the uncertainties surrounding the current business outlook and the desirability of waiting to see if the tentative indications of some slowing in the expansion signaled the start of a sustained period of slower economic growth and reduced inflationary pressures. Because of the usual lags in the impact of monetary policy on the economy and prices, the full effect of the firming in 1988 had not yet been felt, much less the effect of the substantial further policy tightening this year. Other members, while willing to accept an unchanged policy for now, preferred an immediate move to further restraint. They gave more weight to the possibility that the current slowing of the expansion might be inadequate to restrain inflationary pressures, and they felt that additional restraint should be implemented promptly to provide better assurance that sufficient monetary restraint was in place.

Most members endorsed the view that, in the absence of unexpected developments, policy implementation should resist any perceptions that monetary policy might be easing. A number also commented that they would not oppose some further small rise in money market interest rates. More generally, a majority of the members felt that policy implementation over the intermeeting period should be adjusted more readily and promptly toward greater restraint than toward ease. Some who preferred an immediate move to more restraint indicated that such an understanding would make an unchanged policy acceptable to them at this time. Other members preferred not to bias the approach to intermeeting adjustments although all but one could accept an asymmetric directive. A number of members urged caution in implementing any policy change; in particular, they wanted to avoid reacting to a single new piece of information and preferred instead to wait for evidence to accumulate on the possible need for a further tightening of policy.

The members took account of a staff projection that indicated that with unchanged reserve conditions, expansion of M2 and M3 was likely to remain subdued during the second quarter, although such growth probably would be somewhat faster than in the current quarter. The expansion in these monetary aggregates was likely to continue to be held back by the relatively slow adjustment of offering rates on liquid

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deposit accounts in response to the increases that had occurred in market interest rates. Additionally, developments at thrift institutions might continue to depress growth of the broad aggregates, but probably by less than in the first quarter, assuming no new developments that aggravated depositor concerns. On a cumulative basis from the fourth quarter to June, the projection implied expansion of M2 at a rate just below the lower bound of the Committee's 3 to 7 percent range for the year, while expansion of M3 would be in the lower half of the Committee's 3½ to 7½ percent range. A number of members stressed that slow monetary growth was a desirable development in current circumstances, but some also expressed concern that the slowing could be overdone.

In light of the tightening of reserve conditions that had occurred since the February meeting and the related increase in the federal funds rate, the members decided to raise the intermeeting range for the federal funds rate 1 percentage point to 8 to 12 percent. Such an increase implied that the expected federal funds rate would average closer to the middle of the range. That range provides one mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded.

At the conclusion of the Committee's discussion, all but one member indicated that they favored or could accept a directive that called for maintaining the current degree of pressure on reserve positions and that provided for giving particular weight to potential developments that might require some firming during the intermeeting period. Accordingly, some added reserve restraint would be acceptable, or some slight lessening of reserve pressure might be acceptable, over the intermeeting period depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of around 3 percent and 5 percent respectively over the three-month period from March to June. It was understood that operations would continue to be conducted with some flexibility in light of the persisting uncertainty in the relationship between the demand for borrowed reserves and the federal funds rate.

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

The information reviewed at this meeting suggests that activity in the nonfarm economy has expanded appreciably further in the current quarter. After strong gains in the fourth quarter, total nonfarm payroll employment rose markedly further in January and February. The civilian unemployment rate fell considerably to 5.1 percent in February. Industrial production was unchanged in February after rising substantially over the previous several months. After a weather-related surge in January, housing starts fell in February to a level somewhat below their average in the fourth quarter. Growth in consumer spending moderated in January and February. Recent indicators of business capital spending suggest a rebound after a decline in the fourth quarter. The nominal U.S. merchandise trade deficit was larger in the fourth quarter than in the third quarter; the preliminary estimate of the deficit for January was smaller than the average for the fourth quarter. The latest information on prices suggests some pickup in inflation from recent trends.

Interest rates in both short- and long-term markets have risen considerably since the Committee meeting in early February. On February 24 the Federal Reserve Board approved an increase in the discount rate from 6½ to 7 percent. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies rose somewhat on balance over the intermeeting period.

Growth of M2 and M3 strengthened in February and apparently picked up further in March; over the first quarter such expansion was about in line with Committee expectations. M1 appears to have declined marginally since December.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives, the Committee at its meeting in February established ranges for growth of M2 and M3 of 3 to 7 percent and 3½ to 7½ percent, respectively, measured from the fourth quarter of 1988 to the fourth quarter of 1989. The monitoring range for growth of total domestic nonfinancial debt was set at 6½ to 10½ percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of movements in their velocities, developments in the economy and financial markets, and progress toward price level stability.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing

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degree of pressure on reserve positions. Taking account of indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, somewhat greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from March through June at annual rates of about 3 and 5 percent, respectively. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 8 to 12 percent.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Guffey, Heller, Johnson, Keehn, Kelley, LaWare, Melzer, and Syron. Vote against this action: Ms. Seger.

Ms. Seger supported the decision to keep policy unchanged in the period immediately ahead, but she could not accept a directive that allowed intermeeting adjustments to be made more readily in a firming than in an easing direction as new information became available. The lagged effects of the substantial tightening that had been implemented earlier coupled with current indications of slower economic growth suggested that policy already had been tightened enough to lead to lower inflation over time. Under current circumstances, further firming carried substantial risks to interest-sensitive sectors of the economy, the level of the dollar in foreign exchange markets, and the continued growth of the economy.

2. *Authorization for Domestic Open Market Operations*

Effective March 29, 1989, the Committee approved a temporary increase of $2 billion, to $8 billion, in the limit between Committee meetings on changes in System Account holdings of U.S. government and federal agency securities that is specified in paragraph 1(a) of the Authorization for Domestic Open Market Operations. The increase was effective for the intermeeting period ending with the close of business on May 16, 1989.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Guffey, Heller, Johnson, Keehn, Kelley, LaWare, Melzer, Ms. Seger, and Mr. Syron. Votes against this action: None.

This action was taken on the recommendation of the Manager for Domestic Operations. The Manager had advised that the usual leeway of $6 billion for changes in System Account holdings might not be sufficient over the intermeeting period because of seasonal increases in currency in circulation and in required reserves and a large rise in Treasury balances at the Federal Reserve Banks after the tax payment date in mid-April.

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Announcements

Revisions to Money Stock Data

Measures of the money stock were revised in February of this year to include changes in annual benchmarks and seasonal factors. Data in tables 1.10 and 1.21 in the statistical appendix to the BULLETIN reflected these changes beginning with the issue for April 1989.

Deposits of commercial banks and thrift institutions were benchmarked using call report data through June 1988 and also incorporate revisions from other sources. Changes in seasonal factors were based on the X-11-ARIMA procedure used in recent years. Seasonally adjusted M1 is constructed by summing currency, demand deposits, other checkable deposits (OCDs), and traveler's checks, each seasonally adjusted separately. Seasonally adjusted M2 is calculated by adjusting its non-M1 component as a whole, and seasonally adjusted M3 by adjusting its non-M2 component as a whole.

More detail on the revisions is available in the H.6 release, "Money Stock, Liquid Assets and Debt Measures," dated February 9, 1989. Historical data are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Mail Stop 75, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1. Monthly seasonal factors used to construct M1, M2 and M3, January 1988–March 1990

Year and month	Currency	Nonbank traveler's checks	Demand deposits	Other checkable deposits	Nontransactions components	
					in M2	in M3 only
1988—January	.9924	.9229	1.0225	1.0089	1.0018	.9973
February	.9886	.9435	.9688	.9888	1.0010	1.0007
March	.9922	.9600	.9706	.9970	1.0019	1.0018
April	.9962	.9576	1.0061	1.0267	1.0014	.9937
May	1.0008	.9684	.9825	.9950	.9985	.9994
June	1.0052	1.0446	1.0050	1.0023	.9996	.9974
July	1.0079	1.1317	1.0093	.9971	1.0014	.9926
August	1.0043	1.1307	.9970	.9962	1.0004	1.0002
September	.9970	1.0709	.9952	.9959	.9983	1.0056
October	.9967	1.0024	.9996	.9910	.9998	1.0018
November	1.0039	.9451	1.0081	.9961	.9986	1.0079
December	1.0145	.9186	1.0356	1.0049	.9972	1.0025
1989—January	.9926	.9232	1.0227	1.0087	1.0016	.9967
February	.9889	.9453	.9681	.9885	1.0012	1.0005
March	.9923	.9619	.9703	.9971	1.0020	1.0016
April	.9963	.9582	1.0064	1.0269	1.0015	.9931
May	1.0009	.9687	.9825	.9953	.9986	.9992
June	1.0052	1.0453	1.0050	1.0025	.9997	.9975
July	1.0078	1.1301	1.0094	.9972	1.0014	.9931
August	1.0041	1.1294	.9972	.9963	1.0004	1.0008
September	.9969	1.0710	.9950	.9961	.9983	1.0055
October	.9965	1.0026	.9997	.9911	.9997	1.0018
November	1.0039	.9447	1.0081	.9957	.9986	1.0087
December	1.0145	.9185	1.0354	1.0044	.9970	1.0024
1990—January	.9927	.9237	1.0229	1.0086	1.0014	.9962
February	.9890	.9462	.9679	.9884	1.0013	1.0001
March	.9923	.9625	.9703	.9974	1.0022	1.0013

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2. Monthly seasonal factors for selected components of the monetary aggregates, January 1988–March 1990

Year and month	Commercial bank deposits			Thrift institution deposits		
	Savings	Small-denomination time	Large-denomination time	Savings	Small-denomination time	Large-denomination time
1988—January	.9924	1.0040	.9996	.9865	1.0065	1.0061
February	.9893	1.0031	.9993	.9844	1.0063	1.0047
March	.9953	1.0015	1.0045	.9941	1.0043	.9994
April	1.0030	.9957	.9950	1.0026	1.0010	.9916
May	1.0061	.9928	.9973	1.0058	.9947	.9943
June	1.0098	.9957	.9959	1.0119	.9939	.9903
July	1.0127	.9991	.9926	1.0162	.9978	.9885
August	1.0050	.9995	1.0016	1.0080	.9963	.9957
September	.9985	1.0013	1.0057	1.0031	.9959	1.0026
October	1.0022	1.0009	1.0043	1.0055	1.0009	1.0107
November	.9972	1.0030	1.0031	.9964	1.0007	1.0100
December	.9886	1.0023	1.0018	.9865	1.0003	1.0068
1989—January	.9919	1.0045	.9990	.9855	1.0065	1.0068
February	.9891	1.0039	.9996	.9836	1.0072	1.0050
March	.9956	1.0022	1.0040	.9933	1.0050	.9993
April	1.0031	.9959	.9946	1.0028	1.0015	.9914
May	1.0065	.9925	.9969	1.0063	.9948	.9936
June	1.0099	.9955	.9962	1.0125	.9937	.9894
July	1.0128	.9988	.9931	1.0167	.9975	.9879
August	1.0051	.9991	1.0019	1.0085	.9960	.9952
September	.9985	1.0008	1.0054	1.0037	.9954	1.0022
October	1.0020	1.0007	1.0042	1.0055	1.0008	1.0110
November	.9971	1.0033	1.0036	.9958	1.0007	1.0107
December	.9885	1.0027	1.0026	.9860	1.0003	1.0075
1990—January	.9915	1.0047	.9980	.9851	1.0065	1.0074
February	.9891	1.0042	.9995	.9834	1.0076	1.0052
March	.9958	1.0024	1.0037	.9932	1.0054	.9986

3. Weekly seasonal factors used to construct M1, M2, and M3, December 1988–March 1990

Week ending	Currency	Nonbank traveler's checks	Demand deposits	Other checkable deposits	Nontransactions components	
					in M2	in M3 only
1988—December 5	1.0048	.9229	1.0279	1.0097	.9982	1.0021
12	1.0138	.9207	1.0236	1.0088	.9988	1.0004
19	1.0135	.9186	1.0322	1.0026	.9967	.9985
26	1.0249	.9165	1.0220	.9944	.9950	1.0100
1989—January 2	1.0071	.9144	1.0833	1.0085	.9975	1.0013
9	1.0057	.9175	1.0705	1.0455	1.0022	.9878
16	.9967	.9215	1.0348	1.0244	1.0025	.9983
23	.9869	.9254	.9987	.9973	1.0022	.9996
30	.9786	.9294	.9702	.9678	1.0005	.9996
February 6	.9909	.9345	.9854	1.0034	1.0013	.9987
13	.9927	.9411	.9761	.9970	1.0016	1.0042
20	.9909	.9477	.9608	.9826	1.0013	.9974
27	.9808	.9543	.9516	.9703	1.0006	1.0012
March 6	.9936	.9587	.9760	1.0074	1.0008	1.0020
13	.9956	.9605	.9786	1.0026	1.0020	1.0023
20	.9922	.9622	.9679	.9946	1.0016	.9996
27	.9894	.9639	.9495	.9847	1.0022	1.0024
April 3	.9908	.9655	.9999	1.0067	1.0042	1.0016
10	1.0054	.9622	1.0142	1.0349	1.0053	.9944
17	.9977	.9588	1.0216	1.0465	1.0014	.9915
24	.9905	.9555	.9987	1.0233	.9996	.9895
May 1	.9901	.9522	.9920	1.0039	.9980	.9935
8	1.0074	.9566	.9891	1.0203	.9967	.9970
15	1.0037	.9639	.9914	1.0021	.9982	.9946
22	.9991	.9712	.9714	.9871	.9995	1.0014
29	.9987	.9785	.9662	.9708	.9992	1.0052

Table 3 continues on page 510.

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3. Weekly seasonal factors used to construct M1, M2, and M3, December 1988–March 1990—Continued

Week ending	Currency	Nonbank traveler's checks	Demand deposits	Other checkable deposits	Nontransactions components	
					in M2	in M3 only
1989—June 5	1.0070	.9916	1.0141	1.0075	1.0013	.9977
12	1.0104	1.0194	1.0087	1.0217	1.0004	.9997
19	1.0041	1.0471	1.0117	1.0107	.9987	.9967
26	.9970	1.0750	.9830	.9807	.9981	.9988
July 3	1.0069	1.1028	1.0173	.9883	1.0009	.9926
10	1.0180	1.1149	1.0271	1.0251	1.0020	.9865
17	1.0085	1.1270	1.0145	1.0022	1.0019	.9909
24	1.0020	1.1390	.9897	.9863	1.0012	.9948
31	.9986	1.1510	.9960	.9717	1.0006	1.0002
August 7	1.0146	1.1495	1.0089	1.0102	1.0008	1.0002
14	1.0119	1.1380	1.0127	1.0038	1.0007	.9993
21	1.0059	1.1265	.9958	.9936	1.0010	.9984
28	.9941	1.1151	.9757	.9795	.9998	1.0039
September 4	1.0056	1.1031	1.0033	1.0087	.9992	1.0036
11	1.0043	1.0876	1.0095	1.0228	.9993	1.0021
18	.9944	1.0721	1.0038	1.0032	.9979	1.0055
25	.9858	1.0566	.9671	.9700	.9970	1.0084
October 2	.9861	1.0412	.9927	.9714	.9989	1.0074
9	1.0066	1.0253	1.0043	1.0102	.9997	1.0040
16	.9997	1.0092	1.0135	1.0032	.9996	.9977
23	.9947	.9932	.9887	.9819	1.0001	1.0003
30	.9882	.9773	.9863	.9708	.9995	1.0032
November 6	1.0039	.9636	1.0125	1.0077	1.0001	1.0043
13	1.0084	.9530	1.0121	1.0059	.9989	1.0083
20	1.0041	.9424	1.0071	.9949	.9997	1.0065
27	1.0041	.9320	1.0011	.9786	.9954	1.0178
December 4	1.0040	.9228	1.0278	1.0092	.9993	1.0021
11	1.0134	.9207	1.0255	1.0114	.9991	1.0036
18	1.0119	.9187	1.0321	1.0004	.9962	1.0036
25	1.0245	.9167	1.0183	.9939	.9932	1.0091
1990—January 1	1.0065	.9148	1.0692	.9994	.9984	.9920
8	1.0083	.9171	1.0749	1.0455	1.0028	.9835
15	.9980	.9212	1.0510	1.0261	1.0032	.9981
22	.9892	.9253	1.0071	1.0012	1.0014	1.0009
29	.9797	.9294	.9672	.9696	.9991	1.0017
February 5	.9896	.9343	.9848	1.0019	1.0002	1.0002
12	.9938	.9411	.9745	.9969	1.0013	1.0037
19	.9908	.9478	.9627	.9816	1.0017	.9972
26	.9812	.9545	.9523	.9732	1.0016	.9992
March 5	.9927	.9596	.9750	1.0033	1.0016	1.0010
12	.9966	.9611	.9767	1.0048	1.0020	.9992
19	.9925	.9625	.9720	.9959	1.0018	.9971
26	.9863	.9638	.9502	.9844	1.0014	1.0041
April 2	.9886	.9652	.9830	.9980	1.0045	1.0066

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4. Weekly seasonal factors for selected components of the monetary aggregates, December 1988—March 1990

Week ending	Commercial bank deposits			Thrift institution deposits		
	Savings	Small-denomination time	Large-denomination time	Savings	Small-denomination time	Large-denomination time
1988—December 5	.9933	1.0027	.9987	.9923	1.0002	1.0056
12	.9918	1.0021	1.0008	.9896	.9988	1.0069
19	.9873	1.0007	.9986	.9848	.9987	1.0065
26	.9835	1.0015	1.0041	.9796	1.0008	1.0072
1989—January 2	.9880	1.0049	1.0077	.9876	1.0041	1.0080
9	.9958	1.0053	.9993	.9919	1.0073	1.0058
16	.9937	1.0058	.9987	.9877	1.0081	1.0072
23	.9908	1.0047	.9967	.9834	1.0075	1.0062
30	.9888	1.0023	.9992	.9784	1.0037	1.0076
February 6	.9884	1.0032	.9977	.9851	1.0073	1.0069
13	.9898	1.0044	1.0001	.9849	1.0082	1.0060
20	.9898	1.0046	.9993	.9826	1.0081	1.0052
27	.9880	1.0036	1.0007	.9813	1.0055	1.0027
March 6	.9906	1.0032	1.0019	.9879	1.0060	1.0022
13	.9935	1.0042	1.0023	.9911	1.0054	1.0015
20	.9954	1.0028	1.0016	.9934	1.0039	.9974
27	.9973	1.0006	1.0088	.9934	1.0038	.9974
April 3	1.0041	.9992	1.0054	1.0051	1.0075	.9975
10	1.0093	.9971	.9993	1.0093	1.0043	.9930
17	1.0030	.9955	.9923	1.0020	1.0010	.9879
24	.9998	.9959	.9894	.9972	.9992	.9843
May 1	.9991	.9933	.9928	1.0013	.9987	.9990
8	1.0045	.9926	.9926	1.0064	.9969	.9953
15	1.0065	.9921	.9942	1.0073	.9954	.9949
22	1.0078	.9920	.9982	1.0063	.9938	.9921
29	1.0071	.9931	1.0023	1.0043	.9931	.9926
June 5	1.0100	.9936	.9991	1.0119	.9933	.9894
12	1.0127	.9947	.9965	1.0144	.9933	.9898
19	1.0093	.9952	.9930	1.0118	.9920	.9888
26	1.0074	.9962	.9970	1.0085	.9933	.9883
July 3	1.0107	.9983	.9965	1.0179	.9988	.9919
10	1.0161	.9983	.9917	1.0224	.9981	.9881
17	1.0149	.9981	.9889	1.0197	.9966	.9860
24	1.0127	.9985	.9930	1.0153	.9956	.9883
31	1.0084	1.0004	.9972	1.0090	.9991	.9876
August 7	1.0089	.9992	.9978	1.0128	.9978	.9897
14	1.0079	.9986	.9998	1.0115	.9961	.9918
21	1.0048	.9986	1.0014	1.0079	.9954	.9963
28	1.0015	.9990	1.0067	1.0034	.9947	1.0005
September 4	.9992	1.0011	1.0061	1.0042	.9955	1.0018
11	1.0009	1.0008	1.0039	1.0053	.9946	.9974
18	.9981	1.0003	1.0032	1.0030	.9942	.9983
25	.9963	1.0008	1.0069	1.0007	.9945	1.0044
October 2	.9981	1.0015	1.0080	1.0064	.9997	1.0117
9	1.0052	1.0018	1.0072	1.0122	1.0013	1.0114
16	1.0043	1.0004	1.0031	1.0087	1.0008	1.0093
23	1.0030	.9998	1.0022	1.0033	1.0008	1.0110
30	.9972	1.0003	1.0036	.9982	1.0005	1.0120
November 6	.9984	1.0032	1.0029	1.0007	1.0005	1.0121
13	.9990	1.0037	1.0040	.9990	1.0009	1.0110
20	.9978	1.0026	1.0041	.9947	1.0011	1.0093
27	.9954	1.0033	1.0045	.9910	1.0003	1.0118
December 4	.9930	1.0040	1.0006	.9926	1.0008	1.0079
11	.9934	1.0035	1.0041	.9926	1.0006	1.0084
18	.9882	1.0003	1.0011	.9837	.9991	1.0062
25	.9832	.9986	1.0049	.9797	.9986	1.0045

Table 4 continues on page 512.

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4. Weekly seasonal factors for selected components of the monetary aggregates, December 1988–March 1990—Continued

Week ending		Commercial bank deposits			Thrift institution deposits		
		Savings	Small-denomination time	Large-denomination time	Savings	Small-denomination time	Large-denomination time
1990—January	1	.9862	1.0082	1.0012	.9838	1.0028	1.0109
	8	.9957	1.0068	.9967	.9905	1.0069	1.0062
	15	.9931	1.0054	.9979	.9874	1.0071	1.0072
	22	.9897	1.0035	.9969	.9831	1.0061	1.0062
	29	.9895	1.0028	1.0001	.9795	1.0059	1.0092
February	5	.9877	1.0035	.9980	.9850	1.0087	1.0083
	12	.9902	1.0048	.9999	.9848	1.0088	1.0073
	19	.9899	1.0046	.9991	.9824	1.0080	1.0062
	26	.9882	1.0039	1.0000	.9808	1.0059	1.0018
March	5	.9895	1.0033	1.0018	.9868	1.0059	.9990
	12	.9936	1.0039	1.0023	.9912	1.0050	.9978
	19	.9958	1.0023	1.0019	.9934	1.0037	.9947
	26	.9977	1.0011	1.0072	.9927	1.0041	.9987
April	2	1.0027	1.0011	1.0052	1.0025	1.0098	1.0046

HEARING SCHEDULED

The Board of Governors of the Federal Reserve System announced on May 4, 1989, that it had ordered a public hearing on the application filed by Metrocorp, Inc., East Moline, Illinois, to engage through its wholly owned subsidiary, Metro Armored Courier, Inc., East Moline, Illinois, in armored car activities.

The Board invited public comment on the application concerning whether the proposed activity is so closely related to banking or managing or controlling banks as to be a proper incident thereto. The National Armored Car Association, Seattle, Washington, informed the Board that it opposed the application and requested a public hearing to explore the questions on which the Board requested comment.

The hearing was set before a hearing officer at a time determined by the hearing officer.

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Legal Developments

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

The Bank of Bermuda Limited
Hamilton, Bermuda

Bermuda (U.S.) Holdings Limited
Dover, Delaware

Order Approving Formation of Bank Holding Company

The Bank of Bermuda Limited ("BBL"), Hamilton, Bermuda, and its subsidiary, Bermuda (U.S.) Holdings Limited ("BUSH"),[1] Dover, Delaware, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C § 1842(a)(1)) ("BHC Act"), to become bank holding companies by acquiring all of the outstanding voting shares of Bank of Bermuda (New York) Limited, New York, New York ("Bank").[2]

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC Act (53 *Federal Register* 38,345 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

BBL is the largest banking organization in Bermuda, with total assets of $4.2 billion.[3] It owns or controls several financial institutions and other companies located in Bermuda, the Cayman Islands, Europe, and China. The only companies BBL owns or controls in the United States are BUSH and Bank of Bermuda International Limited ("BBIL"), New York, New York. BUSH is a non-operating company that, following consummation of the acquisition, will directly own Bank. BBIL is a corporation incorporated under section 25(a) of the Federal Reserve Act (12 U.S.C § 611) (the "Edge Act").

Bank, a *de novo* institution, will provide a broad range of domestic and international banking and trust services in the New York banking market.[4] In view of the *de novo* status of Bank and based upon the facts of record, the Board concludes that the proposed transaction will have no adverse effects on existing or future competition, nor will it increase the concentration of resources in any relevant market.

Section 3(c) of the Act requires in every case that the Board consider the financial resources of the applicant organization and the bank to be acquired. In accordance with the principles of national treatment and competitive equity, the Board has stated that it expects a foreign bank to meet the same general standards of financial strength as domestic bank holding companies and to be able to serve as a source of strength to its United States banking operations.[5] In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different principles, asset quality standards, and banking practices and traditions, and that these differences have made it difficult to compare the capital positions of domestic and foreign banks. The Board, however, recently adopted a proposal to supplement its consideration of capital adequacy with a risk-based system that has been agreed to by the member countries of the Basle Committee on Banking Regulations and Super-

1. Immediately prior to the acquisition of Bank stock, BBL will purchase from its wholly owned shell investment company in the Cayman Islands all outstanding preferred shares of BUSH. Thus, at the time of consummation, BBL will own all outstanding common and preferred shares of BUSH.

2. In connection with this application, Bank also has applied for approval under section 9 of the Federal Reserve Act and section 208.4 of Regulation H to become a member of the Federal Reserve System. 12 U.S.C § 321, *et seq.*; 12 C.F.R. 208.4.

3. Financial data for BBL are as of June 30, 1988.

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

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

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visory Practices and the other domestic federal banking agencies.[6] The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international standard for assessing capital adequacy.

In this case, the Board notes that the primary capital ratio of BBL is below the minimum capital guidelines for United States multinational bank holding companies. However, BBL's consolidated ratios of core capital and total capital to risk-adjusted assets exceed the 1992 minimum capital standards adopted by the Basle Committee. The Board also notes that Bank is a newly chartered bank, will initially be small in relation to BBL, and will be strongly capitalized. As Bank's size increases, the Board will expect Applicants to maintain Bank among the more strongly capitalized banking organizations of comparable size in the United States. In view of these and other facts of record, the Board finds that considerations relating to the financial and managerial resources and future prospects of BBL, BUSH, and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposal would be in the public interest and that the application should be, and hereby is, approved.[7] The transaction shall not be consummated before the thirtieth day following the effective date of this Order, or later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective May 2, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

CB&T Financial Corp.
Fairmont, West Virginia

Order Approving Merger of Bank Holding Companies

CB&T Financial Corp., Fairmont, West Virginia ("CB&T Financial"), has applied for the Board's approval under section 3 of the Bank Holding Company Act ("Act") (12 U.S.C § 1842) to merge with Consolidated Banc Shares, Inc., Clarksburg, West Virginia ("Consolidated"), and thereby indirectly to acquire Consolidated's sole bank subsidiary, The Lowndes Bank, Clarksburg, West Virginia.[1]

Notice of the applications, affording opportunity for interested persons to submit comments, has been published (54 *Federal Register* 10,585 (1989)). 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.

CB&T Financial is the eighth largest commercial banking organization in West Virginia, controlling total deposits of $300.4 million, representing approximately 2.2 percent of total deposits in commercial banking organizations in the state.[2] Consolidated is the twenty-fourth largest banking organization in West Virginia, controlling total deposits of $128.4 million, which represents less than one percent of total deposits in commercial banking organizations in the state.[3] Upon consummation of this proposal, CB&T Financial would become the fifth largest commercial banking organization in the state, controlling total deposits of $428.8 million, representing approximately 3.1 percent of total statewide commercial bank deposits. Consummation of this proposal would not increase significantly the concentration of banking resources in West Virginia.

CB&T Financial competes directly with Consolidated in the Clarksburg, West Virginia, banking market.[4] CB&T Financial is the sixth largest of ten commercial banking organizations in the market, controlling deposits of $49.5 million, representing approximately 6.9 percent of the market's total bank deposits.[5] Consolidated is the second largest commercial banking organization in the market, controlling deposits of $132.7 million, representing approximately 18.4 percent of the market's total bank deposits. Upon consummation of this proposal, CB&T Financial

6. 53 *Federal Register* 8549 (1988).

7. Further, Bank appears to meet all of the criteria for admission to membership, including capital requirements and considerations related to management character and quality. Accordingly, the Board has concurrently approved Bank's membership application.

1. In order to effect this transaction, CB&T Financial has caused to be formed a second-tier subsidiary, CB&T Clarksburg Corp., Clarksburg, West Virginia, which has applied for the Board's approval to become a bank holding company by acquiring Community Bank & Trust of Harrison County, Clarksburg, West Virginia, an existing bank subsidiary of CB&T Financial. Consolidated and The Lowndes Bank would then be merged with and into CB&T Clarksburg and its respective bank subsidiary.

2. State deposit data are as of December 31, 1988.

3. Consolidated also controls a nonbank subsidiary, CB Realty Company, which holds certain real estate assets of Consolidated. CB&T Financial has committed that Consolidated will divest the real estate assets and dissolve CB Realty prior to consummation of the proposal.

4. The Clarksburg market is approximated by Harrison and Taylor Counties, West Virginia.

5. Market data for commercial banks are as of June 30, 1987.

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would become the second largest commercial banking organization in the market, controlling deposits of $182.2 million, representing approximately 25.3 percent of total market deposits. The Herfindahl–Hirschman Index ("HHI") for the Clarksburg market would increase by 254 points from 1729 to 1983.[6]

Although consummation of this proposal would eliminate some existing competition in the Clarksburg market, nine commercial banks would continue to operate in the market after consummation of this proposal. In addition, the Board has considered the presence in the market of the state's largest thrift institution. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[7] In the Clarksburg market, the thrift institution accounts for a significant percentage of the total deposits. Based upon the size, market share, and commercial and consumer lending activities of this thrift institution, the Board has concluded that this thrift institution exerts a significant competitive influence that mitigates the anticompetitive effects of this proposal in this banking market.[8]

Moreover, the Clarksburg market, one of the principal population centers in the state, possesses characteristics rendering it attractive for entry by outside banking organizations, and *de novo* entry into the market in fact has occurred within the past year. In addition, changes in West Virginia banking law have resulted in expansion in the number of potential entrants into the market, and market concentration in fact is declining on an historical basis.[9]

Accordingly, based upon a review of all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in the Clarksburg market or in any other relevant market.

The financial and managerial resources of CB&T Financial, Consolidated, and their subsidiaries are consistent with approval. In addition, considerations relating to the convenience and needs of the communities to be served are consistent with approval.

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

By order of the Board of Governors, effective May 31, 1989.

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

WILLIAM W. WILES
Secretary of the Board

MidAmerican Corporation
Shawnee Mission, Kansas

Order Approving Merger of a Bank Holding Company

MidAmerican Corporation, Shawnee Mission, Kansas ("MidAmerican"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(5) of the BHC Act to acquire by merger Merchants Bancorporation, Topeka, Kansas ("Merchants"), and thereby to acquire its subsidiary banks, Merchants National Bank, Topeka, Kansas, and First National Bank of Lawrence, Lawrence, Kansas.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 9892 (1989)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.[2]

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities. The Department of Justice has filed no adverse comments with respect to this proposed acquisition.

7. *Midwest Financial Group*, 75 FEDERAL RESERVE BULLETIN 386 (1989); *CB&T Bancshares, Inc.*, 75 FEDERAL RESERVE BULLETIN 381 (1989); *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984).

8. If 50 percent of deposits held by the thrift institution in the Clarksburg market were included in the calculation of market concentration, CB&T Financial's *pro forma* market share would be 24.0 percent. The HHI would increase by 229 points to 1815.

9. The Board notes that West Virginia banks were permitted to branch statewide as of January 1, 1987. *See* W. Va. Code § 31A-8–12(c)(1)(B) (1988). Moreover, as of January 1, 1988, acquisitions of West Virginia banking organizations by out-of-state bank holding companies were permitted on a national reciprocal basis. W. Va. Code § 31A-8A-7 (1988).

1. After the merger, MidAmerican will be the surviving corporation.

2. MidAmerican's proposal to continue certain general insurance agency activities under section 4 of the BHC Act has been protested by the Independent Insurance Agents of America, Inc., National Association of Casualty and Surety Agents, National Association of Life Underwriters, National Association of Professional Insurance Agents, National Association of Surety Bond Producers, New York State Association of Life Underwriters, Independent Insurance Agents of New York, Inc., and Professional Insurance Agents of New

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MidAmerican is the tenth largest banking organization in Kansas, controlling deposits of $281.0 million, representing approximately 1.3 percent of the total deposits in commercial banking organizations in the state.[3] Merchants is the fifth largest commercial banking organization in Kansas, controlling deposits of $339.2 million, representing approximately 1.6 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, MidAmerican will become the third largest commercial banking organization in Kansas, controlling deposits of $620.2 million, representing approximately 2.8 percent of the total deposits in commercial banks in the state. Consummation of this proposal would not significantly affect the concentration of banking resources in the state.

MidAmerican's subsidiary bank, MidAmerican Bank and Trust Company, is located in Overland Park, Kansas, and competes in the Kansas City banking market.[4] Merchants's current subsidiary banks compete in the Topeka and Lawrence, Kansas, banking markets.[5] In the Topeka banking market, Merchants's subsidiary bank is the second largest commercial bank, with deposits of $217.2 million, representing 18.4 percent of the total deposits in commercial banks in that market. In the Lawrence banking market, Merchants's subsidiary bank is the largest commercial bank, with deposits of $122.0 million, representing 43.7 percent of the total deposits in commercial banks in that market. The subsidiary banks of MidAmerican and Merchants do not compete directly in any banking market. Based on all of the facts of record, the Board believes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market. In light of the size of the organizations and the characteristics of the relevant markets, consummation also would not have a significantly adverse effect on probable future competition in any relevant banking market.

The financial and managerial resources of the resulting organization and its subsidiaries are consistent with approval. Considerations relating to the convenience and needs of the communities to be served by MidAmerican's and Merchants's subsidiary banks are also consistent with approval.

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

By order of the Board of Governors, effective May 30, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

SouthTrust Corporation
Birmingham, Alabama

Order Approving Acquisition of a Bank and Establishment of a de novo Bank

SouthTrust Corporation, Birmingham, Alabama ("SouthTrust"), 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)(3) of the Act (12 U.S.C § 1842(a)(3)) to control all of the voting shares of SouthTrust National Bank ("Bank") after its relocation from Phenix City, Alabama, to Columbus, Georgia; and to acquire SouthTrust Bank of Russell County, Phenix City, Alabama ("Russell County Bank"), a *de novo* bank.

Bank is a subsidiary of SouthTrust and currently operates in Phenix City, Alabama. SouthTrust proposes to relocate Bank from Phenix City to Columbus, Georgia, pursuant to the provisions of the National Bank Act.[1] The Board has previously determined that an application under the Act is required for an inter-

York, Inc. ("Protestants"), on the basis that additional facts are required to demonstrate MidAmerican's entitlement to insurance grandfather rights under section 4 of the BHC Act. In response to these protests, MidAmerican has committed to divest or terminate these insurance activities within two years of consummation of the proposal and, during this two-year period, to limit these insurance activities to renewals of existing policies. MidAmerican has reserved the right, during the two-year divestiture period, to seek Board approval under section 4 of the BHC Act to continue to conduct its insurance agency activities. Protestants' comments, which relate exclusively to MidAmerican's insurance agency activities, will be considered in the context of that request.

3. Deposit and market data are as of December 31, 1987.

4. The Kansas City banking market is defined as the Kansas City RMA.

5. The Topeka banking market is defined as the Topeka RMA. The Lawrence banking market is defined as the Lawrence RMA.

1. 12 U.S.C § 30. The Office of the Comptroller of the Currency approved the relocation on February 20, 1989. *See* Decision of the Comptroller of the Currency on the Application of SouthTrust National Bank, Phenix City, Alabama, to Relocate its Main Office to Columbus, Georgia, February 20, 1989.

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state relocation of a bank owned by a bank holding company.[2]

Notice of the applications, affording opportunity for interested persons to submit comments, has been published (53 *Federal Register* 47,573 (1988), 54 *Federal Register* 11,076 (1989)). 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.[3]

Under the Act, the Board may not approve Applicant's proposal to relocate Bank from Alabama to Georgia unless the proposal complies with the Douglas Amendment to the Act. The Douglas Amendment prohibits the Board from approving an application by a bank holding company to acquire control of a bank located outside of the holding company's home state,[4] unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication." 12 U.S.C § 1842(d). Georgia law permits a bank holding company located in a region that includes Alabama to acquire a "Georgia bank" provided that Georgia bank holding companies are permitted to acquire banks or bank holding companies in the home state of the acquiring bank holding company on a reciprocal basis.[5] Georgia law also requires that the banking organization to be acquired must have been in existence and continuously operated for more than five years prior to the acquisition. Alabama by statute permits a bank holding company located in Georgia to acquire an Alabama bank or bank holding company on a reciprocal basis provided the bank to be acquired has been in operation for at least five years.[6] Thus, the Georgia interstate banking statute authorizes an Alabama bank holding company to acquire a Georgia bank after compliance with the requirements of the Georgia statute.

Protestants contend that the Georgia statute does not "specifically authorize" the transaction proposed in this case for purposes of the Douglas Amendment to the Act because the Georgia statute does not specifically authorize "relocations" into Georgia by out-of-state bank holding companies.[7]

The Board believes that the Georgia statute permitting regional bank holding companies to "acquire . . . a Georgia bank" would encompass the relocation of Bank, as proposed here. Bank does not currently qualify as "a Georgia bank" under Georgia law because Bank operates in Alabama. Under Georgia law, a Georgia bank is defined as a bank having banking offices only in Georgia.[8] The proposed relocation, however, is an action that would cause Bank to maintain offices only in Georgia. As a result of that action, SouthTrust would acquire a Georgia bank within the meaning of the Georgia regional banking statute. Accordingly, the Board believes that Georgia law specifically authorizes this method of acquiring a Georgia bank for purposes of the Douglas Amendment.[9]

Protestants also contend that the proposal does not meet the specific longevity requirements of Georgia law. The Georgia statute requires that the bank to be acquired by an out-of-state bank holding company "has been in existence and continuously operated as a bank for a period of five years or more."[10] Protestants argue that this provision must be read to require that the bank be in existence and operating *in Georgia* for five years, and that the authorization of relocations would permit evasion of this requirement and undermine the purpose of this provision.

The Georgia statute requires only that the bank be "in existence and continuously operated as a bank for a period of five years or more." The Georgia statute does not by its terms require that the bank be operated for five years in Georgia. Bank has been in existence and continuously operated as a bank in the Columbus banking market since 1903. Accordingly, after review of all of the facts of record in this case, including the comments by Protestants, the Board believes that the

2. SouthTrust has previously received Board approval to acquire Bank as an Alabama bank. 61 FEDERAL RESERVE BULLETIN 598 (1975). The Board's approval of that application, and its statutory authority to grant such approval, is limited by the provisions of the Douglas Amendment. Thus, the original approval granted by the Board to SouthTrust to acquire Bank was limited to owning and operating Bank in the state in which Bank was originally located. The relocation of Bank to another state is outside the approval that was, or could have been, granted at that time, and requires additional Board approval. 12 C.F.R. 225.144.

3. Comments have been received from two banking competitors in the Columbus banking market, CB&T Bancshares, Inc., and First Columbus Community Bank & Trust Co., both of Columbus, Georgia ("Protestants").

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

5. Ga. Code Ann. § 7-1-621 (Supp. 1988).

6. Ala. Code § 5-13A-3 (Supp. 1988).

7. The Georgia Commissioner of Banking and Finance and the Georgia Assistant Attorney General have been consulted regarding whether the proposed relocation is permissible under the Georgia statute. They have indicated that the question whether the proposal in this case is specifically authorized under Georgia law for purposes of the Douglas Amendment is a question for the Board under the Douglas Amendment.

8. Ga. Code Ann. 7-1-620(7) (Supp. 1988).

9. Ga. Code Ann. § 7-1-621(a)(3) (Supp. 1988). *See also* Ga. Code Ann. § 7-1-620(1) (Supp. 1988). The Georgia interstate banking statute specifically permits certain out-of-state bank holding companies to acquire Georgia banks, including by taking any action that would result in control of a Georgia bank.

10. Ga. Code Ann. § 7-1-621(d)(2) (Supp. 1988).

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proposal meets the longevity requirement of Georgia law.

Based on the foregoing, the Board has determined that approval of the proposal is not barred by the Douglas Amendment.[11] The Board's action on the applications by SouthTrust to acquire Bank and Russell County Bank is specifically conditioned on Applicant obtaining any necessary approvals from the Georgia Commissioner of Banking and Finance under the Georgia interstate banking statute regarding Bank. In this regard, the Board notes that the establishment of the Russell County Bank is an integral and necessary element of the proposal by SouthTrust to relocate Bank to Georgia.

SouthTrust, a multi-bank holding company controlling 40 banking subsidiaries, is the second largest commercial banking organization in Alabama. SouthTrust controls 29 bank subsidiaries operating in Alabama, with approximately $4.3 billion in domestic deposits, representing approximately 17.9 percent of the total deposits in commercial banks in the state.[12] Applicant also currently owns eight bank subsidiaries in Florida, with approximately $415.6 million in deposits; two bank subsidiaries in South Carolina with approximately $11.2 million in deposits; and one bank subsidiary in Tennessee, with $31.6 million in deposits. SouthTrust engages in a broad range of permissible nonbanking activities in the United States.

SouthTrust operates in the Columbus (Georgia) banking market ("Columbus market").[13] Applicant ranks eighth among commercial banking organizations in the Columbus market, controlling deposits of approximately $27.8 million, representing approximately 2.3 percent of total deposits in commercial banking organizations in the market.[14] The proposed relocation and the establishment of a *de novo* bank in the market will not change Applicant's position in the Columbus market, and the Herfindahl–Hirschman Index ("HHI") will remain at 2853.[15]

Protestants allege that the proposal will adversely affect competition in the Columbus market by adding another banking facility to what Protestants believe is an "over-banked" market, and will adversely affect the ability of a recently established *de novo* banking facility that is located in close proximity to the proposed location of Bank to compete effectively. As noted above, the Columbus banking market is highly concentrated and the establishment of the Russell County Bank should increase competition in that market. Moreover, the Board believes that the economic, demographic, and competitive characteristics of the Columbus market do not indicate that the proposal would have a significantly adverse effect on competition in the Columbus market. In this regard, the Board notes that the Columbus market is one of the larger banking markets in Georgia, has experienced substantial deposit growth in recent years, and appears capable of supporting an increase in the number of banking facilities. Based on the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in the Columbus market, or in any other relevant market.

The financial and managerial resources of Applicant and its subsidiaries are consistent with approval. In addition, considerations relating to the convenience and needs of the communities to be served by SouthTrust, Bank, and Russell County Bank are consistent with approval.[16]

Accordingly, based on the foregoing and other facts of record and subject to the conditions noted above, the Board has determined that the applications should be, and hereby are, approved. The proposed transac-

11. Protestants argue that the proposed relocation is a subterfuge designed to avoid the restrictions of the Douglas Amendment. In this case, however, SouthTrust has applied under the Act to acquire a Georgia bank, and, as indicated above, the Board has determined that the proposed acquisition is consistent with the Douglas Amendment to the Act.

Protestants also argue that the proposal is designed to avoid interstate branching restrictions under federal and state law. In this regard, Bank and Russell County Bank are separate corporate entities, with separate charters and capital. Each bank will provide services to customers separately and will operate banking facilities only within a single state in compliance with the branching laws of that state. Moreover, SouthTrust has stated that, while Bank and Russell County Bank will initially have several officers and directors in common, all officer and director interlocks between these two banks will be terminated within one year of the opening of Russell County Bank. In light of these and all of the facts of record, the Board does not believe that the proposal will cause the two banks in this case to be branches of the same organization. *See Grandview Bank & Trust Co. v. Board of Governors,* 550 F.2d 415 (8th Cir. 1977), *cert. denied,* 434 U.S. 821 (1977).

12. State data are as of December 31, 1987.

13. The Columbus market is approximated by Muscogee and Chattahoochee Counties in Georgia, Russell County in Alabama, and the city of Smiths in Lee County, Alabama.

14. Market data are as of June 30, 1987.

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

16. Protestants maintain that convenience and needs of the Columbus banking market are already being met. However, the establishment of a *de novo* banking office and the provision of expanded services such as trust services and personal investment services should serve to increase the convenience and needs of the communities within the banking market.

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tions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective May 22, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Metrocorp, Inc.
East Moline, Illinois

Order for Hearing

Metrocorp, Inc., East Moline, Illinois ("Metrocorp"), has applied, pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), for permission to engage, through its *de novo* subsidiary, Metro Armored Courier, Inc., in armored car services, including the following:

(1) fully insured transportation of cash, negotiable instruments, securities, and valuables; collecting currency and checks from commercial customers and nonbank financial institutions and transporting and depositing these collections at financial institutions; and delivering cash, negotiable instruments, securities, and valuables to commercial customers and nonbank financial institutions; and

(2) providing related services such as interbank transfers, coin wrapping, change delivery, mail delivery, and payroll check cashing.

By notice published in the *Federal Register* (53 *Federal Register* 50,292 (1988)), the Board invited interested persons to express their views on the questions of whether the proposed activity is so closely related to banking or managing or controlling banks as to be a proper incident thereto, and whether consummation of the proposal can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The notice further provided that any request for a hearing on this question should be accompanied by a statement summarizing the reasons why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

The National Armored Car Association ("Protestant"), Seattle, Washington, has submitted written comments in opposition to approval of the application. Protestant contends that the proposed armored car activities are not closely related to banking, and challenges whether banks or bank holding companies generally engage in armored car services. Protestant further contends that services provided by armored car companies are not functionally similar to those offered by banks. Protestant also argues that the proposed activity would not be a proper incident to banking, it would not result in any significant public benefits, and would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, and unsound banking practices. Finally, Protestant argues that the proposal violates state branch banking laws and raises the issue of whether Metrocorp's bank subsidiary would violate the restrictions on payment of interest on demand deposits set forth in the Board's Regulation Q. Protestant has requested a hearing to establish a more complete record on which to base a determination concerning the issues raised.

In view of the issues raised by the application, the Board has concluded that a hearing would be appropriate in this case. Accordingly, *it is hereby ordered* that a formal and public administrative hearing be held with respect to the application by Metrocorp to engage in armored car activities. The hearing shall be conducted in accordance with Subpart A of the Board's Rules of Practice for Hearings (12 C.F.R. Part 263) and will commence before a hearing officer at the offices of the Board, Washington, D.C., or such other place as the hearing officer shall deem appropriate. The Board believes it appropriate that the hearing be concluded as expeditiously as possible and, accordingly, orders that the hearing shall be held no later than 45 days from the date of this Order, at a date set by the hearing officer, and that the recommended decision be filed with the Board within 60 days of the conclusion of the hearing, in accordance with the Board's Rules of Practice for Hearings.

It is further ordered that the issues to be considered at this hearing are whether the proposed armored car services are so closely related to banking or managing or controlling banks as to be a proper incident thereto,

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and whether the proposal can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition or gains in efficiency, that outweigh possible adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Further, the Board requests evidence on the risks of conducting the activity, including the availability of adequate insurance against risk of loss. Finally, the Board requests the parties to the hearing to address any issues raised by the proposed activity under relevant state branching restrictions and other relevant laws.

By order of the Board of Governors, effective May 4, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

NCNB Corporation
Charlotte, North Carolina

Order Approving Application to Underwrite and Deal in Certain Securities to a Limited Extent

NCNB Corporation, Charlotte, North Carolina ("NCNB"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), for its subsidiary, NCNB Capital Markets, Inc., Charlotte, North Carolina ("Company"), to engage, to a limited extent, in underwriting and dealing in:

(1) municipal revenue bonds, including certain industrial development bonds;
(2) 1–4 family mortgage-related securities;
(3) commercial paper; and
(4) consumer-receivable-related securities
("CRRs") (collectively "ineligible securities").

NCNB also proposes to underwrite and deal in securities that state member banks are permitted to underwrite and deal in under section 16 of the Banking Act of 1933 (the "Glass–Steagall Act") (12 U.S.C §§ 24 Seventh and 335) (hereinafter "bank-eligible securities"), as permitted by section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16)).

NCNB, with approximately $30 billion in consolidated assets, is the 18th largest commercial banking organization in the United States.[1] It operates 11 subsidiary banks and engages directly and through subsidiaries in a broad range of permissible nonbanking activities in the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (54 *Federal Register* 14,291 (1989)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

The Board has previously determined that the conduct of the proposed ineligible securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act, provided the underwriting subsidiary derives no more than 5 percent of its total gross revenue from underwriting and dealing in the approved securities over any two-year period.[2] The Board further found that, subject to the prudential framework of limitations established in those cases to address the potential for conflicts of interest, unsound banking practices or other adverse effects, the proposed underwriting and dealing activities were so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act. NCNB has committed to conduct its ineligible securities underwriting and dealing activities subject to the 5 percent revenue test and the prudential limitations established by the Board in its *Citicorp/Morgan/Bankers Trust* and *Chemical* Orders.[3]

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

1. Asset data are as of December 31, 1988. Ranking is as of June 30, 1988. All other data are as of September 30, 1988.

2. *Citicorp, J.P. Morgan & Co. Incorporated and Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 473 (1987) ("*Citicorp/Morgan/Bankers Trust*"), *aff'd sub nom., Securities Industry Association v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 108 S. Ct. 2830 (1988) ("*SIA v. Board*"); and *Chemical New York Corporation, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, Manufacturers Hanover Corporation and Security Pacific Corporation*, 73 FEDERAL RESERVE BULLETIN 731 (1987) ("*Chemical*").

3. NCNB has not proposed a market share limitation and, in light of the decision in *SIA v. Board*, the Board has determined not to require NCNB to comply with a market share limitation.

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would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[4]

Based on the above, the Board has determined to approve the proposed activities subject to all of the terms and conditions established in the *Citicorp/Morgan/Bankers Trust* and *Chemical* Orders, except the market share limitation.[5]

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

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

By order of the Board of Governors, effective May 18, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

4. Company may also provide services that are necessary incidents to these approved activities. Any activity conducted as a necessary incident to the ineligible securities underwriting and dealing activity must be treated as part of the ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be counted as ineligible revenue subject to the 5 percent gross revenue limit set forth in *Citicorp/Morgan/Bankers Trust*.

This 5 percent gross revenue limit should be calculated in accordance with the method stated in *J.P. Morgan & Co. Incorporated, et al.*, 75 FEDERAL RESERVE BULLETIN 192 (1989).

5. The industrial development bonds approved in those applications and for NCNB in this case are only those tax-exempt bonds in which the governmental issuer, or the governmental unit on behalf of which the bonds are issued, is the owner for federal income tax purposes of the financed facility (such as airports, mass commuting facilities, and water pollution control facilities). Without further approval from the Board, Company may underwrite or deal in only these types of industrial development bonds.

The Board's approval of the proposed underwriting and dealing activities extends only to Company. The activities may not be conducted by NCNB in any other subsidiary without prior Board review. Pursuant to Regulation Y, no corporate reorganization of Company, such as the establishment of subsidiaries of Company to conduct the activities, may be consummated without prior Board approval.

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Secretary of the Board

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

Section 3

Applicant	Bank(s)	Effective date
FirstBank Holding Company of Colorado, Lakewood, Colorado	FirstBank at 9th/Corona, N.A., Denver, Colorado FirstBank of Edgewater, N.A., Edgewater, Colorado First Bank of Leetsdale/Monaco, N.A., Denver, Colorado	May 17, 1989

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By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alpine Banks of Colorado, Glenwood Springs, Colorado	Alpine Bank, Aspen, Colorado	Kansas City	May 17, 1989
American National Corporation, Omaha, Nebraska	American National Bank of Sarpy County, Papillion, Nebraska	Kansas City	May 4, 1989
Bankers' Bancorporation of Florida, Inc., Orlando, Florida	Independent Bankers' Bank of Florida, Orlando, Florida	Atlanta	May 18, 1989
BJS, Inc., West Union, Iowa	Westmont Corporation, West Union, Iowa	Chicago	May 25, 1989
Capital City Bank Group, Inc., Tallahassee, Florida	Branford State Bank, Branford, Florida	Atlanta	May 10, 1989
Carolina First BancShares, Inc., Lincolnton, North Carolina	Lincoln Bank of North Carolina, Lincolnton, North Carolina	Richmond	May 2, 1989
Chemical Financial Corporation, Midland, Michigan	The Cass City State Bank, Cass City, Michigan Community Financial Corporation, Harbor Beach, Michigan	Chicago	May 17, 1989
Citizens Bancorporation, Inc., Valley Head, Alabama	The Citizens Bank of Valley Head, Valley Head, Alabama	Atlanta	May 5, 1989
Citizens Bancshares, Inc., Bozeman, Montana	First Citizens Bank of Bozeman, Bozeman, Montana	Minneapolis	April 28, 1989
City Bancorp, Inc., Wellington, Texas	Security Bankshares, Inc., Wellington, Texas Security State Bank, Hedley, Texas City State Bank in Wellington, Wellington, Texas	Dallas	May 18, 1989
Constellation Bancorp, Elizabeth, New Jersey	New Brunswick Savings Bank, New Brunswick, New Jersey	New York	May 5, 1989
Cordele Bancshares, Inc., Cordele, Georgia	Cordele Banking Company, Cordele, Georgia	Atlanta	May 10, 1989
County Bancorporation, Inc., Jackson, Missouri	Capital Bancorporation, Inc., St. Louis, Missouri	St. Louis	April 27, 1989
Crown National Bancorporation, Inc., Charlotte, North Carolina	Crown National Bank, Charlotte, North Carolina	Richmond	May 1, 1989
Dearborn Bancorp, Inc., Chicago, Illinois	IRVING BANCORP, INC., Chicago, Illinois	Chicago	April 26, 1989
Deerfield Financial Corporation, Deerfield, Wisconsin	Bank of Deerfield, Deerfield, Wisconsin	Chicago	May 18, 1989

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Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Farmers Bancshares, Inc., Maysville, Missouri	Farmers Bank of Maysville, Maysville, Missouri	Kansas City	May 12, 1989
Farmers Savings Bank Employee Stock Ownership Plan and Trust, West Union, Iowa	BJS, Inc., West Union, Iowa	Chicago	May 25, 1989
First Bancorp, Inc., Ketchikan, Alaska	First Bank, Ketchikan, Alaska	San Francisco	May 8, 1989
First Michigan Bank Corporation, Holland, Michigan	Security National Bank of Manistee, Manistee, Michigan	Chicago	May 25, 1989
First National Bancorp, Gainesville, Georgia	Pickens County Bancshares, Inc., Jasper, Georgia	Atlanta	May 16, 1989
First State Bankshares, Inc., Spearman, Texas	First State Bank, Spearman, Texas	Dallas	May 1, 1989
FISCORP, Inc., dba First Institutional Service Corporation, Salt Lake City, Utah	Pioneer Bank, Salt Lake City, Utah	San Francisco	April 25, 1989
FNB, Inc., Dennison, Ohio	The First National Bank of Dennison, Dennison, Ohio	Cleveland	May 12, 1989
Franklin Bancorporation, Inc., Washington, D.C.	First Interstate Bank of Washington, D.C., N.A., Washington, D.C.	Richmond	April 25, 1989
Gateway Financial Corporation, Norwalk, Connecticut	Gateway Bank, Norwalk, Connecticut	New York	May 5, 1989
Illinois One Bancorp, Inc., Shawneetown, Illinois	First State Bank of Elizabethtown, Elizabethtown, Illinois	St. Louis	April 21, 1989
Jefferson Bancshares, Inc., Louisville, Georgia	Bank of Jefferson County, Louisville, Georgia	Atlanta	May 1, 1989
Key Centurion Bancshares, Inc., Charleston, West Virginia	Guyan National Bank, Barboursville, West Virginia	Richmond	May 18, 1989
Lake Shore Bancorp., Inc., Chicago, Illinois	Illinois Center Bancorporation, Inc., Glen Ellyn, Illinois	Chicago	May 8, 1989
Midmerica Bank Corporation, Somerville, New Jersey	Mid Jersey National Bank, Somerville, New Jersey	New York	May 12, 1989
New Ross Bancorp, New Ross, Indiana	Farmers State Bank, New Ross, Indiana	Chicago	May 12, 1989
NoDak Bancorporation, Mandan, North Dakota	First Southwest Bank - Mandan, Mandan, North Dakota	Minneapolis	May 17, 1989
Northern Trust Corporation, Chicago, Illinois	Northern Trust Bank of Texas National Association, Dallas, Texas	Chicago	May 12, 1989
Norton Capital Corporation, Morris, Illinois	Exchange Bank, Gardner, Illinois	Chicago	May 9, 1989

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Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Peoples Bankshares, Inc., Parshall, North Dakota	Peoples Bank and Trust, Parshall, North Dakota	Minneapolis	May 4, 1989
Princeton Agency, Inc., Princeton, Iowa	LeClaire Agency, Inc., LeClaire, Iowa	Chicago	April 25, 1989
Red River Financial Corporation, Detroit, Texas	Community National Bank, Detroit, Texas	Dallas	May 24, 1989
Regency Financial Shares, Inc., Richmond, Virginia	Regency Bank, Richmond, Virginia	Richmond	May 8, 1989
Romney Bankshares, Inc., Romney, West Virginia	The Bank of Romney, Romney, West Virginia	Richmond	May 23, 1989
Security Bancshares Company, Glencoe, Minnesota	Waconia State Bank, Waconia, Minnesota	Minneapolis	May 23, 1989
SouthTrust Corporation, Birmingham, Alabama	Sentry Bancshares Corporation, Roswell, Georgia	Atlanta	May 9, 1989
St. Landry Bancshares, Inc., Opelousas, Louisiana	St. Landry Bank and Trust Co., Opelousas, Louisiana	Atlanta	May 1, 1989
Thompson Insurance, Inc., Englewood, Colorado	Basin State Bank, Stanford, Montana	Minneapolis	April 21, 1989
Three Forks Bancorporation, Three Forks, Montana	Citizens Bancshares, Inc., Bozeman, Montana	Minneapolis	April 28, 1989
West Michigan Financial Corporation, Hudsonville, Michigan	Bank of Hudsonville, Hudsonville, Michigan	Chicago	April 21, 1989
Widmer Bancshares, Inc., Salisbury, Missouri	Merchants and Farmers Bank, Salisbury, Missouri	Kansas City	April 20, 1989

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Allied Irish Banks, plc, Dublin, Ireland	First Maryland Bancorp, Baltimore, Maryland First Southern Mortgage Corporation, Annandale, Virginia	Richmond	April 27, 1989
Citicorp, New York, New York	Citicorp Information Resources, Inc., Stamford, Connecticut	New York	May 24, 1989
Community Financial Corporation, Mableton, Georgia	Cobb Mortgage Company, Mableton, Georgia	Atlanta	May 8, 1989
GreatBanc, Inc., Itasca, Illinois	Plansmith Corporation, Palatine, Illinois	Chicago	May 11, 1989
Kerndt Bank Services, Inc., Lansing, Iowa	Kerndt Brothers Agency, Inc., Lansing, Iowa	Chicago	May 12, 1989
Norwest Corporation, Minneapolis, Minnesota	Corporate Funding, Inc., Grand Rapids, Michigan	Minneapolis	May 4, 1989

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Section 4—Continued

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Three Forks Bancorporation, Three Forks, Montana	to act as guarantor for a portion of Citizens Bancshares, Inc. acquisition debt	Minneapolis	April 28, 1989
The Toronto-Dominion Bank, Toronto, Canada	American Government Securities, Inc., Morristown, New Jersey	New York	May 12, 1989

Sections 3 and 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Nevada National Co., Omaha, Nebraska	Valley State Bank, Rock Valley, Iowa	Chicago	May 12, 1989

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

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

Applicant	Bank(s)	Reserve Bank	Effective date
The Bank of Romney, Romney, West Virginia	Romney Interim Bank Corporation, Romney, West Virginia	Richmond	May 23, 1989

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.

MCorp v. Board of Governors, No. 89–1677 (S.D. Tex. filed May 2, 1989).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 89–4030 (2d Cir., filed March 9, 1989).

Securities Industry Association v. Board of Governors, No. 89–1127 (D.C. Cir. filed February 16, 1989).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Financial and Business Statistics

NOTE. *The following tables may have some discontinuities in historical data for some series beginning with the March 1989 issue: 1.10, 1.17, 1.20, 1.21, 1.22, 1.23, 1.24, 1.25, 1.26, 1.28, 1.30, 1.31, 1.32, 1.35, 1.36, 1.37, 1.39, 1.40, 1.41, 1.42, 1.43, 1.45, 1.46, 1.47, 1.48, 1.50, 1.53, 1.54, 1.55, 1.56, 2.11, 2.14, 2.15, 2.16, 2.17, 3.14, and 3.21. For a more detailed explanation of the changes, see the announcement on pages 288–89 of the April 1989* BULLETIN.

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

Annual rates of change, seasonally adjusted in percent[1]

Monetary and credit aggregates	1988			1989	1988	1989			
	Q2	Q3	Q4	Q1[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.
Reserves of depository institutions[2]									
1 Total	6.1[r]	3.1[r]	−.8[r]	−4.2	−2.9	−6.6	−2.2	−8.1	−7.6
2 Required	7.5[r]	2.9[r]	−1.5[r]	−4.4	−1.4	−8.9	−2.4	−4.3	−4.3
3 Nonborrowed	−6.2[r]	1.3[r]	5.3	.0	20.7	−5.7	1.3	−14.9	−17.7
4 Monetary base[3]	7.3[r]	6.5[r]	4.8[r]	4.6	4.9	5.6	3.3	4.6	.3
Concepts of money, liquid assets, and debt[4]									
5 M1	6.4	5.2	2.3	−.4	5.5	−6.1	1.7	−1.8	−4.7
6 M2	6.9	3.8	3.6	1.9	3.9	−1.4	1.6	4.0	.8
7 M3	7.2	5.6[r]	4.9[r]	3.9	5.5	1.5	3.0	6.8	2.5
8 L	8.5	7.2[r]	5.7[r]	5.4	9.9	1.4	3.8	9.1	n.a.
9 Debt	8.6	8.4	8.5	8.5	7.9	7.6	9.8	9.0	n.a.
Nontrgnsaction components									
10 In M2[5]	7.1	3.3	4.1	2.7	3.4	.1	1.5	5.9	2.6
11 In M3 only[6]	8.3	12.2[r]	9.5[r]	10.9	11.1	12.2	7.9	16.9	8.8
Time and savings deposits									
Commercial banks									
12 Savings[7]	10.4	7.9	4.0[r]	−3.7	−2.0	−10.3	−3.1	−10.8	−19.0
13 Small-denomination time[8]	12.9	11.6	18.0	22.5	18.3	21.5	26.5	28.6	34.6
14 Large-denomination time[9,10]	9.1	18.2	13.0	18.1	12.2	19.1	24.3	22.9	22.3
Thrift institutions									
15 Savings[7]	2.6	2.1	−2.5	−7.7	−1.1	−9.2	−13.6	−10.6	−25.4
16 Small-denomination time[8]	12.5	5.4	6.6	4.3	1.6	5.3	5.4	3.3	16.5
17 Large-denomination time[9]	9.2	3.9	7.9	1.2	−2.4	5.9	−2.1	−.3	12.7
Debt components[4]									
18 Federal	8.3	7.1	7.8	7.7	7.7	4.7	9.9	12.6	n.a.
19 Nonfederal	8.7	8.8	8.8[r]	8.8	8.0	8.5	9.7	8.0	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

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1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1989			1989						
	Feb.	Mar.	Apr.	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**254,480**	**258,135**	**264,245**	**258,769**	**257,115**	**259,100**	**258,100**	**262,397**	**263,435**	**263,494**
2 U.S. government securities[1]	225,591	228,808	233,003	229,656	228,666	228,465	227,847	231,549	232,446	232,832
3 Bought outright	225,591	228,808	231,215	229,656	228,666	228,465	227,847	231,549	231,858	231,299
4 Held under repurchase agreements	0	0	1,788	0	0	0	0	0	588	1,533
5 Federal agency obligations	6,792	6,779	7,400	6,779	6,779	6,779	6,779	6,779	6,921	7,173
6 Bought outright	6,792	6,779	6,738	6,779	6,779	6,779	6,779	6,779	6,779	6,674
7 Held under repurchase agreements	0	0	662	0	0	0	0	0	142	499
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,487	1,838	2,326	1,753	1,419	2,018	2,334	2,256	2,907	2,019
10 Float	1,254	1,131	800	1,059	726	1,582	1,160	1,277	543	369
11 Other Federal Reserve assets	19,357	19,580	20,716	19,521	19,526	20,255	19,980	20,536	20,617	21,102
12 Gold stock[2]	11,060	11,061	11,061	11,061	11,060	11,061	11,061	11,060	11,061	11,061
13 Special drawing rights certificate account	5,018	5,095	5,508	5,018	5,075	5,204	5,432	5,518	5,518	5,518
14 Treasury currency outstanding	18,890	18,938	18,989	18,932	18,942	18,952	18,963	18,977	18,991	19,003
ABSORBING RESERVE FUNDS										
15 Currency in circulation	240,493	242,016	243,781	242,112	242,255	242,352	243,128	244,187	244,251	243,498
16 Treasury cash holdings[2]	428	449	473	447	451	456	460	470	479	477
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,713	5,155	8,798	5,440	4,220	5,950	4,825	6,463	6,964	8,120
18 Foreign	264	228	240	249	217	210	286	216	227	207
19 Service-related balances and adjustments	1,967	2,054	2,125	2,033	2,241	2,097	2,003	2,477	2,085	1,999
20 Other	349	406	373	337	439	472	352	321	310	437
21 Other Federal Reserve liabilities and capital	7,744	8,025	8,121	7,933	8,136	8,106	7,728	7,779	8,236	8,220
22 Reserve balances with Federal Reserve Banks[3]	32,489	34,896	35,893	35,228	34,234	34,674	34,774	36,039	36,453	36,118
	End-of-month figures			Wednesday figures						
	1989			1989						
	Feb.	Mar.	Apr.	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr.12	Apr. 19	Apr. 26
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**258,429**	**258,215**	**279,013**	**258,317**	**258,051**	**258,208**	**255,866**	**260,806**	**270,211**	**268,396**
24 U.S. government securities[1]	229,499	228,643	244,506	229,212	228,207	227,924	224,317	230,451	234,000	236,004
25 Bought outright	229,499	228,643	234,808	229,212	228,207	227,924	224,317	230,451	229,883	229,723
26 Held under repurchase agreements	0	0	9,698	0	0	0	0	0	4,117	6,281
27 Federal agency obligations	6,779	6,779	10,495	6,779	6,779	6,779	6,779	6,779	7,775	8,711
28 Bought outright	6,779	6,779	6,654	6,779	6,779	6,779	6,779	6,779	6,779	6,654
29 Held under repurchase agreements	0	0	3,841	0	0	0	0	0	996	2,057
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	1,602	2,454	1,952	1,391	2,262	2,305	2,505	2,288	6,669	1,759
32 Float	1,296	559	545	1,441	872	920	2,080	745	917	789
33 Other Federal Reserve assets	19,253	19,780	21,515	19,494	19,931	20,280	20,185	20,543	20,850	21,133
34 Gold stock[2]	11,061	11,061	11,061	11,060	11,060	11,061	11,060	11,060	11,061	11,060
35 Special drawing rights certificate account	5,018	5,368	5,518	5,018	5,168	5,368	5,518	5,518	5,518	5,518
36 Treasury currency outstanding	18,911	18,961	19,017	18,941	18,951	18,961	18,975	18,989	19,003	19,003
ABSORBING RESERVE FUNDS										
37 Currency in circulation	240,733	242,880	243,411	242,438	242,483	242,818	243,648	244,575	244,204	243,473
38 Treasury cash holdings[2]	432	457	476	450	456	457	468	479	477	478
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	6,298	4,462	22,952	4,283	5,012	5,254	5,697	5,787	13,395	13,429
40 Foreign	326	351	352	269	207	224	207	177	194	166
41 Service-related balances and adjustments	1,595	1,671	1,667	1,600	1,600	1,671	1,671	1,672	1,671	1,667
42 Other	517	380	481	474	370	593	296	286	298	596
43 Other Federal Reserve liabilities and capital	8,127	7,681	8,969	7,689	7,880	7,874	7,437	7,818	8,059	8,243
44 Reserve balances with Federal Reserve Banks[3]	35,390	35,723	37,968	36,133	35,222	34,707	31,994	35,579	37,495	35,925

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

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

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

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

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1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Monthly averages[9]									
	1986	1987	1988	1988			1989			
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Reserve balances with Reserve Banks[2]	37,360	37,673	37,830	36,421	36,997	37,830	36,475	32,834	34,623r	35,841
2 Total vault cash[3]	24,077	26,185	27,197	27,198	26,745	27,197	28,376	29,776	27,059	26,746
3 Vault[4]	22,199	24,449	25,909	25,494	25,410	25,909	26,993	27,859	25,589	25,456
4 Surplus[5]	1,878	1,736	1,288	1,705	1,335	1,288	1,383	1,917	1,470	1,290
5 Total reserves[6]	59,560	62,123	63,739	61,915	62,407	63,739	63,468	60,693	60,212r	61,297
6 Required reserves	58,191	61,094	62,699	60,853	61,287	62,699	62,323	59,539	59,255	60,511
7 Excess reserve balances at Reserve Banks[7]	1,369	1,029	1,040	1,062	1,119	1,040	1,145	1,154	957r	787
8 Total borrowings at Reserve Banks	827	777	1,716	2,299	2,861	1,716	1,662	1,487	1,813	2,289
9 Seasonal borrowings at Reserve Banks	38	93	130	332	186	130	76	97	139	213
10 Extended credit at Reserve Banks[8]	303	483	1,244	1,781	2,322	1,244	1,046	1,050	1,334	1,707
	Biweekly averages of daily figures for weeks ending									
	1989									
	Jan. 11	Jan. 25	Feb. 8	Feb. 22	Mar. 8	Mar. 22	Apr. 5r	Apr. 19r	May 3	May 17
11 Reserve balances with Reserve Banks[2]	38,724	36,514	32,260	32,455	34,485	34,702	34,623	36,239	35,889	33,892
12 Total vault cash[3]	27,904	27,414	31,488	29,739	27,581	26,738	27,095	26,339	27,106	26,644
13 Vault[4]	26,679	26,243	29,318	27,838	25,962	25,332	25,659	25,174	25,723	25,352
14 Surplus[5]	1,225	1,171	2,170	1,901	1,620	1,406	1,436	1,166	1,383	1,292
15 Total reserves[6]	65,403	62,757	61,578	60,293	60,446	60,034	60,282	61,413	61,612	59,244
16 Required reserves	64,256	61,786	60,035	59,278	59,490	59,299	58,977	61,190	60,344	58,369
17 Excess reserve balances at Reserve Banks[7]	1,147	972	1,543	1,016	957	735	1,305	223	1,269	876
18 Total borrowings at Reserve Banks	2,048	1,527	1,270	1,477	1,800	1,586	2,177	2,582	1,968	1,739
19 Seasonal borrowings at Reserve Banks	94	61	78	99	116	136	167	190	265	323
20 Extended credit at Reserve Banks[8]	1,208	1,028	792	1,111	1,250	1,164	1,675	1,970	1,387	1,213

1. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float.
3. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
4. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
5. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.
6. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
7. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
8. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
9. Data are prorated monthly averages of biweekly averages.

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

Averages of daily figures, in millions of dollars

	Maturity and source	1988 week ending Monday							
		June 20	June 27	July 4	July 11	July 18	July 25	Aug. 1	Aug. 8	Aug. 15
	Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
	From commercial banks in the United States									
1	For one day or under continuing contract	70,096	66,210	75,686	72,579	70,622	68,388	71,992	67,616	69,245
2	For all other maturities	11,008	10,981	10,101	10,493	10,721	10,653	11,289	10,782	11,136
	From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3	For one day or under continuing contract	31,159	29,594	29,279	30,899	30,891	28,342	26,473	28,408	27,188
4	For all other maturities	7,176	6,487	6,326	5,900	5,792	5,682	5,947	6,654	7,463
	Repurchase agreements on U.S. government and federal agency securities in immediately available funds									
	Brokers and nonbank dealers in securities									
5	For one day or under continuing contract	15,705	14,676	14,746	14,510	14,962	14,802	15,502	16,127	16,293
6	For all other maturities	15,692	15,319	13,027	13,204	14,749	15,276	15,402	15,083	14,913
	All other customers									
7	For one day or under continuing contract	25,348	25,741	24,921	24,778	24,766	26,015	26,956	26,384	26,803
8	For all other maturities	10,794	10,766	9,658	9,192	9,064	9,332	9,970	9,845	10,381
	MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9	To commercial banks in the United States	36,889	33,377	38,379	34,467	37,210	34,405	35,329	34,700	35,575
10	To all other specified customers[2]	16,479	13,030	15,731	13,947	16,052	14,474	14,160	15,158	15,511

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

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

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1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit and Seasonal credit[1]			Extended credit[2]						
				First 30 days of borrowing			After 30 days of borrowing[3]			
	On 5/26/89	Effective date	Previous rate	On 5/26/89	Effective date	Previous rate	On 5/26/89	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	10.25	5/18/89	10.35	5/4/89
New York	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Philadelphia	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Cleveland	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Richmond	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Atlanta	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Chicago	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
St. Louis	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Minneapolis	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Kansas City	↑	2/24/89	↑	↑	2/24/89	↑	↑	5/18/89	↑	5/4/89
Dallas	↑	2/27/89	↑	↑	2/27/89	↑	↑	5/18/89	↑	5/4/89
San Francisco	7	2/24/89	6½	7	2/24/89	6½	10.25	5/18/89	10.35	5/4/89

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1980—July 28	10–11	10	1984—Apr. 9	8½–9	9
1978—Jan. 9	6–6½	6½	29	10	10	13	9	9
20	6½	6½	Sept. 26	11	11	Nov. 21	8½–9	8½
May 11	6½–7	7	Nov. 17	12	12	26	8½	8½
12	7	7	Dec. 5	12–13	13	Dec. 24	8	8
July 3	7–7¼	7¼						
10	7¼	7¼	1981—May 5	13–14	14	1985—May 20	7½–8	7½
Aug. 21	7¾	7¾	8	14	14	24	7½	7½
Sept. 22	8	8	Nov. 2	13–14	13			
Oct. 16	8–8½	8½	6	13	13	1986—Mar. 7	7–7½	7
20	8½	8½	Dec. 4	12	12	10	7	7
Nov. 1	8½–9½	9½				Apr. 21	6½–7	6½
3	9½	9½	1982—July 20	11½–12	11½	July 11	6	6
			23	11½	11½	Aug. 21	5½–6	5½
1979—July 20	10	10	Aug. 2	11–11½	11	22	5½	5½
Aug. 17	10–10½	10½	3	11	11			
20	10½	10½	16	10½	10½	1987—Sept. 4	5½–6	6
Sept. 19	10½–11	11	27	10–10½	10	11	6	6
21	11	11	30	10	10			
Oct. 8	11–12	12	Oct. 12	9½–10	9½	1988—Aug. 9	6–6½	6½
10	12	12	13	9½	9½	11	6½	6½
			Nov. 22	9–9½	9			
1980—Feb. 15	12–13	13	26	9	9	1989—Feb. 24	6½–7	7
19	13	13	Dec. 14	8½–9	9	27	7	7
May 29	12–13	13	15	8½–9	8½			
30	12	12	17	8½	8½	In effect May 26, 1989	7	7
June 13	11–12	11						
16	11	11						

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

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished for 1986 and 1987; but was not renewed for 1988.

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

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

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

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

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1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

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

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

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

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

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

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

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1986	1987	1988	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. TREASURY SECURITIES										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	22,604	18,983	8,223	1,280	375	3,599	1,125	0	0	0
2 Gross sales	2,502	6,051	587	0	0	0	0	154	3,688	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,000	9,029	2,200	0	0	0	0	600	1,600	0
Others within 1 year										
5 Gross purchases	190	3,659	2,176	0	0	0	1,084	0	0	0
6 Gross sales	0	300	0	0	0	0	0	0	0	0
7 Maturity shift	18,674	21,504	23,854	1,368	1,669	5,264	1,750	620	5,418	2,646
8 Exchange	−20,180	−20,388	−24,588	−1,646	−916	−2,391	−1,703	−2,703	−2,308	−2,322
9 Redemptions	0	70	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	893	10,231	5,485	0	0	0	1,824	0	0	0
11 Gross sales	0	452	800	0	0	0	0	3	225	0
12 Maturity shift	−17,058	−17,975	−17,720	−1,368	−1,544	−3,088	−1,750	−541	−5,319	−2,646
13 Exchange	16,985	18,938	22,515	1,646	639	2,091	1,703	2,492	2,008	2,322
5 to 10 years										
14 Gross purchases	236	2,441	1,579	0	0	0	562	0	0	0
15 Gross sales	0	0	175	0	0	0	0	20	0	0
16 Maturity shift	−1,620	−3,529	−5,946	0	−125	−2,145	0	−79	−100	0
17 Exchange	2,050	950	1,797	0	276	300	0	212	200	0
Over 10 years										
18 Gross purchases	158	1,858	1,398	0	0	0	432	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	−188	0	0	−31	0	0	0	0
21 Exchange	1,150	500	275	0	0	0	0	0	100	0
All maturities										
22 Gross purchases	24,081	37,170	18,863	1,280	375	3,599	5,028	0	0	0
23 Gross sales	2,502	6,803	1,562	0	0	0	0	177	3,913	0
24 Redemptions	1,000	9,099	2,200	0	0	0	0	600	1,600	0
Matched transactions										
25 Gross sales	927,999	950,923	1,168,484	113,886	98,804	98,618	93,650	94,204	110,393	83,677
26 Gross purchases	927,247	950,935	1,168,142	113,384	97,897	100,680	93,584	94,252	112,472	82,821
Repurchase agreements[2]										
27 Gross purchases	170,431	314,621	152,613	35,800	4,715	17,867	15,575	17,208	0	0
28 Gross sales	160,268	324,666	151,497	30,191	7,727	16,463	14,815	21,969	0	0
29 Net change in U.S. government securities	29,988	11,234	15,872	6,386	−3,544	7,064	5,721	−5,489	−3,434	−856
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	398	276	587	0	75	14	135	148	40	0
Repurchase agreements[2]										
33 Gross purchases	31,142	80,353	57,259	12,107	2,223	4,763	7,672	8,980	0	0
34 Gross sales	30,521	81,350	56,471	8,225	4,454	5,132	6,853	11,081	0	0
35 Net change in federal agency obligations	222	−1,274	198	3,882	−2,306	−383	683	−2,249	−40	0
36 **Total net change in System Open Market Account**	**30,212**	**9,961**	**16,070**	**10,268**	**−5,850**	**6,681**	**6,404**	**−7,738**	**−3,474**	**−856**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1989					1989		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26	Feb.	Mar.	Apr.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,061	11,060	11,060	11,061	11,060	11,057	11,061	11,061
2 Special drawing rights certificate account	5,368	5,518	5,518	5,518	5,518	5,018	5,368	5,518
3 Coin	490	476	470	469	470	480	481	466
Loans								
4 To depository institutions	2,305	2,505	2,288	6,669	1,759	863	2,454	1,952
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	6,779	6,779	6,779	6,779	6,654	6,819	6,779	6,654
8 Held under repurchase agreements	0	0	0	996	2,057	0	0	3,841
U.S. Treasury securities								
Bought outright								
9 Bills	107,292	103,685	107,640	107,072	106,912	112,076	108,011	111,997
10 Notes	90,603	90,603	92,497	92,497	92,497	90,928	90,603	92,497
11 Bonds	30,029	30,029	30,314	30,314	30,314	29,929	30,029	30,314
12 Total bought outright[2]	227,924	224,317	230,451	229,883	229,723	232,933	228,643	234,808
13 Held under repurchase agreements	0	0	0	4,117	6,281	0	0	9,698
14 Total U.S. Treasury securities	227,924	224,317	230,451	234,000	236,004	232,933	228,643	244,506
15 **Total loans and securities**	**237,008**	**233,601**	**239,518**	**248,444**	**246,474**	**240,615**	**237,876**	**256,953**
16 Items in process of collection	6,709	9,168	7,046	8,094	7,462	9,959	7,069	8,294
17 Bank premises	758	761	759	759	760	754	761	761
Other assets								
18 Denominated in foreign currencies[3]	10,661	10,673	10,739	10,777	10,788	9,824	10,471	10,911
19 All other[4]	8,861	8,751	9,045	9,314	9,585	9,065	8,548	9,843
20 **Total assets**	**280,916**	**280,008**	**284,155**	**294,436**	**292,117**	**286,771**	**281,635**	**303,807**
LIABILITIES								
21 Federal Reserve notes	224,804	225,618	226,535	226,147	225,418	221,619	224,857	225,336
Deposits								
22 To depository institutions	36,378	33,665	37,251	39,166	37,592	35,810	37,394	37,968
23 U.S. Treasury—General account	5,254	5,697	5,787	13,395	13,429	11,766	4,462	22,952
24 Foreign—Official accounts	224	207	177	194	166	279	351	352
25 Other	593	296	286	298	596	390	380	481
26 **Total deposits**	**42,449**	**39,865**	**43,501**	**53,053**	**51,783**	**48,245**	**42,587**	**61,753**
27 Deferred credit items	5,789	7,088	6,301	7,177	6,673	9,161	6,510	7,749
28 Other liabilities and accrued dividends[5]	3,191	3,087	3,151	3,394	3,549	3,079	3,265	3,990
29 **Total liabilities**	**276,233**	**275,658**	**279,488**	**289,771**	**287,423**	**282,104**	**277,219**	**298,828**
CAPITAL ACCOUNTS								
30 Capital paid in	2,130	2,132	2,135	2,137	2,134	2,117	2,131	2,135
31 Surplus	2,112	2,110	2,112	2,112	2,112	2,112	2,107	2,112
32 Other capital accounts	441	108	420	416	448	438	194	732
33 **Total liabilities and capital accounts**	**280,916**	**280,008**	**284,155**	**294,436**	**292,117**	**286,771**	**281,635**	**303,807**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	234,526	237,034	236,746	238,903	237,403	229,817	235,732	236,761
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	268,437	268,327	268,837	269,432	269,819	269,942	268,232	270,007
36 LESS: Held by bank	43,633	42,708	42,302	43,285	44,401	48,323	43,374	44,671
37 Federal Reserve notes, net	224,804	225,618	226,535	226,147	225,418	221,619	224,857	225,336
Collateral held against notes net:								
38 Gold certificate account	11,061	11,060	11,060	11,061	11,060	11,057	11,061	11,061
39 Special drawing rights certificate account	5,368	5,518	5,518	5,518	5,518	5,018	5,368	5,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	208,375	209,040	209,957	209,568	208,840	205,544	208,428	208,757
42 **Total collateral**	**224,804**	**225,618**	**226,535**	**226,147**	**225,418**	**221,619**	**224,857**	**225,336**

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

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1989					1989		
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26	Feb. 28	Mar. 31	Apr. 28
1 Loans—Total	2,305	2,505	2,288	6,669	1,759	863	2,454	1,952
2 Within 15 days	2,294	2,436	2,206	6,566	1,741	854	2,402	1,876
3 16 days to 90 days	11	69	82	103	18	9	52	76
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	227,924	224,317	230,450	234,000	236,004	232,933	228,643	234,808
10 Within 15 days[1]	12,081	11,091	9,823	11,249	15,499	5,457	7,183	8,412
11 16 days to 90 days	50,630	47,170	55,396	55,086	52,478	58,957	53,969	56,503
12 91 days to 1 year	73,434	74,602	71,770	74,317	74,678	73,405	76,037	76,544
13 Over 1 year to 5 years	51,989	51,664	53,101	53,003	53,004	55,524	51,664	53,004
14 Over 5 years to 10 years	12,781	12,781	13,068	13,053	13,053	12,681	12,781	13,053
15 Over 10 years	27,009	27,009	27,292	27,292	27,292	26,909	27,009	27,292
16 Federal agency obligations—Total	6,779	6,779	6,779	7,775	8,711	6,819	6,779	6,654
17 Within 15 days[1]	240	190	179	1,260	2,142	136	240	85
18 16 days to 90 days	726	758	699	614	719	835	726	719
19 91 days to 1 year	1,279	1,297	1,292	1,292	1,280	1,303	1,279	1,279
20 Over 1 year to 5 years	3,357	3,462	3,447	3,447	3,412	3,359	3,357	3,412
21 Over 5 years to 10 years	988	930	973	973	970	997	988	970
22 Over 10 years	189	142	189	189	188	189	189	189

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

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

Billions of dollars, averages of daily figures

Item	1985 Dec.r	1986 Dec.r	1987 Dec.r	1988 Dec.r	1988r				1989			
					Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.r	Mar.r	Apr.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves**[3]	**48.49**	**58.14**	**58.69**	**60.71**	**60.82**	**60.86**	**60.85**	**60.71**	**60.37**	**60.26**	**59.85**	**59.47**
2 Nonborrowed reserves	47.17	57.31	57.92	58.99	57.98	58.56	57.99	58.99	58.71	58.77	58.04	57.18
3 Nonborrowed reserves plus extended credit[4]	47.67	57.62	58.40	60.23	60.04	60.34	60.31	60.23	59.75	59.82	59.38	58.89
4 Required reserves	47.44	56.77	57.66	59.67	59.85	59.80	59.73	59.67	59.23	59.11	58.90	58.69
5 Monetary base[5]	219.51	241.45	257.99	275.50	272.42	273.66	274.38	275.50	276.78	277.55	278.61	278.68
	Not seasonally adjusted											
6 **Total reserves**[3]	**49.59**	**59.46**	**60.06**	**62.21**	**60.51**	**60.37**	**60.96**	**62.21**	**62.07**	**59.37**	**58.94**	**60.02**
7 Nonborrowed reserves	48.27	58.64	59.28	60.50	57.67	58.07	58.10	60.50	60.40	57.88	57.13	57.73
8 Nonborrowed reserves plus extended credit[4]	48.77	58.94	59.76	61.74	59.73	59.85	60.42	61.74	61.45	58.93	58.46	59.44
9 Required reserves	48.53	58.09	59.03	61.17	59.53	59.31	59.84	61.17	60.92	58.22	57.98	59.23
10 Monetary base[5]	222.73	245.25	262.08	279.71	271.44	272.29	275.32	279.71	277.92	274.36	275.62	278.13
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves**[3]	**48.14**	**59.56**	**62.12**	**63.74**	**62.15**	**61.92**	**62.41**	**63.74**	**63.47**	**60.69**	**60.21**	**61.30**
12 Nonborrowed reserves	46.82	58.73	61.35	62.02	59.31	59.62	59.55	62.02	61.81	59.21	58.40	59.01
13 Nonborrowed reserves plus extended credit[4]	47.32	59.04	61.83	63.27	61.37	61.40	61.87	63.27	62.85	60.26	59.73	60.71
14 Required reserves	47.08	58.19	61.09	62.70	61.18	60.85	61.29	62.70	62.32	59.54	59.25	60.51
15 Monetary base[5]	223.53	247.71	266.16	283.18	274.87	275.78	278.65	283.18	281.31	277.66	278.94	281.53

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

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

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

4. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to helpdepository institutions deal with sustained liquidity pressures. Because there isnot the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

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

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

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

Billions of dollars, averages of daily figures

Item[2]	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Jan.	1989 Feb.r	1989 Mar.r	1989 Apr.
	Seasonally adjusted							
1 M1	620.5	725.9	752.3	790.3r	786.3	787.4	786.3	783.2
2 M2	2,567.4	2,811.2	2,909.9	3,069.3	3,065.6r	3,069.7	3,079.8	3,081.8
3 M3	3,201.7	3,494.9	3,677.6	3,915.2r	3,920.1r	3,929.8	3,952.0	3,960.4
4 L	3,830.6	4,137.1	4,340.5	4,681.4r	4,686.9r	4,701.8	4,737.6	n.a.
5 Debt	6,719.9	7,576.8	8,283.9	8,995.5r	9,052.3r	9,125.9	9,194.7	n.a.
M1 components								
6 Currency[3]	167.8	180.5	196.4	211.8	213.4	214.3	215.6	215.9
7 Travelers checks[4]	5.9	6.5	7.1	7.6	7.6	7.5	7.3	7.3
8 Demand deposits[5]	267.3	303.2	288.3	288.6	284.0	284.8	284.3	281.5
9 Other checkable deposits[6]	179.5	235.8	260.4	282.3	281.3	280.9	279.1	278.5
Nontransactions components								
10 In M2[7]	1,946.9	2,085.3	2,157.7	2,279.1	2,279.3r	2,282.3	2,293.5	2,298.6
11 In M3 only[8]	634.3	683.7	767.6	845.8r	854.4r	860.1	872.2	878.6
Savings deposits[9]								
12 Commercial Banks	125.0	155.8	178.5	192.5	190.8	190.3	188.6	185.6
13 Thrift institutions	176.6	215.2	237.8	238.8	237.0	234.3	232.2	227.3
Small-denomination time deposits[10]								
14 Commercial Banks	383.3	364.6	385.3	443.1	451.0r	461.0	472.0	485.6
15 Thrift institutions	499.2	489.3	528.8	582.2	584.7r	587.4	589.0	597.1
Money market mutual funds								
16 General purpose and broker-dealer	176.5	208.0	221.1	239.4	241.6	247.4	256.5	260.2
17 Institution-only	64.5	84.4	89.6	87.6	89.3	89.6	87.6	87.7
Large-denomination time deposits[11]								
18 Commercial Banks[12]	285.1	288.8	325.4	364.9	370.7r	378.2	385.5	392.6
19 Thrift institutions	151.5	150.1	162.0	172.9	173.7	173.4	173.4	175.2
Debt components								
20 Federal debt	1,585.3	1,805.8	1,957.5	2,113.8	2,122.1	2,139.6	2,162.0	n.a.
21 Nonfederal debt	5,134.6	5,771.1	6,326.3	6,881.6r	6,930.2r	6,986.4	7,032.7	n.a.
	Not seasonally adjusted							
22 M1	633.5	740.4	766.4	804.4r	793.0	772.3	775.1	791.4
23 M2	2,576.2	2,821.1	2,918.7	3,077.0	3,075.9r	3,057.2	3,073.2	3,093.3
24 M3	3,213.3	3,507.4	3,688.5	3,925.0r	3,927.5r	3,917.7	3,946.8	3,965.9
25 L	3,843.7	4,152.0	4,354.9	4,695.1r	4,703.6r	4,698.9	4,734.3	n.a.
26 Debt	6,710.2	7,561.0	8,266.0	8,982.2r	9,037.1r	9,095.5	9,166.3	n.a.
M1 components								
27 Currency[3]	170.2	183.0	199.3	214.9	211.8	211.9	213.9	215.1
28 Travelers checks[4]	5.5	6.0	6.5	6.9	7.0	7.1	7.0	7.0
29 Demand deposits[5]	276.9	314.0	298.6	298.8	290.5	275.7	275.8	283.3
30 Other checkable deposits[6]	180.9	237.4	262.0	283.7	283.7	277.6	278.3	286.0
Nontransactions components								
31 M2[7]	1,942.7	2,080.7	2,152.3	2,272.7	2,282.9r	2,284.9	2,298.1	2,302.0
32 M3 only[8]	637.1	686.3	769.8	848.0r	851.6r	860.5	873.6	872.6
Money market deposit accounts								
33 Commercial Banks	332.8	379.6	358.8	352.5	348.3	342.5	340.1	336.3
34 Thrift institutions	180.7	192.9	167.5	150.3	146.8	142.9	140.2	135.0
Savings deposits[9]								
35 Commercial Banks	123.7	154.2	176.6	190.3	189.3	188.2	187.8	186.2
36 Thrift institutions	174.8	212.7	234.8	235.6	233.6	230.5	230.7	227.9
Small-denomination time deposits[10]								
37 Commercial Banks	384.0	365.3	386.1	444.1	453.0r	462.8	473.0	483.6
38 Thrift institutions	499.9	489.8	529.1	582.4	588.5r	591.6	592.0	598.0
Money market mutual funds								
39 General purpose and broker-dealer	176.5	208.0	221.1	239.4	241.6	247.4	256.5	260.2
40 Institution-only	64.5	84.4	89.6	87.6	89.3	89.6	87.6	87.7
Large-denomination time deposits[11]								
41 Commercial Banks[12]	285.4	289.1	325.8	365.6	370.3	378.1	387.0	390.5
42 Thrift institutions	151.8	150.7	163.0	174.0	174.9	174.3	173.2	173.7
Debt components								
43 Federal debt	1,583.7	1,803.9	1,955.6	2,111.8	2,121.4	2,133.6	2,148.9	n.a.
44 Nonfederal debt	5,126.4	5,757.2	6,310.4	6,870.4r	6,915.8r	6,961.9	7,017.3	n.a.

For notes see following page.

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NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

9. Savings deposits exclude MMDAs.

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

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

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

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1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1986	1987	1988	1988				1989	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	188,346.0	217,116.2	226,888.4	227,617.3	235,980.5	238,497.5	245,617.5	252,226.7	255,774.3
2 Major New York City banks	91,397.3	104,496.3	107,547.3	108,741.8	114,876.4	112,071.8	111,115.5	109,875.9	121,770.1
3 Other banks	96,948.8	112,619.8	119,341.2	118,875.5	121,104.1	126,425.7	134,502.0	142,350.8	134,004.2
4 ATS–NOW accounts[4]	2,182.5	2,402.7	2,757.7	2,871.2	2,820.2	2,897.2	3,020.8	2,976.2	3,054.9
5 Savings deposits[5]	403.5	526.5	583.0	578.6	521.3	574.9	640.7	647.4	649.2
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	556.5	612.1	641.2	651.0	659.7	676.6	698.5	716.3	734.4
7 Major New York City banks	2,498.2	2,670.6	2,903.5	3,102.4	3,086.1	3,034.6	3,140.7	3,113.7	3,618.0
8 Other banks	321.2	357.0	376.8	377.9	377.9	400.6	425.3	449.3	425.9
9 ATS–NOW accounts[4]	15.6	13.8	14.7	15.1	14.8	15.1	15.8	15.6	16.0
10 Savings deposits[5]	3.0	3.1	3.1	3.1	2.8	3.1	3.4	3.5	3.5
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	188,506.7	217,125.1	227,010.7	224,089.2	227,485.2	228,743.0	258,119.4	257,649.6	231,347.8
12 Major New York City banks	91,500.1	104,518.8	91,242.6	107,115.7	111,019.4	108,689.1	117,470.7	112,480.2	110,047.2
13 Other banks	97,006.7	112,606.2	119,445.7	116,973.5	116,465.8	120,053.9	140,648.8	145,169.4	121,300.6
14 ATS–NOW accounts[4]	2,184.6	2,404.8	2,754.7	2,951.1	2,805.4	2,714.1	3,163.8	3,245.1	2,762.1
15 MMDA[6]	1,609.4	1,954.2	2,430.1	2,409.4	2,325.8	2,539.7	2,940.5	3,072.5	2,622.4
16 Savings deposits[5]	404.1	526.8	578.0	570.1	540.9	523.7	655.6	668.7	573.3
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	556.7	612.3	641.7[r]	642.9	639.8[r]	643.3	699.1	713.7	683.1
18 Major New York City banks	2,499.1	2,674.9	2,901.4	3,046.4	3,059.1	2,998.6	3,058.1	2,998.6	3,255.7
19 Other banks	321.2	356.9	377.1	373.3	364.8	375.9	425.2	448.7[r]	397.8
20 ATS–NOW accounts[4]	15.6	13.8	14.7	15.6	14.9	14.3	16.3	16.7	14.5
21 MMDA[6]	4.5	5.3	6.9	6.9	6.7	7.3	8.4	8.9	7.8
22 Savings deposits[5]	3.0	3.1	3.1	3.1	2.9	2.8	3.5	3.6	3.1

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

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

2. Annual averages of monthly figures.

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

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

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

6. Money market deposit accounts.

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1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1988								1989			
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,325.5**	**2,343.5**	**2,358.5**	**2,371.4**	**2,373.5**	**2,392.6**	**2,400.6**	**2,408.0**	**2,412.8**	**2,441.8**	**2,454.9**	**2,461.0**
2 U.S. government securities	346.4	348.8	349.3	350.9	353.2	356.0	358.5	362.4	361.8	363.4	370.3	372.2
3 Other securities	196.4	196.7	196.9	196.7	195.4	196.6	195.3	192.9	188.0	188.5	187.8	185.3
4 Total loans and leases[2]	1,782.7	1,797.9	1,812.3	1,823.9	1,825.0	1,839.9	1,846.8	1,852.7	1,863.0	1,889.9	1,896.8	1,903.5
5 Commercial and industrial[3]	584.5	589.3	594.9	595.3	594.3	597.8	598.9	599.7	604.5	616.5	614.5r	616.3
6 Bankers acceptances held[3]	4.4	4.3	4.3	4.2	4.1	4.1	4.3	4.1	4.3	4.1	4.0	4.0
7 Other commercial and industrial	580.1	584.9	590.6	591.0	590.3	593.8	594.6	595.6	600.2	612.4	610.5r	612.3
8 U.S. addressees[4]	573.2	578.1	583.7	584.4	583.5	587.3	588.5	589.6	594.5	607.5	605.0r	607.4
9 Non-U.S. addressees[4]	6.9	6.8	6.9	6.7	6.8	6.5	6.2	6.0	5.7	5.0	5.5	4.9
10 Real estate	620.5	626.9	633.3	640.3	646.9	654.7	659.3	664.8	671.2	678.3	685.4r	694.8
11 Individual	341.9	343.4	344.6	346.5	348.9	350.8	352.3	355.1	357.0	357.9	359.9	362.2
12 Security	39.7	39.5	38.9	39.7	36.7	38.4	37.9	37.9	37.0	44.0	42.9	39.3
13 Nonbank financial institutions	30.6	30.6	31.0	31.0	30.5	30.2	30.0	29.9	30.1	30.5	29.6	29.1
14 Agricultural	29.5	29.6	29.6	29.6	29.6	29.8	30.3	30.7	30.7	30.7	30.7	30.4
15 State and political subdivisions	49.4	49.2	48.8	48.2	48.0	48.7	47.9	47.1	44.8r	45.0r	45.1r	45.2
16 Foreign banks	8.0	8.1	8.2	8.2	7.5	7.8	8.2	7.5	7.6	8.2	7.9	8.0
17 Foreign official institutions	5.1	5.0	5.0	5.2	5.2	5.1	5.4	5.6	5.6	5.5	5.5	5.6
18 Lease financing receivables	26.2	26.8	27.5	27.6	27.8	27.9	28.0	28.1	28.3	28.4	28.6	28.6
19 All other loans	47.2	49.6	50.4	52.3	49.4	48.7	48.7	46.4	46.2	44.8	46.6r	44.0
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,326.5**	**2,346.6**	**2,352.6**	**2,364.4**	**2,370.9**	**2,383.8**	**2,399.6**	**2,420.3**	**2,420.7**	**2,443.6**	**2,452.8r**	**2,463.9**
21 U.S. government securities	345.6	347.8	347.9	351.1	353.0	352.9	357.2	362.7	363.6	367.9	371.8r	372.4
22 Other securities	196.7	196.9	196.4	197.0	195.2	195.4	195.4	192.7	190.1	188.3	187.0	185.2
23 Total loans and leases[2]	1,784.2	1,801.9	1,808.2	1,816.3	1,822.7	1,835.5	1,847.0	1,865.0	1,867.0	1,887.4	1,894.0	1,906.3
24 Commercial and industrial[3]	588.3	593.1	593.9	591.0	589.5	593.2	596.5	602.8	603.8	615.9	617.8r	620.9
25 Bankers acceptances held[3]	4.4	4.5	4.4	4.3	4.2	4.1	4.2	4.0	4.1	4.0	3.9	3.9
26 Other commercial and industrial	583.9	588.5	589.5	586.7	585.4	589.1	592.2	598.7r	599.7	611.8	613.9r	617.0
27 U.S. addressees[4]	576.8	581.7	582.6	580.1	578.8	583.0	586.2	592.6	594.4	606.5	608.5r	611.6
28 Non-U.S. addressees[4]	7.1	6.9	6.9	6.6	6.5	6.1	6.1	6.1	5.4	5.4	5.4	5.4
29 Real estate	619.5	626.8	633.7	641.5	648.6	655.6	661.1	666.1	671.2	676.4	682.8r	692.7
30 Individual	339.9	342.0	343.5	346.7	350.5	351.8	353.3	359.0	359.8	357.2	357.0	359.6
31 Security	40.7	41.2	38.6	38.5	35.3	36.9	37.3	38.3	37.4	43.1	43.5	41.3
32 Nonbank financial institutions	30.8	30.8	31.0	30.9	30.4	29.8	30.1	30.9	30.6	29.9	29.0	29.0
33 Agricultural	29.3	29.9	30.3	30.4	30.5	30.6	30.5	30.5	30.1	29.8	29.6	29.6
34 State and political subdivisions	49.3	48.9	48.2	47.7	47.4	48.2	47.3	46.9	46.3r	46.0r	45.7r	45.4
35 Foreign banks	7.7	7.9	8.4	8.1	7.7	7.9	8.2	7.8	7.8	8.3	7.7	7.7
36 Foreign official institutions	5.1	5.0	5.0	5.2	5.2	5.1	5.4	5.6	5.6	5.5	5.5	5.6
37 Lease financing receivables	26.2	26.8	27.4	27.5	27.7	27.8	27.9	28.3	28.6	28.5	28.6	28.7
38 All other loans	47.5	49.5	48.3	49.0	49.9	48.6	49.3	48.8	45.8r	47.0	46.8r	45.8

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

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1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1988								1989			
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Seasonally adjusted												
1 Total nondeposit funds[2]	209.8	214.0[r]	215.1	219.3	209.9	210.8	217.2	214.5	207.7	211.6	213.0	206.7
2 Net balances due to related foreign offices[3]	726.1	729.9	733.5	735.4	735.5	741.8	745.0	753.8	763.4[r]	779.1[r]	784.5[r]	790.6
3 Borrowings from other than commercial banks in United States[4]	202.7	205.8[r]	201.3	200.3	201.8	205.3	208.0	207.9	199.8	201.0	204.9	203.8
4 Domestically chartered banks	170.0	172.0[r]	166.9	165.8	165.8	167.1	168.7	168.9	162.8	161.8	166.9	165.3
5 Foreign-related banks	32.6	33.8	34.4	34.5	35.9	38.2	39.3	39.0	36.9	39.2	38.0	38.5
Not seasonally adjusted												
6 Total nondeposit funds[2]	217.3	217.1	210.6	218.2	206.4	204.7	213.9	208.9	206.8	216.4	218.6[r]	209.4
7 Net balances due to related foreign offices[3]	9.7	8.7	10.7	18.6	9.1	5.1	10.2	9.1	7.5	10.3	7.1	.8
8 Domestically chartered banks	−16.5	−16.3	−14.1	−7.3	−15.7	−20.5	−19.2	−20.7	−20.5	−17.9	−19.8	−23.1
9 Foreign-related banks	26.2	25.0	24.8	25.9	24.8	25.5	29.3	29.8	28.1	28.2	26.9	23.9
10 Borrowings from other than commercial banks in United States[4]	207.6	208.4	199.9	199.5	197.3	199.6	203.7	199.8	199.3	206.1	211.6	208.6
11 Domestically chartered banks	174.6	173.3[r]	165.0	165.3	162.1	162.8	167.4	162.8	161.2	165.6	172.1	169.3
12 Federal funds and security RP borrowings[5]	170.0	168.4	159.6	160.3	157.6	158.8	162.8	159.3	157.8	162.4	168.6	165.0
13 Other[6]	4.6	4.8	5.4	5.0	4.4	4.1	4.6	3.5	3.4	3.2	3.5	4.3
14 Foreign-related banks[6]	33.0	35.2	34.9	34.2	35.3	36.8	36.3	37.0	38.1	40.5	39.5	39.4
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	399.8	403.2	408.4	414.6	419.7	423.2	424.5	429.2	434.9	440.3[r]	446.6[r]	452.7
16 Not seasonally adjusted	398.9	401.8	405.9	415.1	421.7	424.7	425.6	429.8	434.5[r]	440.2[r]	448.1[r]	450.6
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	23.9	22.0	21.3	17.1	23.5	27.2	23.0	24.9	20.3	20.3	20.3	20.9
18 Not seasonally adjusted	30.4	21.0	22.0	11.9	24.6	27.7	16.3	22.9	25.0	25.9	18.1	20.2

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

These data also appear in the Board's G.10 (411) release. For address, see inside front cover.

2. Includes federal funds, RPs, and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own IBFs.

4. Other borrowings are borrowings through 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, loan RPs, and sales of participations in pooled loans.

5. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

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

Billions of dollars

Account	1988							1989			
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,514.5	2,512.1	2,526.3	2,524.9	2,541.5	2,581.3	2,592.0	2,576.7	2,613.5	2,616.8	2,613.0
2 Investment securities	520.4	523.5	526.7	527.0	525.0	531.3	533.0	533.3	535.5	538.7	538.1
3 U.S. government securities	328.8	332.6	335.1	336.5	334.7	340.8	345.9	348.8	352.9	357.1	358.3
4 Other	191.6	190.8	191.6	190.5	190.4	190.5	187.1	184.5	182.6	181.6	179.8
5 Trading account assets	22.0	23.9	22.7	21.2	24.9	24.8	19.2	21.5	20.1	21.8	17.8
6 Total loans	1,972.1	1,964.8	1,977.0	1,976.7	1,991.6	2,025.2	2,039.7	2,022.0	2,057.9	2,056.3	2,057.1
7 Interbank loans	164.8	159.7	156.8	153.2	160.0	170.6	165.4	159.9	173.0	154.5	150.4
8 Loans excluding interbank	1,807.3	1,805.1	1,820.1	1,823.5	1,831.6	1,854.6	1,874.3	1,862.1	1,884.9	1,901.8	1,906.7
9 Commercial and industrial	596.4	591.0	589.0	589.2	591.6	598.5	606.1	602.2	615.2	619.5	622.9
10 Real estate	630.2	635.2	645.1	651.0	656.3	663.1	669.3	672.2	677.0	687.2	694.8
11 Individual	342.4	343.8	348.9	351.6	352.5	354.7	361.3	359.9	357.3	357.1	361.1
12 All other	238.3	235.0	237.2	231.8	231.2	238.3	237.5	227.9	235.4	238.1	227.9
13 Total cash assets	221.6	217.1	222.1	215.0	208.5	235.1	244.4	214.7	226.0	210.5	214.2
14 Reserves with Federal Reserve Banks	34.4	30.7	33.0	31.1	31.7	33.8	34.5	31.6	27.8	30.9	33.4
15 Cash in vault	26.6	26.0	26.6	26.3	26.4	28.8	30.5	27.6	26.7	27.0	27.0
16 Cash items in process of collection	77.0	75.5	79.7	76.2	72.8	89.6	92.0	76.2	88.8	75.7	77.8
17 Demand balances at U.S. depository institutions	31.6	31.3	31.5	29.4	29.2	32.1	34.3	27.8	32.5	27.9	27.6
18 Other cash assets	52.0	53.5	51.3	52.0	48.4	50.8	53.2	51.5	50.1	48.9	48.4
19 Other assets	195.0	189.3	188.4	193.4	201.4	201.2	199.4	195.0	191.4	193.3	200.5
20 **Total assets/total liabilities and capital**	**2,931.1**	**2,918.5**	**2,936.8**	**2,933.3**	**2,951.3**	**3,017.7**	**3,035.8**	**2,986.4**	**3,030.8**	**3,020.6**	**3,027.8**
21 Deposits	2,044.4	2,052.1	2,075.1	2,060.0	2,069.4	2,122.8	2,142.9	2,093.9	2,121.8	2,120.1	2,131.6
22 Transaction deposits	603.8	598.9	609.9	588.5	587.4	627.7	641.5	585.5	601.4	581.9	594.0
23 Savings deposits	544.7	545.5	542.4	536.8	538.4	542.2	537.0	530.2	528.7	524.6	513.3
24 Time deposits	895.9	907.6	922.7	934.7	943.6	952.9	964.4	978.2	991.7	1,013.5	1,024.3
25 Borrowings	486.6	469.2	448.7	468.3	479.5	476.7	470.9	491.8	500.9	482.3	485.3
26 Other liabilities	211.3	209.9	222.4	215.5	211.9	224.2	229.0	204.8	212.3	219.9	211.3
27 Residual (assets less liabilities)	188.8	187.3	190.6	189.5	190.6	193.9	193.1	195.8	195.8	198.5	199.6
MEMO											
28 U.S. government securities (including trading account)	345.4	350.2	352.0	352.7	354.5	360.3	359.9	365.9	367.8	373.7	371.2
29 Other securities (including trading account)	197.1	197.1	197.4	195.5	195.3	195.8	192.3	188.9	187.8	186.8	184.7
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,318.4	2,322.9	2,334.5	2,332.7	2,347.3	2,382.9	2,385.5	2,378.3	2,399.0	2,401.2	2,401.2
31 Investment securities	493.8	496.3	499.7	501.2	499.2	505.7	508.0	507.5	509.4	513.5	514.2
32 U.S. government securities	317.0	320.2	323.2	324.9	323.4	329.6	334.9	336.3	340.0	344.7	346.1
33 Other	176.8	176.1	176.4	176.3	175.8	176.1	173.0	171.2	169.3	168.8	168.1
34 Trading account assets	22.0	23.9	22.7	21.2	24.9	24.8	19.2	21.5	20.1	21.8	17.8
35 Total loans	1,802.5	1,802.7	1,812.1	1,810.2	1,823.3	1,852.4	1,858.3	1,849.4	1,869.5	1,865.9	1,869.2
36 Interbank loans	135.0	132.1	127.8	124.2	129.6	139.4	132.2	130.6	138.2	121.2	119.2
37 Loans excluding interbank	1,667.5	1,670.6	1,684.3	1,686.0	1,693.6	1,713.1	1,726.1	1,718.7	1,731.3	1,744.7	1,750.1
38 Commercial and industrial	493.9	492.6	490.6	489.9	492.4	498.1	499.5	498.7	503.0	504.9	509.1
39 Real estate	612.5	618.0	626.1	631.8	636.6	642.3	648.5	651.3	655.6	665.4	672.5
40 Individual	342.1	343.5	348.5	351.2	352.2	354.4	361.0	359.6	357.0	356.8	360.8
41 All other	219.0	216.6	219.0	213.1	212.4	218.3	217.1	209.2	215.8	217.6	207.7
42 Total cash assets	202.4	197.1	203.5	194.2	190.4	216.0	223.2	193.7	206.6	191.7	194.8
43 Reserves with Federal Reserve Banks	32.9	29.6	31.4	29.0	29.9	32.6	33.1	30.1	26.6	29.5	30.7
44 Cash in vault	26.6	26.0	26.6	26.3	26.4	28.8	30.4	27.6	26.7	26.9	27.0
45 Cash items in process of collection	76.6	75.2	79.4	75.8	72.0	88.8	91.2	75.4	87.8	74.9	76.9
46 Demand balances at U.S. depository institutions	29.8	29.5	29.8	27.4	27.3	30.2	32.2	25.9	30.5	25.8	26.0
47 Other cash assets	36.4	36.9	36.4	35.7	34.8	35.5	36.2	34.8	35.1	34.6	34.3
48 Other assets	125.5	121.5	123.6	126.7	131.9	132.9	134.9	127.8	129.1	129.6	134.6
49 **Total assets/liabilities and capital**	**2,646.2**	**2,641.5**	**2,661.5**	**2,653.6**	**2,669.6**	**2,731.7**	**2,743.6**	**2,699.8**	**2,734.7**	**2,722.5**	**2,730.6**
50 Deposits	1,979.2	1,986.8	2,009.0	1,992.7	2,001.0	2,053.0	2,069.9	2,022.6	2,049.1	2,043.6	2,053.5
51 Transaction deposits	595.0	590.2	601.1	579.4	577.6	617.5	631.5	576.0	591.9	572.6	584.1
52 Savings deposits	542.0	543.0	539.9	534.3	535.8	539.7	534.5	527.8	526.3	522.1	510.7
53 Time deposits	842.2	853.6	868.0	879.0	887.6	895.8	903.9	918.8	930.9	949.0	958.6
54 Borrowings	371.8	359.9	345.3	359.0	364.7	365.6	363.1	376.2	378.1	362.4	367.9
55 Other liabilities	109.8	111.0	120.1	115.8	116.7	122.6	120.9	108.6	115.2	121.4	113.1
56 Residual (assets less liabilities)	185.4	183.9	187.2	186.1	187.2	190.5	189.7	192.4	192.4	195.1	196.2
MEMO											
57 Real estate loans, revolving	34.9	35.4	36.3	37.4	38.4	39.5	40.1	40.6	41.4	42.5	43.4
58 Real estate loans, other	577.6	582.6	589.8	594.4	598.2	602.8	608.4	610.7	614.2	622.8	629.2

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

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

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

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

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

Millions of dollars, Wednesday figures

Account	1989								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
1 Cash and balances due from depository institutions	126,717	105,721	122,164	105,800	106,336	108,707	108,674	111,460	107,682
2 **Total loans, leases, and securities, net**	**1,197,078**	**1,191,126**	**1,188,628**	**1,190,791**	**1,188,322**r	**1,191,656**	**1,184,269**	**1,197,536**	**1,187,149**
3 U.S. Treasury and government agency	135,554	135,825	136,316	137,003	137,141	137,151	135,280	136,043	134,107
4 Trading account	15,656	16,003	16,996	17,497	16,646	16,661	14,647	15,554	12,904
5 Investment account	119,898	119,822	119,320	119,506	120,495	120,490	120,632	120,489	121,203
6 Mortgage-backed securities[3]	49,191r	49,221r	49,228r	49,247r	49,551r	49,784	49,884	50,291	50,726
All other maturing in									
7 One year or less	23,162	22,536	21,702	21,737	22,076	22,731	22,488	21,566	21,488
8 Over one through five years	39,960	40,249	40,769	40,893	41,203r	40,380	40,687	41,048	41,564
9 Over five years	7,586r	7,816r	7,621r	7,628r	7,665r	7,595	7,573	7,583	7,425
10 Other securities	72,658	72,147	72,072	71,857	71,956	71,884	71,670	71,563	71,713
11 Trading account	1,772	1,438	1,570	1,459	1,278	1,180	898	1,057	1,031
12 Investment account	70,885	70,709	70,503	70,398	70,678	70,704	70,773	70,506	70,682
13 States and political subdivisions, by maturity	44,650	44,617	44,594	44,595	44,676	44,548	44,752	44,708	44,692
14 One year or less	4,853r	4,917r	4,930r	4,902r	4,935r	4,934	4,989	5,001	4,993
15 Over one year	39,796r	39,700r	39,665r	39,693r	39,741r	39,614	39,763	39,707	39,699
16 Other bonds, corporate stocks, and securities	26,236	26,091	25,908	25,803	26,002	26,157	26,020	25,798	25,990
17 Other trading account assets	3,759	4,176	4,172	3,841	3,916	4,160	4,229	4,019	3,891
18 Federal funds sold[4]	89,676	86,543	81,683	84,524	80,522	78,932	75,610	79,567	70,839
19 To commercial banks	54,917	56,732	50,769	52,365	48,221	50,332	45,614	52,244	47,438
20 To nonbank brokers and dealers in securities	24,564	20,558	21,186	23,084	22,548	19,822	21,718	20,415	16,599
21 To others	10,194	9,253	9,728	9,074	9,753	8,778	8,278	6,908	6,802
22 Other loans and leases, gross	935,227	932,196	934,140	933,238	934,230r	938,962	936,793	945,671	944,671
23 Other loans, gross	910,994r	907,986	909,784	908,884	909,817r	914,545	912,310	921,196	920,194
24 Commercial and industrial	311,379r	311,234r	311,704r	311,992r	310,662r	312,534	311,791	314,139	314,889
25 Bankers acceptances and commercial paper	1,662	1,701	1,719	1,655	1,675	1,626	1,664	1,598	1,714
26 All other	309,718r	309,533r	309,985r	310,336r	308,987r	310,908	310,127	312,541	313,175
27 U.S. addressees	307,825r	307,674r	308,163r	308,529r	307,100r	309,100	308,358	310,794	311,393
28 Non-U.S. addressees	1,893	1,859	1,822	1,807	1,886	1,808	1,769	1,746	1,782
29 Real estate loans	312,931r	313,096r	314,064r	316,202r	318,147r	319,222	319,731	321,281	321,976
30 Revolving, home equity	22,970r	23,003r	23,142r	23,179r	23,262r	23,333	23,406	23,650	23,850
31 All other	289,960r	290,093r	290,922r	293,022r	294,885r	295,889	296,326	297,631	298,126
32 To individuals for personal expenditures	169,456r	169,208r	169,289r	168,791r	168,154r	167,984	168,168	168,857	169,604
33 To depository and financial institutions	45,784r	44,392r	43,986	42,554	40,744	42,819	43,118	44,400	42,887
34 Commercial banks in the United States	20,999r	19,997r	20,026	19,250	17,515	19,557	19,452	20,277	19,311
35 Banks in foreign countries	3,954	3,635	3,302	3,345	3,501	3,261	3,430	3,545	3,486
36 Nonbank depository and other financial institutions	20,831	20,760	20,659	19,958	19,728	20,000	20,237	20,578	20,090
37 For purchasing and carrying securities	13,723	13,989	13,464	13,429	15,134	14,468	13,552	15,395	14,102
38 To finance agricultural production	5,620r	5,631r	5,646r	5,639r	5,496r	5,522	5,538	5,561	5,584
39 To states and political subdivisions	28,014r	27,838r	27,932r	27,960r	27,955r	27,806	27,759	27,642	27,790
40 To foreign governments and official institutions	1,836r	1,882r	1,902	1,846	1,858	1,860	1,859	1,842	1,969
41 All other	22,250r	20,716r	21,796	20,470	21,666	22,331	20,793	22,079	21,392
42 Lease financing receivables	24,234	24,210	24,356	24,354	24,413	24,416	24,483	24,475	24,477
43 LESS: Unearned income	4,922	4,938	4,924	4,940	4,942	4,917	4,923	4,935	4,930
44 Loan and lease reserve[5]	34,873	34,823	34,831	34,730	34,501r	34,516	34,391	34,393	33,144
45 Other loans and leases, net	895,432	892,435	894,384	893,568	894,786r	899,529	897,480	906,344	906,598
46 All other assets	134,240	132,857	133,197	133,499	128,612r	135,415	133,785	136,946	129,599
47 **Total assets**	**1,458,035**	**1,429,705**	**1,443,989**	**1,430,091**	**1,423,269**r	**1,435,778**	**1,426,729**	**1,445,942**	**1,424,430**
48 Demand deposits	252,033	220,427	245,217	214,306	217,185	234,881	224,489	231,148	220,021
49 Individuals, partnerships, and corporations	195,103	174,008	188,293	172,436	173,682	184,351	180,754	182,386	174,716
50 States and political subdivisions	7,367	5,288	5,796	6,072	5,209	5,496	5,463	6,064	6,247
51 U.S. government	3,452	3,607	11,289	2,977	2,983	5,779	3,751	7,469	4,649
52 Depository institutions in the United States	27,839	20,786	23,591	19,220	18,950	22,074	19,650	19,754	18,567
53 Banks in foreign countries	7,082	6,170	5,908	5,423	6,461	6,837	5,709	5,748	6,262
54 Foreign governments and official institutions	824	798	759	850	682	688	721	788	741
55 Certified and officers' checks	10,365	9,771	9,581	7,327	9,219	9,656	8,440	8,939	8,838
56 Transaction balances other than demand deposits	78,264	77,811	77,028	76,051	75,407	79,940	79,934	83,089	77,623
57 Nontransaction balances	659,898	663,868	666,152	666,450	667,661r	671,958	671,606	668,226	667,325
58 Individuals, partnerships, and corporations	617,529r	621,350r	623,834r	624,329r	625,512r	630,629	630,114	626,605	626,051
59 States and political subdivisions	32,796	33,126	33,042	32,880r	32,572	31,773	32,104	32,236	31,945
60 U.S. government	824r	848r	852r	849r	847r	974	967	958	971
61 Depository institutions in the United States	8,083	7,896	7,794	7,769	8,097	7,923	7,754	7,756	7,738
62 Foreign governments, official institutions, and banks	665	647	631	622	633	659	666	670	620
63 Liabilities for borrowed money	281,329	283,389	270,401	285,842	274,843r	266,595	266,370	279,873	275,866
64 Borrowings from Federal Reserve Banks	1,220	5,098	1,155	1,922	1,965	2,240	2,010	6,157	1,150
65 Treasury tax-and-loan notes	10,751	6,611	4,862	14,609	11,819	370	2,143	21,011	25,358
66 All other liabilities for borrowed money[6]	269,358	271,680	264,384	269,311	261,059r	263,984	262,217	252,706	249,358
67 Other liabilities and subordinated notes and debentures	89,125r	86,254r	87,264r	89,390r	89,924r	84,114	85,024	84,674	84,804
68 **Total liabilities**	**1,360,648**r	**1,331,748**r	**1,346,064**r	**1,332,039**r	**1,325,020**r	**1,337,488**	**1,327,424**	**1,347,010**	**1,325,640**
69 Residual (total assets minus total liabilities)[7]	97,387r	97,956r	97,925r	98,052r	98,249r	98,290	99,305	98,931	98,790
MEMO									
70 Total loans and leases (gross) and investments adjusted[8]	1,160,957r	1,154,158r	1,157,588	1,158,846	1,162,029r	1,161,200	1,158,517	1,164,343	1,158,473
71 Total loans and leases (gross) adjusted[8]	948,987r	942,010r	945,028	946,146	949,016r	948,005	947,338	952,718	948,761
72 Time deposits in amounts of $100,000 or more	210,877	214,127r	214,452r	215,211r	215,388r	215,724	215,278	213,184	213,972
73 U.S. Treasury securities maturing in one year or less	20,538	20,124	19,526	19,893	20,627	21,183	20,913	20,119	18,712
74 Loans sold outright to affiliates—total[9]	1,588	1,580	1,620	1,882	1,931	1,893	1,915	1,812	1,871
75 Commercial and industrial	1,301	1,291	1,328	1,591	1,640	1,605	1,623	1,514	1,573
76 Other	287	288	292	291	291	288	292	298	298
77 Nontransaction savings deposits (including MMDAs)	253,661	253,182	253,902	252,306	252,068	254,202	252,810	249,739	246,979

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

2. For adjustment bank data see *this table in the March 1989 Bulletin*. The adjustment data for 1988 should be added to the reported data for 1988 to establish comparability with data reported for 1989.

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

4. Includes securities purchased under agreements to resell.

5. Includes allocated transfer risk reserve.

6. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billionor more on Dec. 31, 1977, see table 1.13.

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

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

9. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

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

Millions of dollars, Wednesday figures

Account	1989								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
1 Cash balances due from depository institutions	32,327	25,138	29,783	22,467	22,559	22,067	20,343	21,720	22,546
2 Total loans, leases and securities, net[2]	**225,724**	**221,173**	**219,667**	**222,469**	**220,634**	**216,258**	**216,206**	**217,159**	**213,418**
Securities									
3 U.S. Treasury and government agency[3]	0	0	0	0	0	0	0	0	0
4 Trading account[3]	0	0	0	0	0	0	0	0	0
5 Investment account	15,681	15,525	15,370	15,366	15,382	15,290	15,233	15,227	15,062
6 Mortgage-backed securities[4]	7,096	6,940	6,983	6,950	7,042	7,127	7,079	7,209	7,227
All other maturing in									
7 One year or less	3,136	2,943	2,878	2,938	2,929	2,791	2,793	2,699	2,660
8 Over one through five years	3,450	3,520	3,513	3,507	3,503	3,514	3,504	3,497	3,496
9 Over five years	1,999	2,122	1,996	1,971	1,907	1,857	1,857	1,822	1,679
10 Other securities[3]	0	0	0	0	0	0	0	0	0
11 Trading account[3]	0	0	0	0	0	0	0	0	0
12 Investment account	17,455	17,364	17,261	17,218	17,401	17,466	17,572	17,329	17,454
13 States and political subdivisions, by maturity	11,985	11,992	11,989	11,983	11,974	11,954	12,089	12,081	12,052
14 One year or less	1,057	1,103	1,107	1,109	1,118	1,120	1,138	1,143	1,147
15 Over one year	10,928	10,889	10,882	10,874	10,856	10,834	10,951	10,937	10,905
16 Other bonds, corporate stocks, and securities	5,470	5,371	5,272	5,234	5,427	5,512	5,483	5,248	5,402
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	37,966	35,244	33,174	37,619	34,382	28,277	29,045	26,660	23,990
19 To commercial banks	16,051	17,084	13,684	16,810	13,760	11,705	10,426	10,982	11,056
20 To nonbank brokers and dealers in securities	14,847	12,030	13,162	14,622	13,978	10,965	13,283	11,441	8,587
21 To others	7,068	6,130	6,328	6,186	6,644	5,607	5,336	4,236	4,347
22 Other loans and leases, gross	169,339	167,790	168,609	167,019	168,142	169,810	168,864	172,492	171,480
23 Other loans, gross	163,629	162,086	162,792	161,206	162,334	164,007	163,034	166,643	165,641
24 Commercial and industrial	57,571	57,195	57,569	57,147	57,497	57,663	57,715	58,070	58,633
25 Bankers acceptances and commercial paper	288	322	324	312	312	315	385	297	382
26 All other	57,284	56,873	57,244	56,835	57,185	57,348	57,330	57,773	58,251
27 U.S. addressees	56,822	56,400	56,776	56,338	56,601	56,821	56,764	57,232	57,675
28 Non-U.S. addressees	462	473	468	496	584	527	567	541	576
29 Real estate loans	50,256r	49,980r	50,072	51,475	51,369	51,455	51,482	51,610	51,684
30 Revolving, home equity	3,318	3,324	3,333	3,344	3,351	3,357	3,372	3,395	3,422
31 All other	46,939r	46,656r	46,739	48,132	48,018	48,098	48,110	48,216	48,262
32 To individuals for personal expenditures	20,249r	20,183r	20,249	19,577	19,590	19,632	19,650	19,790	19,863
33 To depository and financial institutions	17,330	16,928	17,100	15,999	14,831	16,619	16,901	17,867	17,372
34 Commercial banks in the United States	8,174	8,192	8,372	7,649	6,306	7,999	7,828	8,521	8,067
35 Banks in foreign countries	2,417	2,056	1,921	1,948	2,030	2,006	2,102	2,157	2,139
36 Nonbank depository and other financial institutions	6,739	6,681	6,806	6,403	6,495	6,614	6,971	7,189	7,166
37 For purchasing and carrying securities	5,484	5,463	4,917	5,252	6,260	5,912	5,384	6,785	5,875
38 To finance agricultural production	208	191	190	200	162	157	151	158	167
39 To states and political subdivisions	6,123	6,054	6,098	6,107	6,097	6,074	6,037	6,036	6,032
40 To foreign governments and official institutions	450	507	536	480	498	499	484	522	610
41 All other	5,956	5,586	6,061	4,968	6,031	5,996	5,229	5,804	5,404
42 Lease financing receivables	5,711	5,704	5,817	5,813	5,808	5,803	5,830	5,849	5,840
43 LESS: Unearned income	1,598	1,614	1,609	1,620	1,622	1,602	1,607	1,620	1,623
44 Loan and lease reserve	13,120	13,136	13,138	13,133	13,050	12,983	12,901	12,929	12,944
45 Other loans and leases, net[6]	154,622	153,039	153,862	152,266	153,469	155,225	154,356	157,943	156,913
46 All other assets[7]	64,674	63,461	63,568	63,541	58,465	62,408	60,024	63,297	58,065
47 Total assets	**322,726**	**309,772**	**313,018**	**308,478**	**301,659**	**300,734**	**296,573**	**302,175**	**294,029**
Deposits									
48 Demand deposits	64,702	49,644	60,206	49,079	50,387	54,222	48,041	51,844	49,596
49 Individuals, partnerships, and corporations	42,605	33,541	40,304	35,604	35,285	37,433	34,355	37,015	34,692
50 States and political subdivisions	997	497	771	722	459	617	464	510	505
51 U.S. government	605	719	2,949	609	524	1,062	693	1,280	1,176
52 Depository institutions in the United States	10,430	5,372	6,990	4,915	4,716	5,414	4,640	4,643	4,611
53 Banks in foreign countries	5,781	4,918	4,723	4,248	5,211	5,432	4,492	4,496	5,029
54 Foreign governments and official institutions	600	663	618	723	538	529	596	654	597
55 Certified and officers' checks	3,683	3,933	3,852	2,258	3,654	3,735	2,801	3,245	2,984
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,840	8,744	8,672	8,609	8,588	9,022	9,179	9,791	8,919
57 Nontransaction balances	113,115	112,873	114,549	113,605	113,248	114,114	112,866	112,546	112,789
58 Individuals, partnerships, and corporations	102,375	102,007	103,788	102,897	102,677	104,093	102,752	102,298	102,901
59 States and political subdivisions	8,344	8,445	8,371	8,286	8,031	7,763	7,910	7,967	7,644
60 U.S. government	30	28	28	28	27	24	27	29	28
61 Depository institutions in the United States	2,127	2,139	2,113	2,144	2,258	1,990	1,936	1,998	2,003
62 Foreign governments, official institutions, and banks	239	254	249	251	254	243	241	254	213
63 Liabilities for borrowed money	75,053	79,506	69,803	76,705	68,810	67,469	68,962	71,274	66,083
64 Borrowings from Federal Reserve Banks	0	1,850	0	0	0	0	0	3,675	0
65 Treasury tax-and-loan notes	2,915	1,648	933	3,676	2,934	1	357	5,561	6,531
66 All other liabilities for borrowed money[8]	72,138	76,008	68,871	73,029	65,876	67,468	68,605	62,038	59,552
67 Other liabilities and subordinated notes and debentures	32,874	30,797	31,749	32,410	32,680	27,974	29,199	28,459	28,620
68 Total liabilities	**294,583**	**281,564**	**284,980**	**280,408**	**273,712**	**272,801**	**268,248**	**273,914**	**266,007**
69 Residual (total assets minus total liabilities)[9]	28,143	28,207	28,038	28,070	27,946	27,932	28,325	28,261	28,022
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	216,217	210,648	212,358	212,763	215,240	211,139	212,460	212,204	208,862
71 Total loans and leases (gross) adjusted[10]	183,081	177,759	179,727	180,179	182,458	178,383	179,655	179,648	176,347
72 Time deposits in amounts of $100,000 or more	42,185	42,726	43,323	42,956	42,517	43,008	42,476	42,661	42,954
73 U.S. Treasury securities maturing in one year or less	3,642	3,202	3,396	3,973	3,973	3,692	3,800	3,055	2,772

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

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

Millions of dollars, Wednesday figures

Account	1989								
	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
1 Cash and due from depository institutions	10,827	10,291	10,800	10,509	10,530	10,540	10,614	11,210	11,005
2 Total loans and securities	131,595	129,715	130,023	130,693r	132,516r	129,088	127,266	131,007	130,663
3 U.S. Treasury and government agency securities	8,726	8,846	8,910	8,934	8,500	8,092	8,137	8,890	8,473
4 Other securities	7,124	7,272	7,176	7,044	6,920	6,977	6,632	6,212	6,213
5 Federal funds sold[2]	8,338r	8,420r	7,976r	9,090r	9,184r	6,760	5,453	7,310	7,325
6 To commercial banks in the United States	7,173r	7,246r	6,577r	7,600r	7,767r	5,728	4,146	5,759	5,863
7 To others	1,165	1,174	1,399	1,490	1,417	1,032	1,307	1,551	1,462
8 Other loans, gross	107,407r	105,177r	105,961r	105,625r	107,912r	107,259	107,044	108,595	108,652
9 Commercial and industrial	70,470r	69,843r	70,263r	70,397r	71,793r	70,507	69,661	71,218	71,407
10 Bankers acceptances and commercial paper	1,552	1,613	1,560	1,720	1,669	1,683	1,543	1,698	1,594
11 All other	68,918r	68,230r	68,703r	68,677r	70,124r	68,824	68,118	69,520	69,813
12 U.S. addressees	67,206r	66,580r	67,136r	66,983r	68,508r	67,253	66,593	67,723	68,184
13 Non-U.S. addressees	1,712	1,650	1,567	1,694	1,616	1,571	1,525	1,797	1,629
14 Loans secured by real estate[3]	13,970r	13,974r	14,023r	14,088r	14,065r	14,228	14,593	14,365	14,512
15 To financial institutions	18,903r	17,274r	17,900r	17,312r	17,920r	18,387	18,817	18,728	18,991
16 Commercial banks in the United States	13,921r	12,352r	13,140r	12,512r	12,785r	13,398	14,013	13,687	13,967
17 Banks in foreign countries	1,583	1,479	1,341	1,335	1,463	1,389	1,302	1,396	1,547
18 Nonbank financial institutions	3,399	3,443	3,419	3,465	3,672	3,600	3,502	3,645	3,477
19 To foreign governments and official institutions	730	770	763	780	773	744	835	800	822
20 For purchasing and carrying securities	2,102	2,029	1,750	1,832	1,991	1,956	1,691	1,944	1,544
21 All other[3]	1,232	1,287	1,262	1,216	1,370	1,437	1,447	1,540	1,376
22 Other assets (claims on nonrelated parties)	31,613	31,501	31,672	31,188	30,912	30,672	31,532	31,306	31,596
23 Net due from related institutions	15,842	15,602	15,447	15,655	14,918	17,368	14,749	15,173	14,860
24 Total assets	189,878	187,109	187,944	188,046	188,874	187,670	184,163	188,697	188,124
25 Deposits or credit balances due to other than directly related institutions	45,753	45,469	46,437	47,074	47,185	47,684	47,774	48,275	48,668
26 Transaction accounts and credit balances[4]	4,062	3,212	3,469	3,579	3,398	3,308	3,398	3,301	4,005
27 Individuals, partnerships, and corporations	2,334	2,078	2,273	2,259	2,354	2,082	2,114	2,013	2,711
28 Other	1,728	1,134	1,196	1,320	1,044	1,226	1,284	1,288	1,294
29 Nontransaction accounts[5]	41,691	42,257	42,968	43,495	43,787	44,376	44,376	44,974	44,663
30 Individuals, partnerships, and corporations	34,634	35,349	36,050	36,620	36,806	37,370	37,595	38,229	37,979
31 Other	7,057	6,908	6,918	6,875	6,981	7,006	6,781	6,745	6,684
32 Borrowings from other than directly related institutions	83,905	82,921	84,310	80,212	79,584	84,883	79,769	85,717	77,834
33 Federal funds purchased[6]	36,523	37,848	37,572	32,322	34,047	41,775	35,238	39,636	32,094
34 From commercial banks in the United States	20,405	20,950	21,080	16,867	21,215	26,694	19,155	23,994	16,185
35 From others	16,118	16,898	16,492	15,455	12,832	15,081	16,083	15,642	15,909
36 Other liabilities for borrowed money	47,382	45,073	46,738	47,890	45,537	43,108	44,531	46,081	45,740
37 To commercial banks in the United States	31,313	29,698	31,316	30,787	29,174	27,956	29,492	30,353	30,225
38 To others	16,069	15,375	15,422	17,103	16,363	15,152	15,039	15,728	15,515
39 Other liabilities to nonrelated parties	32,826	32,764	32,537	32,270	31,636	31,158	31,885	32,279	33,188
40 Net due to related institutions	27,395	25,954	24,660	28,490	30,470	23,944	24,735	22,425	28,434
41 Total liabilities	189,878	187,109	187,944	188,046	188,874	187,670	184,163	188,697	188,124
MEMO									
42 Total loans (gross) and securities adjusted[7]	110,501	110,117	110,306	110,581r	111,964r	109,962	109,107	111,561	110,833
43 Total loans (gross) adjusted[7]	94,651	93,999	94,220	94,603r	96,544r	94,893	94,338	96,459	96,147

1. Effective Jan. 4, 1989, the reporting panel includes a new group of large U.S. branches and agencies of foreign banks. Earlier data included 65 U.S. branches and agencies of foreign banks that included those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Includes securities purchased under agreements to resell.
3. Effective Jan. 4, 1989, loans secured by real estate are being reported as a separate component of Other loans, gross. Formerly, these loans were included in "All other", line 21.
4. Includes credit balances, demand deposits, and other checkable deposits.
5. Includes savings deposits, money market deposit accounts, and time deposits.
6. Includes securities sold under agreements to repurchase.
7. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	Commercial banks									
	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988				1989
						Mar.	June	Sept.	Dec.	Mar.
1 **All holders—Individuals, partnerships, and corporations**	**293.5**	**302.7**	**321.0**	**363.6**	**343.5**	**328.6**	**346.5**	**337.8**	**354.7**	↑
2 Financial business	32.8	31.7	32.3	41.4	36.3	33.9	37.2	34.8	38.6	↑
3 Nonfinancial business	161.1	166.3	178.5	202.0	191.9	184.1	194.3	190.3	201.2	n.a.
4 Consumer	78.5	81.5	85.5	91.1	90.0	86.9	89.8	87.8	88.3	↓
5 Foreign	3.3	3.6	3.5	3.3	3.4	3.5	3.4	3.2	3.7	↓
6 Other	17.8	19.7	21.2	25.8	21.9	20.3	21.9	21.7	22.8	↓
	Weekly reporting banks									
	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988				1989
						Mar.	June	Sept.	Dec.	Mar.
7 **All holders—Individuals, partnerships, and corporations**	**146.2**	**157.1**	**168.6**	**195.1**	**183.8**	**181.8**	**191.5**	**185.3**	**198.3**	**181.9**
8 Financial business	24.2	25.3	25.9	32.5	28.6	27.0	30.0	27.2	30.5	27.2
9 Nonfinancial business	79.8	87.1	94.5	106.4	100.0	98.2	103.1	101.5	108.7	98.6
10 Consumer	29.7	30.5	33.2	37.5	39.1	41.7	42.3	41.8	42.6	41.1
11 Foreign	3.1	3.4	3.1	3.3	3.3	3.4	3.4	3.1	3.6	3.3
12 Other	9.3	10.9	12.0	15.4	12.7	11.4	12.8	11.7	12.9	11.7

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

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

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

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

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

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1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**237,586**	**298,779**	**329,991**	**357,129**	**455,017**	**426,216**	**443,531**	**455,017**	**471,066**	**487,771**	**492,821**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	56,485	78,443	101,072	101,958	159,947	149,845	157,042	159,947	162,884	173,944	172,950
3 Bank-related (not seasonally adjusted)[3]	2,035	1,602	2,265	1,428	1,248	840	995	1,248	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	110,543	135,320	151,820	173,939	192,442	184,044	192,220	192,442	199,828	201,997	205,374
5 Bank-related (not seasonally adjusted)[3]	42,105	44,778	40,860	43,173	43,155	42,204	43,729	43,155	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	70,558	85,016	77,099	81,232	102,628	92,327	94,269	102,628	108,354	111,830	114,497
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**78,364**	**68,413**	**64,974**	**70,565**	**66,631**	**62,253**	**65,961**	**66,631**	**62,212**	**62,812**	**62,458**
Holder											
8 Accepting banks	9,811	11,197	13,423	10,943	9,086	9,083	9,483	9,086	9,009	9,401	8,336
9 Own bills	8,621	9,471	11,707	9,464	8,022	8,026	8,768	8,022	7,927	8,497	7,642
10 Bills bought	1,191	1,726	1,716	1,479	1,064	1,057	715	1,064	1,082	904	693
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	671	937	1,317	965	1,493	1,166	1,393	1,493	1,595	1,579	1,544
13 Others	67,881	56,279	50,234	58,658	56,052	52,004	55,086	56,052	51,608	51,832	52,579
Basis											
14 Imports into United States	17,845	15,147	14,670	16,483	14,984	14,064	14,959	14,984	14,917	15,588	14,755
15 Exports from United States	16,305	13,204	12,960	15,227	14,410	14,067	14,578	14,410	13,813	13,927	13,581
16 All other	44,214	40,062	37,344	38,855	37,237	34,122	36,424	37,237	33,482	33,297	34,122

1. Institutions engaged primarily in activities such as, but not limited to, commercial savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial company paper sold by dealers in the open market.
3. Beginning January 1989, bank-related series have been discontinued.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with $100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1986—Mar. 7	9.00	1986	8.33	1987—Jan.	7.50	1988—Jan.	8.75
Apr. 21	8.50	1987	8.21	Feb.	7.50	Feb.	8.51
July 11	8.00	1988	9.32	Mar.	7.50	Mar.	8.50
Aug. 26	7.50			Apr.	7.75	Apr.	8.50
		1986—Jan.	9.50	May	8.14	May	8.84
1987—Apr. 1	7.75	Feb.	9.50	June	8.25	June	9.00
May 1	8.00	Mar.	9.10	July	8.25	July	9.29
15	8.25	Apr.	8.83	Aug.	8.25	Aug.	9.84
Sept. 4	8.75	May	8.50	Sept.	8.70	Sept.	10.00
Oct. 7	9.25	June	8.50	Oct.	9.07	Oct.	10.00
22	9.00	July	8.16	Nov.	8.78	Nov.	10.05
Nov. 5	8.75	Aug.	7.90	Dec.	8.75	Dec.	10.50
		Sept.	7.50				
1988—Feb. 2	8.50	Oct.	7.50			1989—Jan.	10.50
May 11	9.00	Nov.	7.50			Feb.	10.93
July 14	9.50	Dec.	7.50			Mar.	11.50
Aug. 11	10.00					Apr.	11.50
Nov. 28	10.50					May	11.50
1989—Feb. 10	11.00						
24	11.50						
June 5	11.00						

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

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1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1986	1987	1988	1989				1989, week ending				
				Jan.	Feb.	Mar.	Apr.	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
MONEY MARKET RATES												
1 Federal funds[1,2]	6.80	6.66	7.57	9.12	9.36	9.85	9.84	9.88	9.71	9.82	9.95	9.86
2 Discount window borrowing[1,2,3]	6.32	5.66	6.20	6.50	6.59	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Commercial paper[4,5]												
3 1-month	6.61	6.74	7.58	9.03	9.29	9.88	9.77	9.95	9.83	9.82	9.74	9.72
4 3-month	6.49	6.82	7.66	9.04	9.37	9.95	9.81	10.04	9.90	9.88	9.74	9.72
5 6-month	6.39	6.85	7.68	9.02	9.35	9.97	9.78	10.07	9.90	9.87	9.69	9.65
Finance paper, directly placed[4,5]												
6 1-month	6.57	6.61	7.44	8.90	9.21	9.77	9.70	9.84	9.75	9.74	9.65	9.64
7 3-month	6.38	6.54	7.38	8.78	9.11	9.70	9.70	9.88	9.77	9.76	9.64	9.63
8 6-month	6.31	6.37	7.14	8.44	8.65	9.17	9.29	9.40	9.30	9.35	9.28	9.23
Bankers acceptances[5,6]												
9 3-month	6.38	6.75	7.56	8.93	9.27	9.83	9.68	9.90	9.75	9.75	9.63	9.60
10 6-month	6.28	6.78	7.60	8.92	9.26	9.87	9.63	9.97	9.74	9.74	9.54	9.50
Certificates of deposit, secondary market[7]												
11 1-month	6.61	6.75	7.59	9.06	9.33	9.91	9.81	9.98	9.86	9.85	9.77	9.75
12 3-month	6.51	6.87	7.73	9.20	9.51	10.09	9.94	10.16	10.03	10.02	9.87	9.84
13 6-month	6.50	7.01	7.91	9.36	9.71	10.40	10.13	10.53	10.28	10.27	10.00	9.96
14 Eurodollar deposits, 3-month[8]	6.71	7.06	7.85	9.28	9.61	10.18	10.04	10.31	10.14	10.14	10.06	9.98
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	5.97	5.78	6.67	8.27	8.53	8.82	8.65	9.00	8.82	8.69	8.55	8.53
16 6-month	6.02	6.03	6.91	8.36	8.55	8.85	8.65	9.06	8.77	8.75	8.51	8.59
17 1-year	6.07	6.33	7.13	8.37	8.55	8.82	8.64	8.94	8.74	8.73	8.56	8.52
Auction average[10]												
18 3-month	5.98	5.82	6.68	8.29	8.48	8.83	8.70	9.10	8.87	8.71	8.57	8.66
19 6-month	6.03	6.05	6.92	8.38	8.49	8.87	8.73	9.12	8.84	8.78	8.59	8.72
20 1-year	6.18	6.33	7.17	8.45	8.59	8.68	8.75	n.a.	n.a.	8.75	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	6.45	6.77	7.65	9.05	9.25	9.57	9.36	9.71	9.47	9.48	9.28	9.22
22 2-year	6.86	7.42	8.10	9.18	9.37	9.68	9.45	9.81	9.52	9.56	9.39	9.33
23 3-year	7.06	7.68	8.26	9.20	9.32	9.61	9.40	9.74	9.47	9.53	9.35	9.26
24 5-year	7.30	7.94	8.47	9.15	9.27	9.51	9.30	9.61	9.36	9.42	9.25	9.16
25 7-year	7.54	8.23	8.71	9.14	9.23	9.43	9.24	9.47	9.29	9.36	9.19	9.13
26 10-year	7.67	8.39	8.85	9.09	9.17	9.36	9.18	9.37	9.20	9.27	9.14	9.09
27 20-year	7.84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	7.78	8.59	8.96	8.93	9.01	9.17	9.03	9.17	9.05	9.10	9.00	8.95
Composite[13]												
29 Over 10 years (long-term)	8.14	8.64	8.98	9.07	9.16	9.33	9.18	9.32	9.21	9.26	9.15	9.10
State and local notes and bonds												
Moody's series[14]												
30 Aaa	6.95	7.14	7.36	7.23	7.23	7.40	7.37	7.50	7.45	7.35	7.38	7.28
31 Baa	7.76	8.17	7.83	7.67	7.59	7.78	7.82	7.82	7.80	7.82	7.85	7.80
32 *Bond Buyer* series[15]	7.32	7.63	7.68	7.35	7.44	7.59	7.49	7.64	7.56	7.54	7.44	7.40
Corporate bonds												
Seasoned issues[16]												
33 All industries	9.71	9.91	10.18	10.05	10.05	10.18	10.14	10.23	10.16	10.16	10.13	10.11
34 Aaa	9.02	9.38	9.71	9.62	9.64	9.80	9.79	9.88	9.81	9.80	9.80	9.75
35 Aa	9.47	9.68	n.a.	9.81	9.83	9.98	9.94	10.03	9.98	9.97	9.92	9.92
36 A	9.95	9.99	10.24	10.10	10.13	10.26	10.20	10.29	10.25	10.23	10.17	10.16
37 Baa	10.39	10.58	10.83	10.65	10.61	10.67	10.61	10.69	10.60	10.66	10.61	10.59
38 A-rated, recently offered utility bonds[17]	9.61	9.95	10.20	10.09	10.25	10.37	10.33	10.32[r]	10.40	10.33	10.33	10.22
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	8.76	8.37	9.23	9.31	9.31	9.43	9.50	9.47	9.53	9.53	9.47	9.48
40 Common stocks	3.48	3.08	3.64	3.64	3.59	3.68	3.59	3.70	3.65	3.62	3.53	3.56

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

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

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1.36 STOCK MARKET Selected Statistics

Indicator	1986	1987	1988	1988					1989			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	136.00	161.70	149.91	149.25	151.47	156.36	152.67	155.35	160.40	165.08	169.73	169.38
2 Industrial	155.85	195.31	180.83	179.72	182.18	188.58	182.25	187.75	194.62	200.00	197.58	204.81
3 Transportation	119.87	140.39	134.01	132.52	136.27	141.83	137.51	144.06	153.09	162.66	153.85	164.32
4 Utility	71.36	74.29	72.22	70.67	71.83	74.19	79.28	74.81	75.87	77.84	87.16	79.69
5 Finance	147.19	146.48	127.41	130.77	133.15	136.09	130.05	128.83	132.26	137.19	146.14	143.26
6 Standard & Poor's Corporation (1941–43 = 10)[1]	236.34	286.83	n.a.	263.73	267.97	277.40	271.02	281.28	285.41	294.01	292.71	302.25
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	264.38	316.61	294.90	297.76	297.86	302.83	292.25	298.59	316.14	323.96	327.47	336.82
Volume of trading (thousands of shares)												
8 New York Stock Exchange	141,385	188,647	161,450	144,668	145,702	162,631	134,427	135,473	168,193	169,321	159,024	161,862
9 American Stock Exchange	11,846	13,832	9,955	9,307	8,198	9,051	8,497	11,227	10,797	11,780	11,395	11,529
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**36,840**	**31,990**	**32,740**	**31,930**	**32,770**	**33,410**	**33,640**	**32,740**	**32,530**	**31,480**	**32,130**	**32,610**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,880	4,750	5,660	4,655	4,725	5,065	4,920	5,660	5,790	5,605	5,345	5,450
12 Cash-account	19,000	15,640	16,595	14,045	14,175	14,880	15,185	16,595	15,705	16,195	16,045	16,125
	Margin requirements (percent of market value and effective date)[6]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

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

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

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

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

5. New series beginning June 1984.

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

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

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1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1986	1987	1988								1989	
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	FSLIC-insured institutions											
1 **Assets**	**1,163,851**	**1,250,855**	**1,285,338**	**1,289,979**	**1,299,373**r	**1,311,668**r	**1,323,840**r	**1,332,824**r	**1,332,852**r	**1,350,906**r	**1,338,156**r	**1,339,882**
2 Mortgages	697,451	721,593	733,547	736,893	743,083r	751,421r	754,389r	760,854r	763,031r	764,892r	767,406r	767,323
3 Mortgage-backed securities	158,193	201,828	205,053	207,744	208,509r	210,573r	211,195r	211,844r	212,348r	214,821r	211,475r	212,589
4 Contra-assets to mortgage assets[1]	41,799	42,344	39,764	40,251	40,296r	39,078r	38,500r	38,308r	37,739r	37,534r	37,428r	37,008
5 Commercial loans	23,683	23,163	24,201	24,672	24,964r	25,099r	24,782r	25,145r	25,276r	33,662r	33,079r	33,048
6 Consumer loans	51,622	57,902	60,250	61,150r	61,571r	62,417r	61,558r	61,057r	61,508r	62,064r	62,368r	62,374
7 Contra-assets to non-mortgage loans[2]	3,041	3,467	3,395	3,513	3,389	3,118r	3,074r	2,931r	2,960r	3,055r	2,908r	2,997
8 Cash and investment securities	164,844	169,717	179,506	177,533	178,459r	175,793r	183,178r	184,778r	180,148r	186,133r	178,617r	177,905
9 Other[3]	112,898	122,462	125,939	125,751	126,472r	128,561r	130,313r	130,385r	131,240r	129,923r	125,547r	126,648
10 **Liabilities and net worth**	**1,163,851**	**1,250,855**	**1,285,338**	**1,289,979**	**1,299,373**r	**1,311,668**r	**1,323,840**r	**1,332,824**r	**1,332,852**r	**1,350,906**r	**1,338,156**r	**1,339,882**
11 Savings capital	890,664	932,616	963,761	966,750	968,213	968,293	973,742	976,163	971,493r	971,685r	963,815	957,347
12 Borrowed money	196,929	249,917	250,697	257,134	262,745	266,787	273,665r	278,241r	281,033r	299,242r	299,314r	305,607
13 FHLBB	100,025	116,363	114,994	117,287	118,213	120,677	123,436	124,368	127,548r	134,143	135,708r	140,028
14 Other	96,904	133,554	135,703	139,847	144,532	146,110	150,229r	153,873r	153,485r	165,099r	163,606r	165,579
15 Other	23,975	21,941	27,160	24,564r	27,110r	28,903r	26,021r	27,556r	29,176r	24,154r	29,779r	31,798
16 Net worth	52,282	46,382	43,720	41,531	41,304r	47,684r	50,412r	50,864r	51,151r	55,825r	59,193r	59,320
	FSLIC-insured federal savings banks											
17 **Assets**	**210,562**	**284,270**	**323,028**	**329,736**	**333,596**r	**357,897**r	**367,928**r	**369,711**	**374,957**	**410,097**	**424,139**	
18 Mortgages	113,638	161,926	186,818r	190,647	193,150r	204,351r	207,952r	209,721	213,378	224,584	231,973	
19 Mortgage-backed securities	29,766	45,826	51,290	52,648	53,027r	55,688r	56,399r	56,778	57,619	64,772	62,109	
20 Contra-assets to mortgage assets[1]	n.a.	9,100	9,735	10,089	10,135	10,893r	10,982r	10,907	10,908	12,034	12,419	
21 Commercial loans	n.a.	6,504	7,639	7,904	7,916	8,568	8,694	8,886	9,051	8,916	16,371	
22 Consumer loans	13,180	17,696	20,426	21,142	21,449r	22,526r	22,420r	22,414	22,671	23,962	25,056	
23 Contra-assets to non-mortgage loans[2]	n.a.	678	707	738	699	734r	785	789	803	867	793	
24 Finance leases plus interest	n.a.	591	652	708	735	791	804	805	833	881	910	n.a.
25 Cash and investment	n.a.	35,347	39,889	40,286	40,837r	44,859r	48,984r	48,681	48,222	59,424	58,142	
26 Other	19,034	24,069	26,758	27,230	27,316r	32,740r	34,442r	34,121	34,895	40,459	37,297	
27 **Liabilities and net worth**	**210,562**	**284,270**	**323,028**	**329,736**	**333,596**r	**357,897**r	**367,928**r	**369,711**	**374,957**	**410,097**	**424,139**	
28 Savings capital	157,872	203,196	232,656	236,759	239,590r	256,223r	261,862r	262,924	263,984	284,822	298,531	
29 Borrowed money	37,329	60,716	66,816	69,356	70,015	75,859r	80,674r	80,782	83,628	97,850	98,267	
30 FHLBB	19,897	29,617	31,682	32,177	31,941	35,357	37,245	37,510	39,630	44,994	46,408	
31 Other	17,432	31,099	35,134	37,179	38,074	40,502r	43,429r	43,272	43,998	52,856	51,859	
32 Other	4,263	5,324	7,118	6,639	7,051r	8,052r	7,374r	7,679	8,334	7,843	8,262	
33 Net worth	11,098	15,034	16,589	16,886	16,843r	17,661r	17,886r	18,206	18,893	19,472	21,184	
	Savings banks											
34 **Assets**	**236,866**	**259,643**	**264,507**	**249,927**	**252,875**	**253,453**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**
Loans												
35 Mortgage	118,323	138,494	143,235	138,148	139,844	141,316	143,626	145,398	146,501	147,597	144,998	145,426
36 Other	35,167	33,871	35,927	32,399	32,941	32,799	32,879	33,234	33,791	31,269	32,450	32,369
Securities												
37 U.S. government	14,209	13,510	12,490	11,597	11,563	11,353	11,182	10,896	10,804	11,457	10,485	10,315
38 Mortgage-backed securities	25,836	32,772	31,861	29,735	30,064	30,006	29,190	29,893	29,372	29,751	29,258	29,085
39 State and local government	2,185	2,003	1,933	1,849	1,840	1,901	1,878	1,872	1,887	1,848	1,835	1,829
40 Corporate and other	20,459	18,772	18,298	17,492	17,527	17,301	17,234	16,886	16,773	17,822	15,964	15,812
41 Cash	6,894	5,864	5,383	4,831	5,186	4,950	5,463	4,825	5,093	7,050	5,532	5,465
42 Other assets	13,793	14,357	15,380	13,876	13,910	13,827	14,058	14,123	14,316	14,567	13,797	13,864
43 **Liabilities**	**236,866**	**259,643**	**264,507**	**249,927**	**252,875**	**253,453**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**
44 Deposits	192,194	201,497	205,692	194,018	195,537	195,907	197,665	197,925	199,092	202,058	195,452	195,308
45 Regular[4]	186,345	196,037	200,098	188,571	189,993	190,716	192,228	192,663	194,095	196,407	190,378	190,422
46 Ordinary savings	37,717	41,959	42,403	40,179	40,124	39,738	39,618	39,375	39,482	39,750	38,221	38,049
47 Time	100,809	112,429	117,297	110,738	112,272	114,255	116,387	117,712	119,026	121,148	118,612	119,109
48 Other	5,849	5,460	5,594	5,447	5,544	5,191	5,427	5,262	4,997	5,651	5,074	4,886
49 Other liabilities	25,274	35,720	35,836	34,038	34,686	34,776	35,001	35,997	36,012	36,169	33,782	33,642
50 General reserve accounts	18,105	20,633	21,179	19,875	20,069	20,018	20,151	20,324	20,462	20,337	20,138	20,336

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1.37—Continued

Account	1986	1987	1988								1989	
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Credit unions[5]											
51 **Total assets/liabilities and capital**	**147,726**	↑	**172,456**	**172,345**	**173,276**	**173,044**	**174,649**	**174,722**	**174,406**	**174,593**	**175,027**	**176,270**
52 Federal	95,483		112,595	112,573	113,068	112,686	113,383	113,474	113,717	114,566	114,909	115,543
53 State	52,243		59,855	59,772	60,208	60,358	61,266	61,248	61,135	60,027	60,118	60,727
54 Loans outstanding	86,137	n.a.	105,704	105,800	107,065	108,974	110,939	111,624	112,452	113,191	114,012	113,880
55 Federal	55,304		68,213	68,658	69,626	70,944	72,200	72,551	73,100	73,766	74,083	73,917
56 State	30,833		37,491	37,142	37,439	38,030	38,739	39,073	39,352	39,425	39,927	39,963
57 Savings	134,327		157,764	158,186	159,314	158,731	157,944	160,174	159,021	159,010	159,106	161,073
58 Federal	87,954		103,129	103,347	104,256	103,657	103,698	104,184	103,223	104,431	104,629	105,262
59 State	46,373	↓	54,635	54,839	55,058	55,074	54,246	55,990	55,798	54,579	54,477	55,811
	Life insurance companies											
60 **Assets**	**937,551**	**1,044,459**	**1,094,827**	**1,105,546**	**1,113,547**	**1,121,337**	**1,131,179**	**1,139,490**	**1,144,854**[r]	**1,157,140**	**1,167,184**	↑
Securities												
61 Government	84,640	84,426	86,711	87,160	88,218	88,362	87,588	88,883	89,510	88,167	88,747	
62 United States[6]	59,033	57,078	58,988	59,351	60,244	60,407	59,874	60,621	61,108	60,685	61,042	
63 State and local	11,659	10,681	11,016	11,114	11,102	11,190	11,054	11,069	11,189	11,126	11,036	
64 Foreign[7]	13,948	16,667	16,707	16,695	16,872	16,765	16,660	17,193	17,213	16,356	16,669	
65 Business	492,807	569,199	606,445	614,052	618,742	624,917	630,086	633,390	638,350	644,894	655,149	n.a.
66 Bonds	401,943	472,684	503,728	509,105	514,926	520,796	525,336	527,419	532,197	538,053	545,970	
67 Stocks	90,864	96,515	102,717	104,947	103,816	104,121	104,750	105,971	106,153	106,841	109,179	
68 Mortgages	193,842	203,545	219,012	220,870	221,990	233,438	225,627	227,342	229,234	232,639	233,334	
69 Real estate	31,615	34,172	35,484	35,545	35,737	35,920	35,892	36,892	36,673	37,972	38,112	
70 Policy loans	54,055	53,626	53,013	53,107	53,142	53,194	53,149	53,157	53,148	53,020	53,210	
71 Other assets	80,592	89,586	94,162	94,812	95,718	95,505	98,837	99,826	94,116	95,518	98,632	↓

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

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

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

4. Excludes checking, club, and school accounts.

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

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

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

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

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

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

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

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

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1986	Fiscal year 1987	Fiscal year 1988	Calendar year 1988 Nov.	Calendar year 1988 Dec.	Calendar year 1989 Jan.	Calendar year 1989 Feb.	Calendar year 1989 Mar.	Calendar year 1989 Apr.
U.S. budget[1]									
1 Receipts, total	769,091	854,143	908,953	64,408	93,795	89,369	61,978	68,276	128,952
2 On-budget	568,862	640,741	667,462	47,023	74,682	65,250	38,473	44,677	99,679
3 Off-budget	200,228	213,402	241,491	17,385	19,114	24,119	23,505	23,598	29,273
4 Outlays, total	990,258	1,003,830	1,064,044	93,541	105,237[r]	86,563	89,850	104,055	87,506
5 On-budget	806,760	809,998	861,352	75,453[r]	91,606[r]	68,999	71,324	85,191	70,924
6 Off-budget	183,498	193,832	202,691	17,999	13,632	17,564	18,526	18,864	16,582
7 Surplus, or deficit (−), total	−221,167	−149,687	−155,090	−29,134[r]	−11,442[r]	2,806	−27,871	−35,779	41,446
8 On-budget	−237,898	−169,257	−193,890	−28,159[r]	−16,924[r]	−3,749	−32,851	−40,513	28,755
9 Off-budget	16,731	19,570	38,800	−614	5,482	6,555	4,979	4,735	12,691
Source of financing (total)									
10 Borrowing from the public	236,187	150,070	162,062	31,520	12,036	7,359	17,190	13,405	−1,291
11 Operating cash (decrease, or increase (−))	−14,324	−5,052	−7,963	9,218	−12,268	−8,135	17,009	10,154	−38,788
12 Other[2]	−696	4,669	991	−11,604[r]	11,674[r]	−2,030	−6,328	12,221	−1,367
MEMO									
13 Treasury operating balance (level, end of period)	31,384	36,436	44,398	21,432	33,700	41,835	24,826	14,672	53,460
14 Federal Reserve Banks	7,514	9,120	13,024	5,198	8,657	11,766	6,298	4,462	22,952
15 Tax and loan accounts	23,870	27,316	31,375	16,234	25,044	30,069	18,528	10,211	30,508

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

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

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

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

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year						
			1987		1988		1989		
			H1	H2	H1	H2	Feb.	Mar.	Apr.
RECEIPTS									
1 **All sources**	**854,143**	**908,954**	**447,282**	**421,712**	**476,115**	**449,821**	**61,978**	**68,276**	**128,952**
2 Individual income taxes, net	392,557	401,181	205,157	192,575	207,659	200,299	23,427	17,769	68,533
3 Withheld	322,463	341,435	156,760	170,203	169,300	179,600	26,021	34,088	23,649
4 Presidential Election Campaign Fund	33	33	30	4	28	4	3	7	6
5 Nonwithheld	142,957	132,199	112,421	31,223	101,614	29,880	930	4,585	61,704
6 Refunds	72,896	72,487	64,052	8,853	63,283	9,187	3,528	20,912	16,826
Corporation income taxes									
7 Gross receipts	102,859	109,683	52,396	52,821	58,002	56,409	2,277	14,481	16,412
8 Refunds	18,933	15,487	10,881	7,119	8,706	7,384	1,370	1,980	1,723
9 Social insurance taxes and contributions, net	303,318	334,335	163,519	143,755	181,058	157,603	32,086	30,268	39,496
10 Employment taxes and contributions[2]	273,028	305,093	146,696	130,388	164,412	144,983	29,854	29,736	36,775
11 Self-employment taxes and contributions[3]	13,987	17,691	12,020	1,889	14,839	3,032	1,439	1,181	8,900
12 Unemployment insurance	25,575	24,584	14,514	10,977	14,363	10,359	1,882	118	2,375
13 Other net receipts[4]	4,715	4,659	2,310	2,390	2,284	2,262	349	414	346
14 Excise taxes	32,457	35,540	15,845	17,680	16,440	19,434	2,303	3,228	2,616
15 Customs deposits	15,085	16,198	7,494	7,993	7,913	8,535	1,347	1,476	1,263
16 Estate and gift taxes	7,493	7,594	3,818	3,610	3,863	4,054	498	723	1,146
17 Miscellaneous receipts[5]	19,307	19,909	10,299	10,399	9,950	10,873	1,411	2,312	1,209
OUTLAYS									
18 **All types**	**1,003,830**	**1,064,044**	**503,267**	**532,839**	**513,210**	**553,230**[r]	**89,850**	**104,055**	**87,506**
19 National defense	281,999	290,361[r]	142,886	146,995	143,080	150,496	23,167	29,719	21,247
20 International affairs	11,649	10,471[r]	4,374	4,487	7,150	2,636	274	1,762	1,366
21 General science, space, and technology	9,216	10,841[r]	4,324	5,469	5,361	5,852	864	1,200	929
22 Energy	4,115	2,297[r]	2,335	1,468	555	1,966	358	573	280
23 Natural resources and environment	13,363	14,606[r]	6,175	7,590	6,776	8,330	1,056	1,268	951
24 Agriculture	26,606	17,210	11,824	14,640	7,872	7,725	2,175	965	2,364
25 Commerce and housing credit	6,182[r]	18,808[r]	4,893	3,852	5,951	20,274	−413	841	460
26 Transportation	26,222[r]	27,272[r]	12,113	14,096	12,700	14,922	1,810	2,109	1,746
27 Community and regional development	5,051	5,294[r]	3,108	2,075	2,765	2,690	317	312	241
28 Education, training, employment, and social services	29,724	31,938[r]	14,182	15,592	15,451	16,152	3,114	2,967	2,859
29 Health	39,968	44,490[r]	20,318	20,750	22,643	23,360	3,523	3,881	4,028
30 Social security and medicare	282,472	297,828	142,864	158,469	135,322	149,017	25,402	27,778	25,877
31 Income security	123,250[r]	129,332[r]	62,248	61,201	65,555	64,978	12,234	14,458	11,612
32 Veterans benefits and services	26,782	29,428[r]	12,264	14,956	13,241	15,797	2,287	3,766	1,251
33 Administration of justice	7,548	9,223[r]	3,626	4,291	4,761	4,778	677	806	949
34 General government	5,948[r]	7,658[r]	3,344	3,560	4,337	5,137	558	743	156
35 General-purpose fiscal assistance	1,621[r]	1,816[r]	337	1,175	448	0	0	0	0
36 Net interest[6]	138,570	151,748[r]	70,110	71,933	76,098	78,317	15,241	13,931	14,076
37 Undistributed offsetting receipts[7]	−36,455	−36,967[r]	−19,102	−17,684	−17,766	−18,771	−2,792	−3,025	−2,887

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

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1990*.

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1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1986	1987				1988			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**2,218.9**	**2,250.7**	**2,313.1**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**	**2,614.6**	**2,707.3**
2 Public debt securities	2,214.8	2,246.7	2,309.3	2,350.3	2,431.7	2,487.6	2,547.7	2,602.2[r]	2,684.4
3 Held by public	1,811.7	1,839.3	1,871.1	1,893.1	1,954.1	1,996.7	2,013.4	2,051.7	2,095.2
4 Held by agencies	403.1	407.5	438.1	457.2	477.6	490.8	534.2	550.4	589.2
5 Agency securities	4.0	4.0	3.8	4.0	3.5	5.6	7.4	12.4	22.9
6 Held by public	3.0	2.9	2.8	3.0	2.7	5.1	7.0	12.2	22.6
7 Held by agencies	1.1	1.1	1.0	1.0	.8	.6	.5	.2	.3
8 **Debt subject to statutory limit**	**2,200.5**	**2,232.4**	**2,295.0**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**	**2,586.9**	**2,669.1**
9 Public debt securities	2,199.3	2,231.1	2,293.7	2,334.7	2,416.3	2,472.1	2,532.1	2,586.7	2,668.9
10 Other debt[1]	1.3	1.3	1.3	1.3	1.1	.5	.1	.1	.2
11 MEMO: Statutory debt limit	2,300.0	2,300.0	2,320.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0

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

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

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

Billions of dollars, end of period

Type and holder	1985	1986	1987	1988	1988			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**1,945.9**	**2,214.8**	**2,431.7**	**2,684.4**	**2,487.6**	**2,547.7**	**2,602.2[r]**	**2,684.4**
By type								
2 Interest-bearing debt	1,943.4	2,212.0	2,428.9	2,663.1	2,484.9	2,545.0	2,599.9	2,663.1
3 Marketable	1,437.7	1,619.0	1,724.7	1,821.3	1,758.7	1,769.9	1,802.9	1,821.3
4 Bills	399.9	426.7	389.5	414.0	392.6	382.3	398.5	414.0
5 Notes	812.5	927.5	1,037.9	1,083.6	1,059.9	1,072.7	1,089.6	1,083.6
6 Bonds	211.1	249.8	282.5	308.9	291.3	299.9	299.9	308.9
7 Nonmarketable[1]	505.7	593.1	704.2	841.8	726.2	775.1	797.0	841.8
8 State and local government series	87.5	110.5	139.3	151.5	142.9	146.9	147.6	151.5
9 Foreign issues[2]	7.5	4.7	4.0	6.6	6.1	5.7	6.3	6.6
10 Government	7.5	4.7	4.0	6.6	6.1	5.7	6.3	6.6
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	78.1	90.6	99.2	107.6	102.3	104.5	106.2	107.6
13 Government account series[3]	332.2	386.9	461.3	575.6	474.4	517.5	536.5	575.6
14 Non-interest-bearing debt	2.5	2.8	2.8	21.3	2.6	2.7	2.3[r]	21.3
By holder[4]								
15 U.S. government agencies and trust funds	348.9	403.1	477.6	589.2	490.8	534.2	550.4	589.2
16 Federal Reserve Banks	181.3	211.3	222.6	238.4	217.5	227.6	229.2	238.4
17 Private investors	1,417.2	1,602.0	1,745.2	1,852.8	1,778.2	1,784.9	1,819.0	1,852.8
18 Commercial banks	198.2	203.5	201.2	195.0	201.0	202.5	203.0	195.0
19 Money market funds	25.1	28.0	14.3	18.8	14.9	13.1	10.8	18.8
20 Insurance companies	78.5	105.6	120.6	n.a.	125.5	132.2	135.0	n.a.
21 Other companies	59.0	68.8	84.6	86.1	83.0	86.5	86.0	86.1
22 State and local Treasurys	226.7	262.8	282.6	n.a.	285.8	286.3	287.0	n.a.
Individuals								
23 Savings bonds	79.8	92.3	101.1	109.6	104.0	106.2	107.8	109.6
24 Other securities	75.0	70.5	72.3	77.8	72.7[r]	73.9	76.7	77.8
25 Foreign and international[5]	212.5	251.6	287.3	349.3	321.0	333.8	334.3	349.3
26 Other miscellaneous investors[6]	462.4	518.9	581.2	n.a.	573.2	552.6	583.1	n.a.

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

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

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

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

	Item	1986	1987	1988	1989			1989					
					Feb.r	Mar.r	Apr.	Mar. 22	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**95,444**	**110,050**	**101,623**	**121,460**	**101,107**	**107,794**	**113,522r**	**96,582r**	**124,487**	**92,906**	**118,385**	**98,310**
	By maturity												
2	Bills	34,247	37,924	29,387	33,886	30,718	29,307	31,435r	26,840r	39,332	28,550	30,349	26,303
3	Other within 1 year	2,115	3,271	3,426	3,641	3,953	3,172	4,284	3,831r	4,264	2,543	4,049	2,702
4	1–5 years	24,667	27,918	27,777	38,121	29,531	31,389	33,744	36,008r	33,888	21,778	34,905	32,681
5	5–10 years	20,455	24,014	24,939	27,946	24,284	29,661	29,727r	18,935r	30,785	28,148	33,069	24,288
6	Over 10 years	13,961	16,923	16,093	17,867	12,621	14,265	14,332	10,967r	16,218	11,887	16,011	12,337
	By type of customer												
7	U.S. government securities dealers	3,669	2,936	2,761	3,859	3,561	3,370	3,389	2,972	7,582	3,081	3,353	2,690
8	U.S. government securities brokers	49,558	61,539	59,844	70,267	59,914	64,438	68,809	56,590r	70,621	55,517	70,570	59,023
9	All others[3]	42,217	45,575	39,019	47,335	37,632	39,987	41,323r	37,019r	46,284	34,308	44,462	36,596
10	Federal agency securities	16,747	18,084	15,903	17,209	15,417	17,216	12,130	14,279r	15,549	17,602	19,973	15,134
11	Certificates of deposit	4,355	4,112	3,369	3,702	3,203	2,946	3,345	3,215	2,853	3,357	2,979	2,798
12	Bankers acceptances	3,272	2,965	2,316	2,368	2,112	2,562	1,942	2,213	2,351	2,521	2,489	2,490
13	Commercial paper	16,660	17,135	22,927	32,131	30,481	30,858	29,493	31,856	31,759	29,365	30,975	28,918
	Futures contracts[4]												
14	Treasury bills	3,311	3,233	2,627	3,947	3,139	2,788	4,459r	1,627	3,494	1,791	3,235	2,269
15	Treasury coupons	7,175	8,963	9,695	10,658	9,087	8,662	11,109r	6,584	9,707	7,258	10,004	7,111
16	Federal agency securities	16	5	1	0	0	0	0	0	0	0	0	0
	Forward transactions[5]												
17	U.S. Treasury securities	1,876	2,029	2,095	3,054	1,819	2,019	2,189r	1,606	2,751	1,270	2,027	1,954
18	Federal agency securities	7,830	9,290	8,008	7,656	8,322	7,865	10,412	6,062	6,254	10,110	8,992	5,675

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

	Item	1986	1987	1988	1989			1989				
					Feb.	Mar.[r]	Apr.	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
		Positions										
	Net immediate[2]											
1	**U.S. Treasury securities**	12,912	**−6,216**	**−22,765**	**−31,876[r]**	**−32,313**	**−22,532**	**−34,543[r]**	**−23,658**	**−23,295**	**−20,807**	**−24,429**
2	Bills	12,761	4,317	2,238	−3,914[r]	−2,056	1,532	−3,045[r]	−459	1,734	2,239	1,730
3	Other within 1 year	3,705	1,557	−2,236	−3,545	−4,240	−955	−3,613[r]	−1,671	−723	−428	−1,524
4	1–5 years	9,146	649	−3,020	−8,696[r]	−7,631	−5,564	−9,675[r]	−3,063	−4,556	−6,518	−7,958
5	5–10 years	−9,505	−6,564	−9,663	−8,309[r]	−8,724	−9,026	−9,440	−8,924	−10,824	−8,386	−8,767
6	Over 10 years	−3,197	−6,174	−10,084	−7,412[r]	−9,661	−8,519	−8,771	−9,542	−8,926	−7,713	−7,910
7	Federal agency securities	32,984	31,911	28,230	30,007[r]	30,770	28,591	31,115[r]	29,725	28,740	29,159	27,949
8	Certificates of deposit	10,485	8,188	7,300	6,312[r]	7,121	6,165	7,141[r]	6,960	6,255	6,047	5,879
9	Bankers acceptances	5,526	3,660	2,486	2,152	1,929	2,531	1,786	2,187	2,660	2,254	2,724
10	Commercial paper	8,089	7,496	6,152	6,472	6,734	9,127	6,496[r]	7,087	7,791	9,516	10,376
	Futures positions											
11	Treasury bills	−18,059	−3,373	−2,210	4,512[r]	1,829	−5,126	−677	−3,130	−5,013	−5,338	−5,483
12	Treasury coupons	3,473	5,988	6,224	2,895	2,925	895	2,665[r]	1,520	1,212	344	963
13	Federal agency securities	−153	−95	0	0	0	0	0	0	0	0	0
	Forward positions											
14	U.S. Treasury securities	−2,144	−1,211	346	872	−641	−1,295	−1,250[r]	−2,509	−1,907	−1,420	−289
15	Federal agency securities	−11,840	−18,817	−16,348	−14,873[r]	−15,662	−15,320	−15,444	−15,051	−15,191	−16,060	−14,658
		Financing[3]										
	Reverse repurchase agreements[4]											
16	Overnight and continuing	98,913	126,709	136,327	160,928	160,212	143,132	162,507	159,894	160,696	159,680	156,217
17	Term	108,607	148,288	177,477	215,283	226,855	202,673	226,794	210,825	224,587	225,341	234,269
	Repurchase agreements[5]											
18	Overnight and continuing	141,823	170,763	172,695	205,530	204,454	187,255	199,611	201,268	209,067	211,863	207,329
19	Term	102,397	121,270	137,056	155,689	163,104	153,210	167,402	161,707	168,979	163,113	183,722

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

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

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

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

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

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

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

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1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987	1988		1989		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**271,220**	**293,905**	**307,361**	**341,386**	**370,639**	**381,498**	**385,959**	**390,803**	**397,318**
2 Federal agencies	35,145	36,390	36,958	37,981	35,209	35,668	35,727	35,768	36,348
3 Defense Department[1]	142	71	33	13	8	8	8	8	8
4 Export-Import Bank[2,3]	15,882	15,678	14,211	11,978	10,964	11,033	11,033	11,033	11,007
5 Federal Housing Administration[4]	133	115	138	183	139	150	143	165	172
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	1,615	0	0	0	0	0
7 Postal Service[6]	1,337	1,940	3,104	6,103	5,842	6,142	6,142	6,142	6,742
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,256	18,335	18,401	18,420	18,419
9 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies[7]	237,012	257,515	270,553	303,405	335,430	345,830	350,232	355,035	360,970
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	130,630	135,834	139,804	144,343	149,950
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	19,500	22,797	22,874	21,320	23,392
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	105,337	105,459	104,843	105,201	104,666
14 Farm Credit Banks[8]	72,192	68,851	62,478	55,275	53,420	53,127	52,319	52,441	52,069
15 Student Loan Marketing Association[9]	5,745	8,395	12,171	16,503	21,403	22,073	23,852	25,190	23,753
16 Financing Corporation[10]	n.a.	n.a.	n.a.	1,200	4,450	5,850	5,850	5,850	6,450
17 Farm Credit Financial Assistance Corporation[11]	n.a.	n.a.	n.a.	n.a.	690	690	690	690	690
MEMO									
18 **Federal Financing Bank debt[12]**	**145,217**	**153,373**	**157,510**	**152,417**	**143,321**	**142,850**	**142,447**	**142,123**	**141,864**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,852	15,670	14,205	11,972	10,958	11,027	11,027	11,027	11,001
20 Postal Service[6]	1,087	1,690	2,854	5,853	5,592	5,892	5,892	5,892	6,492
21 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,910	4,910	4,910	4,910	4,910
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	16,876	16,955	17,021	17,040	17,039
23 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
Other Lending[13]									
24 Farmers Home Administration	58,971	64,234	65,374	59,674	58,496	58,496	58,496	58,496	57,841
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,220	19,246	19,225	19,245	19,195
26 Other	29,853	31,429	32,545	32,078	27,269	26,324	25,876	25,513	25,386

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17.
9. Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 21.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation (established in January 1988 to provide assistance to the Farm Credit System) undertook its first borrowing in July 1988.
12. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
13. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1988				1989			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.r	Apr.
1 **All issues, new and refunding**[1]	**147,011**	**102,407**	**108,078**	**9,669**	**10,455**	**8,551**	**11,268**	**6,640**	**8,054**	**8,626**	**6,820**
Type of issue											
2 General obligation	46,346	30,589	29,662	2,370	2,058	2,368	2,491	1,784	3,955	2,185	2,277
3 Revenue	100,664	71,818	78,417	7,299	8,397	6,183	8,777	4,856	4,099	6,441	4,543
Type of issuer											
4 State	14,474	10,102	9,254	1,206	734	525	1,011	280	1,896	256	1,407
5 Special district and statutory authority[2]	89,997	65,460	69,447	6,407	7,283	5,550	7,690	4,882	3,832	5,962	3,774
6 Municipalities, counties, and townships	42,541	26,845	29,377	2,056	2,438	2,476	2,567	1,478	2,326	2,408	1,639
7 **Issues for new capital, total**	**83,492**	**56,789**	**75,064**	**7,076**	**6,965**	**5,830**	**8,738**	**4,141**	**5,222**	**6,486**	**6,029**
Use of proceeds											
8 Education	12,307	9,524	13,722	1,351	512	827	2,564	827	826	1,055	1,303
9 Transportation	7,246	3,677	6,974	732	559	237	636	344	382	445	885
10 Utilities and conservation	14,594	7,912	7,929	694	1,238	1,055	463	1,335	847	901	732
11 Social welfare	11,353	11,106	17,824	2,358	2,478	1,991	2,072	509	743	1,329	1,134
12 Industrial aid	6,190	7,474	6,276	280	393	294	1,010	293	250	253	290
13 Other purposes	31,802	18,020	22,339	1,661	1,785	1,426	1,993	834	2,174	2,503	1,685

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1988					1989		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1 **All issues**[1]	**423,726**	**392,156**	**265,618**	**19,739**	**23,933**	**21,818**	**24,531**	**12,389**r	**17,369**r	**14,162**r	**25,289**
2 **Bonds**[2]	**355,293**	**325,648**	**223,162**	**16,404**	**20,928**	**19,031**	**21,096**	**10,338**r	**14,208**r	**11,628**r	**24,368**
Type of offering											
3 Public, domestic	231,936	209,279	199,984	15,065	18,240	17,519	16,798	10,203r	11,348r	9,434r	22,500
4 Private placement, domestic[3]	80,760	92,070	129,488r	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Sold abroad	42,596	24,299	23,178	1,339	2,688	1,512	4,298	135	2,860	1,994r	2,000
Industry group											
6 Manufacturing	91,548	61,666	40,874	3,476	3,750	3,552	2,890	1,485	1,660	1,319r	7,364
7 Commercial and miscellaneous	40,124	49,327	18,640	2,226	1,035	764	3,260	748	2,047	1,047r	875
8 Transportation	9,971	11,974	3,771	0	150	605	45	0	0	102	0
9 Public utility	31,426	23,004	13,775	298	856	1,346	672	264r	635r	640r	153
10 Communication	16,659	7,340	4,044	29	1,064	100	289	158	0	230	63
11 Real estate and financial	165,564	172,343	142,055	10,374	14,072	12,664	13,940	7,683	9,867r	8,290r	15,909
12 **Stocks**[3]	**68,433**	**66,508**	**42,456**	**3,335**	**3,005**	**2,787**	**3,435**	**2,051**	**3,161**	**2,534**	**921**
Type											
13 Preferred	11,514	10,123	6,544	498	385	865	478	495	275	975	310
14 Common	50,316	43,225	35,911	2,837	2,620	1,922	2,957	1,556	2,886	1,559	611
15 Private placement[3]	6,603	13,157	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	15,027	13,880	6,115	538	244	288	430	425	33	832	127
17 Commercial and miscellaneous	10,617	12,888	4,766	347	525	222	52	89	32	270	336
18 Transportation	2,427	2,439	845	72	5	25	20	0	220	0	53
19 Public utility	4,020	4,322	1,581	135	215	282	70	20	1,960	11	112
20 Communication	1,825	1,458	448	3	23	0	20	59	5	19	0
21 Real estate and financial	34,517	31,521	28,701	2,240	1,993	1,970	2,843	1,459	911	1,402	297

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

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

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1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1987	1988	1988					1989		
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares**[2]	**381,260**	**271,237**	**20,595**	**19,872**	**20,494**	**20,327**	**25,780**	**29,014**	**22,741**	**24,933**
2 Redemptions of own shares[3]	314,252	267,451	22,837	21,330	19,362	20,599	25,976	24,494	22,252	25,788
3 Net sales	67,008	3,786	−2,242	−1,458	1,132	−272	−196	4,520	489	−855
4 **Assets**[4]	**453,842**	**472,297**	**465,822**	**474,662**	**481,571**	**470,660**	**472,297**	**487,204**	**482,697**[r]	**483,967**
5 Cash position[5]	38,006	45,090	45,229	46,706	45,976	43,488	45,090	49,661	47,908	46,501
6 Other	415,836	427,207	420,595	427,956	435,595	427,172	427,207	437,543	434,789[r]	436,566

1. Data on sales and redemptions exclude money market mutual funds but include limited maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited maturity municipal bond 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.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1986	1987	1988	1987			1988				1989
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Corporate profits with inventory valuation and capital consumption adjustment	298.9	310.4	328.1	305.2	322.0	316.1	316.2	326.5	330.0	340.9	319.3
2 Profits before tax	236.4	276.7	306.4	273.7	289.4	281.9	286.2	305.9	313.9	320.6	319.9
3 Profits tax liability	106.6	133.8	142.6	132.6	140.0	136.2	136.9	143.2	144.8	146.1	148.3
4 Profits after tax	129.8	142.9	163.8	141.1	149.5	145.7	149.4	162.7	169.1	174.5	171.6
5 Dividends	88.2	95.5	104.5	94.0	97.0	99.3	101.3	103.1	105.7	108.0	111.1
6 Undistributed profits	41.6	47.4	59.2	47.0	52.4	46.4	48.1	59.6	63.4	66.4	60.5
7 Inventory valuation	8.3	−18.0	−23.8	−20.0	−19.5	−18.2	−19.4	−27.4	−29.3	−19.2	−33.9
8 Capital consumption adjustment	54.2	51.7	45.6	51.5	52.1	52.4	49.4	48.0	45.4	39.6	33.3

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1987	1988	1989[1]	1987		1988				1989	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[1]
1 **Total nonfarm business**	**389.67**	**429.67**	**468.78**	**398.04**	**417.25**	**422.75**	**429.01**	**440.42**	**445.73**	**465.51**	**471.35**
Manufacturing											
2 Durable goods industries	71.01	78.12	82.65	73.24	76.40	80.13	79.00	80.59	78.97	83.12	81.54
3 Nondurable goods industries	74.88	87.58	96.01	77.23	86.05	81.00	83.82	85.78	90.00	96.77	95.79
Nonmanufacturing											
4 Mining	11.39	12.67	11.79	11.06	11.74	12.26	12.87	12.74	11.97	11.89	12.16
Transportation											
5 Railroad	5.92	7.06	25.17	6.79	7.08	7.29	6.78	7.07	8.07	8.17	8.05
6 Air	6.53	7.25	8.04	6.62	7.03	7.72	7.44	9.31	6.84	10.15	10.54
7 Other	6.40	7.04	9.95	7.05	6.48	7.48	6.58	7.06	7.20	7.11	7.27
Public utilities											
8 Electric	31.63	31.90	33.09	32.93	33.32	31.59	32.55	33.79	33.54	32.70	34.38
9 Gas and other	13.25	14.60	16.47	12.66	12.84	14.56	13.81	14.26	15.25	16.92	16.20
10 Commercial and other[2]	168.65	183.44	203.60	170.46	176.29	180.72	186.15	189.82	193.87	198.70	205.44

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

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

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1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period

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

1. NOTE. Components may not add to totals because of rounding. Data after 1987:4 are currently unavailable. It is anticipated that these data will be available later this year.

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

Millions of dollars, seasonally adjusted

Type	1985	1986r	1987r	1988r			1989		
				Oct.	Nov.	Dec.	Jan.r	Feb.r	Mar.
1 **Total**	**156,297**	**172,060**	**205,810**	**231,303**	**233,699**	**234,529**	**235,969**	**237,378**	**240,186**
Retail financing of installment sales									
2 Automotive	20,660	26,015	35,782	36,679	36,444	36,548	37,041	37,301	37,696
3 Equipment	22,483	23,112	25,170	27,844	28,214	28,298	28,429	28,385	28,207
4 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	724	682	855
Wholesale									
5 Automotive	23,988	23,010	30,507	32,216	32,201	33,300	33,664	34,386	33,528
6 Equipment	4,568	5,348	5,600	5,875	5,980	5,983	6,183	6,193	6,088
7 All other	6,809	7,033	8,342	8,891	9,037	9,341	9,493	9,569	9,682
8 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0
Leasing									
9 Automotive	16,275	19,827	21,952	24,275	24,621	24,673	24,558	24,847	25,584
10 Equipment	34,768	38,179	43,335	56,274	56,973	57,455	58,354	58,045	59,484
11 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	721	699	756
12 Loans on commercial accounts receivable and factored commercial accounts receivable	15,765	15,978	18,078	18,928	19,407	17,796	16,688	17,404	17,794
13 All other business credit	10,981	13,557	17,043	20,321	20,822	21,134	20,114	19,867	20,512
	Net change								
14 **Total**	**19,607**	**15,763**	**33,750**	**745**	**2,396**	**829**	**−4**	**1,409**	**2,808**
Retail financing of installment sales									
15 Automotive	5,067	5,355	9,767	−25	−235	105	493	260	394
16 Equipment	−363	629	2,058	258	371	84	131	−43	−178
17 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−42	173
Wholesale									
18 Automotive	5,423	−978	7,497	−681	−15	1,099	364	722	−858
19 Equipment	−867	780	252	−21	104	3	200	10	−105
20 All other	1,069	224	1,309	111	146	303	152	76	114
21 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0
Leasing									
22 Automotive	3,896	3,552	2,125	303	346	52	−115	289	736
23 Equipment	2,685	3,411	5,156	720	699	482	−506	−310	1,439
24 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−22	57
25 Loans on commercial accounts receivable and factored commercial accounts receivable	2,161	213	2,100	−285	480	−1,611	−1,108	716	390
26 All other business credit	536	2,576	3,486	365	501	312	385	−247	645

1. These data also appear in the Board's G.20 (422) release. For address, see inside front cover. 2. Data on pools of securitized assets are not seasonally adjusted.

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1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1986	1987	1988	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	118.1	137.0	150.0	153.8	155.3	150.0	165.2	153.7	159.7[r]	166.6
2 Amount of loan (thousands of dollars)	86.2	100.5	110.5	114.0	115.6	110.8	121.3	111.8	117.7[r]	122.4
3 Loan/price ratio (percent)	75.2	75.2	75.5	75.8	76.1	75.6	75.2	73.5	74.4[r]	78.9
4 Maturity (years)	26.6	27.8	28.0	28.4	28.4	28.3	28.8	28.3	27.7[r]	28.2
5 Fees and charges (percent of loan amount)[2]	2.48	2.26	2.19	1.98	2.28	2.08	1.90	2.14	2.11[r]	1.69
6 Contract rate (percent per year)	9.82	8.94	8.81	8.77	9.05	9.04	9.20	9.46	9.63[r]	9.92
Yield (percent per year)										
7 FHLBB series[3]	10.26	9.31	9.18	9.10	9.43	9.39	9.52	9.82	9.99[r]	10.20
8 HUD series[4]	10.07	10.17	10.30	10.21	10.37	10.67	10.55	10.75	10.93	10.84
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	9.91	10.16	10.49	10.23	10.63	10.81	10.69	10.88	11.16	10.88
10 GNMA securities[6]	9.30	9.43	9.83	9.77	9.85	10.07	10.02	10.07	10.38	10.36
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	98,048	95,030	101,329	102,493	102,696	103,013	102,370	101,922	101,991	102,191
12 FHA/VA-insured	29,683	21,660	19,762	19,464	19,467	19,415	19,354	19,275	19,337	19,607
13 Conventional	68,365	73,370	81,567	83,032	83,228	83,598	83,016	82,647	82,654	82,584
Mortgage transactions (during period)										
14 Purchases	30,826	20,531	23,110	1,488	1,596	1,726	1,037	905	1,469	1,163
Mortgage commitments[7]										
15 Contracted (during period)	32,987	25,415	23,435	1,740	1,289	1,350	1,087	3,557	1,771	1,118
16 Outstanding (end of period)	3,386	4,886	2,148	3,165	2,740	2,148	2,081	4,520	4,807	4,661
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	13,517	12,802	15,105	15,669	15,419	17,425	18,378	18,473	n.a.	n.a.
18 FHA/VA	746	686	620	601	595	590	594	594	n.a.	n.a.
19 Conventional	12,771	12,116	14,485	15,068	14,824	16,834	17,785	17,880	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	103,474	76,845	44,077	4,037	4,109	5,843	3,586	5,088	n.a.	n.a.
21 Sales	100,236	75,082	39,780	3,674	4,231	5,510	3,408	4,385	n.a.	n.a.
Mortgage commitments[9]										
22 Contracted (during period)	110,855	71,467	66,026	4,406	5,419	10,101	5,206	8,411	n.a.	n.a.

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

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1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder, and type of property	1986	1987	1988	1987	1988			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**2,597,175**	**2,943,222**	**3,200,411**	**2,943,222**	**2,984,027**	**3,058,006**	**3,132,353**	**3,200,411**
2 1- to 4-family	1,698,524	1,925,189	2,115,184	1,925,189	1,951,400	2,012,270	2,067,929	2,115,184
3 Multifamily	247,831	273,899	287,611	273,899	278,144	278,919	281,468	287,611
4 Commercial	555,039	655,266	711,093	655,266	666,461	679,037	695,774	711,093
5 Farm	95,781	88,868	86,523	88,868	88,022	87,780	87,182	86,523
6 Selected financial institutions	1,507,289	1,700,820	1,852,593	1,700,820	1,723,937	1,764,221	1,813,470	1,852,593
7 Commercial banks[2]	502,534	591,151	665,458	591,151	604,468	628,383	649,135	665,458
8 1- to 4-family	235,814	275,761	313,897	275,761	280,757	295,425	306,118	313,897
9 Multifamily	31,173	33,296	34,715	33,296	33,728	34,184	33,855	34,715
10 Commercial	222,799	267,663	301,236	267,663	275,360	283,598	293,772	301,236
11 Farm	12,748	14,431	15,610	14,431	14,623	15,176	15,390	15,610
12 Savings institutions[3]	777,312	856,945	908,355	856,945	863,245	872,450	895,230	908,355
13 1- to 4-family	558,412	598,886	648,275	598,886	603,516	615,795	636,794	648,275
14 Multifamily	97,059	106,359	108,319	106,359	107,722	106,367	106,377	108,319
15 Commercial	121,236	150,943	151,016	150,943	151,251	149,536	151,307	151,016
16 Farm	605	.....	.....	.....	.....	.....	.....	.....
17 Life insurance companies	193,842	212,375	233,814	212,375	214,815	220,870	225,627	233,814
18 1- to 4-family	12,827	13,226	15,361	13,226	13,653	14,172	14,917	15,361
19 Multifamily	20,952	22,524	23,681	22,524	22,723	23,021	23,139	23,681
20 Commercial	149,111	166,722	185,592	166,722	168,774	174,086	178,166	185,592
21 Farm	10,952	9,903	9,180	9,903	9,665	9,591	9,405	9,180
22 Finance companies[4]	33,601	40,349	44,966	40,349	41,409	42,518	43,478	44,966
23 Federal and related agencies	203,800	192,721	198,549	192,721	196,909	199,474	198,027	198,549
24 Government National Mortgage Association	889	444	67	444	434	42	64	67
25 1- to 4-family	47	25	53	25	25	24	51	53
26 Multifamily	842	419	14	419	409	18	13	14
27 Farmers Home Administration[5]	48,421	43,051	42,018	43,051	43,076	42,767	41,836	42,018
28 1- to 4-family	21,625	18,169	18,347	18,169	18,185	18,248	18,268	18,347
29 Multifamily	7,608	8,044	8,513	8,044	8,115	8,213	8,349	8,513
30 Commercial	8,446	6,603	5,343	6,603	6,640	6,288	5,300	5,343
31 Farm	10,742	10,235	9,815	10,235	10,136	10,018	9,919	9,815
32 Federal Housing and Veterans Administration	5,047	5,574	5,975	5,574	5,660	5,673	5,666	5,975
33 1- to 4-family	2,386	2,557	2,649	2,557	2,608	2,564	2,432	2,649
34 Multifamily	2,661	3,017	3,326	3,017	3,052	3,109	3,234	3,326
35 Federal National Mortgage Association	97,895	96,649	103,013	96,649	99,787	102,368	102,453	103,013
36 1- to 4-family	90,718	89,666	95,833	89,666	92,828	95,404	95,417	95,833
37 Multifamily	7,177	6,983	7,180	6,983	6,959	6,964	7,036	7,180
38 Federal Land Banks	39,984	34,131	32,115	34,131	33,566	33,048	32,566	32,115
39 1- to 4-family	2,353	2,008	1,890	2,008	1,975	1,945	1,917	1,890
40 Farm	37,631	32,123	30,225	32,123	31,591	31,103	30,649	30,225
41 Federal Home Loan Mortgage Corporation	11,564	12,872	15,361	12,872	14,386	15,576	15,442	15,361
42 1- to 4-family	10,010	11,430	13,058	11,430	12,749	13,631	13,322	13,058
43 Multifamily	1,554	1,442	2,303	1,442	1,637	1,945	2,120	2,303
44 Mortgage pools or trusts[6]	565,428	718,297	809,448	718,297	732,071	754,045	782,802	809,448
45 Government National Mortgage Association	262,697	317,555	340,527	317,555	318,703	322,616	333,177	340,527
46 1- to 4-family	256,920	309,806	331,257	309,806	310,473	314,728	324,573	331,257
47 Multifamily	5,777	7,749	9,270	7,749	8,230	7,888	8,604	9,270
48 Federal Home Loan Mortgage Corporation	171,372	212,634	224,967	212,634	214,724	216,155	220,684	224,967
49 1- to 4-family	166,667	205,977	218,513	205,977	208,138	209,702	214,195	218,513
50 Multifamily	4,705	6,657	6,454	6,657	6,586	6,453	6,489	6,454
51 Federal National Mortgage Association	97,174	139,960	178,250	139,960	145,242	157,438	167,170	178,250
52 1- to 4-family	95,791	137,988	172,331	137,988	142,330	153,253	162,228	172,331
53 Multifamily	1,383	1,972	5,919	1,972	2,912	4,185	4,942	5,919
54 Farmers Home Administration[5]	348	245	104	245	172	106	106	104
55 1- to 4-family	142	121	26	121	65	23	27	26
56 Multifamily	.....	.....	.....	.....	.....	.....	.....	.....
57 Commercial	132	63	38	63	58	41	38	38
58 Farm	74	61	40	61	49	42	41	40
59 Individuals and others[7]	320,658	331,384	339,821	331,384	331,110	340,266	338,054	339,821
60 1- to 4-family	177,374	171,317	173,128	171,317	169,459	177,108	172,527	173,128
61 Multifamily	66,940	75,437	77,917	75,437	76,071	76,572	77,310	77,917
62 Commercial	53,315	63,272	67,868	63,272	64,378	65,488	67,191	67,868
63 Farm	23,029	21,358	20,908	21,358	21,202	21,098	21,026	20,908

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

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

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

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

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

6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated. Includes private pools which are not shown as a separate line item.

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

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

Millions of dollars

Holder, and type of credit	1987[r]	1988[r]	1988[r]						1989		
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.
	Amounts outstanding (end of period)										
1 **Total**	**607,721**	**659,507**	**639,207**	**644,666**	**646,556**	**649,132**	**654,413**	**659,507**	**682,022**	**687,397**	**692,771**
By major holder											
2 Commercial banks[2]	282,910	318,925	302,283	307,355	310,132	312,588	316,683	318,925	316,797	318,423	319,550
3 Finance companies[2]	140,281	145,180	144,774	143,992	143,019	143,012	143,488	145,180	141,796	143,419	143,070
4 Credit unions	80,087	86,118	83,886	84,647	84,900	85,338	85,740	86,118	87,093	87,813	88,548
5 Retailers[3]	40,975	43,498	42,023	42,121	42,349	42,614	42,910	43,498	40,986	41,052	41,300
6 Savings institutions	59,851	62,099	62,537	62,843	62,502	61,926	61,922	62,099	62,867	63,109	63,468
7 Gasoline companies	3,618	3,687	3,705	3,709	3,655	3,654	3,671	3,687	3,655	3,677	3,682
By major type of credit											
8 Automobile	265,976	281,174	277,659	279,585	279,243	278,902	279,926	281,174	286,382	288,768	289,721
9 Commercial banks	109,201	123,259	116,852	119,383	120,525	120,939	122,392	123,259	122,160	122,983	123,683
10 Credit unions	40,351	41,326	41,093	41,296	41,250	41,293	41,316	41,326	41,707	41,964	42,227
11 Finance companies	98,195	97,204	99,731	98,705	97,257	96,877	96,657	97,204	87,968	88,789	89,567
12 Savings institutions	18,228	19,385	19,983	20,201	20,211	19,793	19,561	19,385	19,506	19,464	19,456
13 Revolving	153,884	174,792	165,343	167,125	168,273	170,131	173,030	174,792	176,716	178,570	182,873
14 Commercial banks	99,119	117,572	109,768	111,516	112,691	114,180	116,593	117,572	111,133	111,706	112,942
15 Retailers	36,389	38,692	37,386	37,471	37,682	37,919	38,170	38,692	36,176	36,257	36,489
16 Gasoline companies	3,618	3,687	3,705	3,709	3,655	3,654	3,671	3,687	3,655	3,677	3,682
17 Savings institutions	10,367	10,151	9,902	9,809	9,614	9,724	9,923	10,151	10,479	10,722	10,987
18 Credit unions	4,391	4,691	4,582	4,621	4,632	4,653	4,673	4,691	4,785	4,866	4,949
19 Mobile home	26,387	25,744	26,213	26,277	26,185	26,033	26,005	25,744	26,036	25,992	24,326
20 Commercial banks	9,220	8,974	9,097	9,140	9,119	9,225	9,224	8,974	8,974	8,974	8,889
21 Finance companies	7,762	7,186	7,412	7,369	7,334	7,194	7,197	7,186	7,376	7,308	5,687
22 Savings institutions	9,406	9,583	9,704	9,768	9,732	9,614	9,584	9,583	9,687	9,710	9,750
23 Other	161,475	177,798	169,993	171,679	172,855	174,066	175,452	177,798	192,887	194,068	195,851
24 Commercial banks	65,370	69,120	66,566	67,316	67,798	68,244	68,474	69,120	74,532	74,760	74,035
25 Finance companies	34,324	40,790	37,631	37,918	38,428	38,941	39,633	40,790	46,453	47,322	47,816
26 Credit unions	35,344	40,102	38,211	38,730	39,018	39,392	39,752	40,102	40,601	40,983	41,373
27 Retailers	4,586	4,807	4,637	4,650	4,667	4,694	4,739	4,807	4,809	4,795	4,811
28 Savings institutions	21,850	22,981	22,948	23,065	22,945	22,794	22,854	22,981	23,196	23,214	23,275
	Net change (during period)										
29 **Total**	**35,674**	**51,786**	**1,371**	**5,459**	**1,890**	**2,576**	**5,281**	**5,094**	**22,514**	**5,375**	**5,374**
By major holder											
30 Commercial banks[2]	19,884	36,015	1,178	5,072	2,777	2,457	4,094	2,242	−2,127	1,626	1,127
31 Finance companies[2]	6,349	4,899	−743	−782	−973	−7	476	1,692	−3,383	1,622	−349
32 Credit unions	3,852	6,032	237	761	254	438	402	378	975	720	734
33 Retailers[3]	1,568	2,523	173	98	228	265	296	589	−2,513	67	247
34 Savings institutions	3,689	2,249	534	306	−341	−576	−4	178	768	242	359
35 Gasoline companies	331	69	−7	4	−54	−1	17	15	−32	22	6
By major type of credit											
36 Automobile	18,663	15,198	−400	1,926	−342	−341	1,024	1,248	5,208	2,386	953
37 Commercial banks	7,919	14,058	253	2,531	1,142	414	1,453	868	−1,100	823	701
38 Credit unions	1,917	975	−51	204	−46	42	23	10	381	257	263
39 Finance companies	5,639	−991	−892	−1,026	−1,448	−380	−220	547	−9,236	821	778
40 Savings institutions	3,188	1,157	289	218	10	−418	−233	−176	121	−42	−8
41 Revolving	16,871	20,908	935	1,782	1,148	1,858	2,899	1,762	1,924	1,854	4,303
42 Commercial banks	12,188	18,452	834	1,748	1,175	1,489	2,413	979	−6,439	573	1,236
43 Retailers	1,866	2,303	154	85	211	237	251	521	−2,515	81	232
44 Gasoline companies	331	69	−7	4	−54	−1	17	15	−32	22	6
45 Savings institutions	1,771	−216	−56	−94	−195	111	198	228	328	243	265
46 Credit unions	715	300	10	39	11	21	19	18	94	81	83
47 Mobile home	−968	−643	38	65	−93	−152	−27	−262	293	−44	−1,666
48 Commercial banks	191	−245	19	43	−21	106	−1	−250	−1	1	−85
49 Finance companies	−1,052	−576	−80	−43	−35	−140	3	−11	190	−68	−1,621
50 Savings institutions	−108	177	99	64	−36	−118	−29	−1	104	23	40
51 Other	1,108	16,324	797	1,686	1,177	1,211	1,386	2,346	15,089	1,180	1,783
52 Commercial banks	−415	3,749	72	750	482	447	230	646	5,412	229	−725
53 Finance companies	1,761	6,466	228	287	511	512	693	1,156	5,663	869	494
54 Credit unions	1,221	4,758	278	518	288	374	359	350	500	382	389
55 Retailers	−297	221	19	13	16	28	45	68	3	−14	16
56 Savings institutions	−1,162	1,131	201	117	−120	−150	59	127	215	18	61

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

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

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

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

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1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

Item	1986	1987	1988	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	11.33	10.45	10.85	n.a.	n.a.	11.22	n.a.	n.a.	11.76	n.a.
2 24-month personal	14.82	14.22	14.68	n.a.	n.a.	15.06	n.a.	n.a.	15.22	n.a.
3 120-month mobile home[3]	13.99	13.38	13.54	n.a.	n.a.	13.61	n.a.	n.a.	14.00	n.a.
4 Credit card	18.26	17.92	17.78	n.a.	n.a.	17.77	n.a.	n.a.	17.83	n.a.
Auto finance companies										
5 New car	9.44	10.73	12.60	12.93	13.10	13.20	13.25	13.27	13.07	13.07
6 Used car	15.95	14.60	15.11	15.46	15.67	15.75	15.80	15.57	15.90	16.12
OTHER TERMS[4]										
Maturity (months)										
7 New car	50.0	53.5	56.2	56.3	56.3	56.2	56.3	56.2	55.7	55.4
8 Used car	42.6	45.2	46.7	46.5	46.3	46.2	46.0	47.8	47.4	47.1
Loan-to-value ratio										
9 New car	91	93	94	94	94	94	94	94	92	92
10 Used car	97	98	98	98	99	98	98	97	98	97
Amount financed (dollars)										
11 New car	10,665	11,203	11,663	11,530	11,845	11,975	12,068	11,956	11,819	11,867
12 Used car	6,555	7,420	7,824	7,903	7,944	7,991	8,022	8,006	8,022	7,958

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

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1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1984	1985	1986	1987	1988	1987			1988			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**750.8**	**846.3**	**830.6**	**682.0**	**712.8**	**753.2**	**653.6**	**769.4**	**713.9**	**687.8**	**748.8**	**700.7**
By sector and instrument												
2 U.S. government	198.8	223.6	215.0	144.9	157.5	146.8	103.1	168.2	227.7	89.2	188.6	124.4
3 Treasury securities	199.0	223.7	214.7	143.4	140.0	148.7	104.0	163.2	228.2	81.5	167.7	82.8
4 Agency issues and mortgages	−.2	−.1	.4	1.5	17.4	−1.9	−.9	5.0	−.5	7.7	20.9	41.6
5 Private domestic nonfinancial sectors	552.0	622.7	615.6	537.1	555.3	606.4	550.5	601.2	486.3	598.6	560.2	576.3
6 Debt capital instruments	319.3	452.3	460.7	446.0	400.8	466.7	428.3	415.8	351.2	445.8	424.9	381.4
7 Tax-exempt obligations	50.4	136.4	30.8	34.5	36.3	33.1	32.7	33.5	24.8	32.6	44.4	43.5
8 Corporate bonds	46.1	73.8	121.3	99.9	97.4	88.5	100.7	81.6	101.4	118.4	90.3	79.3
9 Mortgages	222.8	242.2	308.6	311.6	267.1	345.1	294.9	300.8	225.0	294.8	290.1	258.5
10 Home mortgages	136.7	156.8	210.9	221.7	196.4	243.5	212.1	206.9	162.4	240.3	206.5	176.6
11 Multifamily residential	25.2	29.8	33.5	24.4	15.1	30.9	23.3	15.9	23.6	2.6	13.5	20.6
12 Commercial	62.2	62.2	73.6	72.0	57.9	77.2	64.2	79.9	44.9	53.5	71.8	61.5
13 Farm	−1.2	−6.6	−9.5	−6.4	−2.3	−6.6	−4.7	−1.9	−6.0	−1.7	−1.6	−.1
14 Other debt instruments	232.7	170.3	154.9	91.1	154.6	139.7	122.2	185.4	135.1	152.8	135.4	194.9
15 Consumer credit	81.6	82.5	54.4	40.7	49.3	52.4	61.4	49.4	34.8	59.5	34.9	67.9
16 Bank loans n.e.c.	67.1	38.6	69.3	8.8	42.5	36.6	21.0	85.3	36.1	76.0	9.5	48.4
17 Open market paper	21.7	14.6	−9.3	2.3	11.6	4.7	1.0	3.9	−3.8	4.0	11.1	35.1
18 Other	62.2	34.6	40.5	39.3	51.2	46.1	38.7	46.9	67.9	13.4	79.9	43.5
19 By borrowing sector	552.0	622.7	615.6	537.1	555.3	606.4	550.5	601.2	486.3	598.6	560.2	576.3
20 State and local governments	27.4	91.8	44.3	34.0	34.9	31.4	34.8	32.9	19.5	29.2	46.1	44.6
21 Households	231.5	283.6	282.2	260.3	248.9	302.7	281.1	264.9	203.0	304.6	258.3	229.9
22 Nonfinancial business	293.1	247.3	289.0	242.7	271.6	272.4	234.5	303.4	263.7	264.8	255.8	301.7
23 Farm	−.4	−14.5	−16.3	−10.6	−3.4	−12.7	−9.4	3.3	−15.6	−3.6	−1.8	7.5
24 Nonfarm noncorporate	123.2	129.3	103.2	107.9	82.1	117.7	97.4	116.3	86.4	70.9	99.7	71.6
25 Corporate	170.3	132.4	202.1	145.4	192.9	167.4	146.6	183.8	192.9	197.6	158.0	222.7
26 Foreign net borrowing in United States	8.4	1.2	9.6	4.3	9.3	−.1	12.3	13.9	−1.0	5.2	4.6	28.5
27 Bonds	3.8	3.8	3.0	6.8	9.4	−4.1	6.7	21.6	16.8	−2.7	6.5	17.2
28 Bank loans n.e.c.	−6.6	−2.8	−1.0	−3.6	−.8	−3.5	−3.7	−6.1	.7	−3.5	2.9	−3.2
29 Open market paper	6.2	6.2	11.5	2.1	9.6	−6.4	21.6	−2.5	1.5	6.4	10.7	20.0
30 U.S. government loans	5.0	−5.9	−3.9	−1.0	−9.0	13.9	−12.3	.8	−19.9	5.1	−15.6	−5.5
31 **Total domestic plus foreign**	**759.2**	**847.5**	**840.2**	**686.4**	**722.1**	**753.1**	**665.8**	**783.2**	**713.0**	**693.0**	**753.4**	**729.1**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**148.7**	**198.3**	**297.2**	**303.3**	**240.0**	**316.7**	**306.4**	**250.2**	**134.4**	**262.9**	**235.5**	**327.0**
By instrument												
33 U.S. government related	74.9	101.5	178.1	185.8	136.1	196.8	185.5	167.5	120.3	101.8	150.6	171.7
34 Sponsored credit agency securities	30.4	20.6	15.2	30.2	44.9	21.5	32.0	71.6	56.8	9.4	42.8	70.8
35 Mortgage pool securities	44.4	79.9	163.3	156.4	91.2	175.4	153.5	95.9	63.4	92.4	107.8	100.9
36 Loans from U.S. government	.....	1.1	−.4	−.8	.....	−.1	.....	.....	.....	.....	.....	.....
37 Private financial sectors	73.8	96.7	119.1	117.5	103.9	119.9	120.8	82.7	14.1	161.1	84.9	155.3
38 Corporate bonds	33.0	47.9	70.9	67.2	37.3	45.6	77.7	42.4	11.1	60.1	40.9	37.0
39 Mortgages	.4	.1	.1	.4	−.1	.1	.2	.8	−.1	*	*	−.2
40 Bank loans n.e.c.	.7	2.6	4.0	−3.3	−6.2	.6	6.3	−10.7	−26.8	8.7	−8.6	2.1
41 Open market paper	24.1	32.0	24.2	28.8	53.1	54.0	14.3	5.4	24.6	82.2	26.1	79.6
42 Loans from Federal Home Loan Banks	15.7	14.2	19.8	24.4	19.7	19.6	22.2	44.9	5.4	10.1	26.6	36.8
By sector												
43 **Total**	148.7	198.3	297.2	303.3	240.0	316.7	306.4	250.2	134.4	262.9	235.5	327.0
44 Sponsored credit agencies	30.4	21.7	14.9	29.5	44.9	21.4	32.0	71.6	56.8	9.4	42.8	70.8
45 Mortgage pools	44.4	79.9	163.3	156.4	91.2	175.4	153.5	95.9	63.4	92.4	107.8	100.9
46 Private financial sectors	73.8	96.7	119.1	117.5	103.9	119.9	120.8	82.7	14.1	161.1	84.9	155.3
47 Commercial banks	7.3	−4.9	−3.6	7.1	−4.5	20.0	−13.1	15.0	−22.4	6.2	−8.3	6.3
48 Bank affiliates	15.6	14.5	4.6	2.9	−12.8	−2.7	11.3	−22.6	−67.4	11.3	9.7	−4.5
49 Savings and loan associations	22.7	22.3	29.8	36.0	29.2	22.2	41.9	51.9	9.1	16.6	54.3	37.0
50 Finance companies	18.2	52.7	48.4	31.6	58.4	40.7	35.5	30.2	50.9	94.2	9.4	79.2
51 REITs	.8	.5	1.0	.8	1.6	−1.3	2.5	2.2	1.0	1.7	−1.4	5.2
52 CMO Issuers	9.3	11.5	39.0	39.1	31.9	41.0	42.7	6.0	43.0	31.2	21.3	32.2

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1.57—Continued

Transaction category, sector	1984	1985	1986	1987	1988	1987			1988			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
53 **Total net borrowing**	**907.9**	**1,045.7**	**1,137.4**	**989.7**	**962.1**	**1,069.8**	**972.2**	**1,033.4**	**847.4**	**955.9**	**988.9**	**1,056.1**
54 U.S. government securities	273.8	324.2	393.5	331.5	293.6	343.7	288.6	335.7	347.9	191.0	339.2	296.1
55 State and local obligations	50.4	136.4	30.8	34.5	36.3	33.1	32.7	33.5	24.8	32.6	44.4	43.5
56 Corporate and foreign bonds	83.0	125.4	195.2	174.0	144.1	130.0	185.1	145.6	129.3	175.9	137.7	133.4
57 Mortgages	223.1	242.2	308.6	312.0	267.0	345.2	295.1	301.6	224.8	294.8	290.1	258.3
58 Consumer credit	81.6	82.5	54.4	40.7	49.3	52.4	61.4	49.4	34.8	59.5	34.9	67.9
59 Bank loans n.e.c.	61.1	38.3	72.3	1.9	35.6	33.8	23.6	68.5	10.0	81.1	3.7	47.4
60 Open market paper	52.0	52.8	26.4	33.2	74.3	52.3	36.9	6.7	22.3	92.5	48.0	134.7
61 Other loans	82.9	44.0	56.1	62.0	61.9	79.4	48.7	92.5	53.5	28.6	90.9	74.8
62 MEMO: U.S. government, cash balance	6.3	14.4	*	−7.9	4.6	77.7	−19.6	−54.7	60.9	3.3	16.2	−61.9
Totals net of changes in U.S. government cash balances												
63 Net borrowing by domestic nonfinancial	744.5	831.9	830.6	689.9	708.2	675.5	673.2	824.0	653.0	684.5	732.7	762.6
64 Net borrowing by U.S. government	192.5	209.3	215.0	152.8	152.9	69.1	122.7	222.8	166.8	86.0	172.4	186.3
	External corporate equity funds raised in United States											
65 **Total net share issues**	**−36.0**	**20.1**	**93.9**	**13.5**	**−114.4**	**13.9**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−76.2**	**−174.5**
66 Mutual funds	29.3	84.4	161.8	72.3	−2.0	79.1	13.8	−9.1	5.0	−8.0	0.3	−5.2
67 All other	−65.3	−64.3	−68.0	−58.8	−112.4	−65.2	−60.9	−73.6	−80.5	−123.1	−76.5	−169.3
68 Nonfinancial corporations	−74.5	−81.5	−80.8	−76.5	−130.5	−83.0	−78.0	−88.0	−95.0	−140.0	−92.0	−195.0
69 Financial corporations	8.2	13.5	11.5	20.1	17.2	16.5	18.4	26.4	15.2	23.4	14.4	16.0
70 Foreign shares purchased in United States	.9	3.7	1.3	−2.4	0.9	1.2	−1.3	−12.0	−.7	−6.5	1.1	9.7

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1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1985	1986	1987	1988	1987				1988			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Total funds advanced in credit markets to domestic nonfinancial sectors	**846.3**	**830.6**	**682.0**	**712.8**	**552.0**	**753.2**	**653.6**	**769.4**	**713.9**	**687.8**	**748.8**	**700.7**
By public agencies and foreign												
2 Total net advances	193.1	304.2	256.7	233.1	270.9	279.3	211.1	265.4	261.7	168.0	229.1	273.7
3 U.S. government securities	37.9	69.4	68.2	77.6	59.0	55.3	35.1	123.3	148.6	42.4	21.1	98.4
4 Residential mortgages	94.6	160.3	153.2	100.6	194.8	169.4	146.0	102.7	83.6	106.7	108.3	103.7
5 FHLB advances to savings and loans	14.2	19.8	24.4	19.7	11.0	19.6	22.2	44.9	5.4	10.1	26.6	36.8
6 Other loans and securities	46.3	54.6	10.9	35.2	6.1	35.1	7.8	−5.5	24.1	8.7	73.2	34.8
Total advanced, by sector												
7 U.S. government	16.8	9.7	−11.9	−4.1	−8.5	−12.3	−24.1	−2.6	−8.8	−21.8	8.4	5.8
8 Sponsored credit agencies	95.5	177.3	181.4	120.8	204.9	177.0	187.0	156.6	103.1	103.4	129.9	146.9
9 Monetary authorities	18.4	19.4	24.7	10.5	9.4	29.8	29.0	30.4	−5.5	4.1	17.1	26.5
10 Foreign	62.3	97.8	62.5	105.9	65.1	84.8	19.1	81.0	172.9	82.4	73.8	94.6
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	101.5	178.1	185.8	136.1	193.5	196.8	185.5	167.5	120.3	101.8	150.6	171.7
12 Foreign	1.2	9.6	4.3	9.3	−8.7	−.1	12.3	13.9	−1.0	5.2	4.6	28.5
Private domestic funds advanced												
13 Total net advances	756.0	714.1	615.5	625.1	465.9	670.6	640.3	685.3	571.5	626.8	674.9	627.2
14 U.S. government securities	286.2	324.1	263.3	215.9	299.0	288.5	253.5	212.4	199.3	148.6	318.1	197.7
15 State and local obligations	136.4	30.8	34.5	36.3	38.7	33.1	32.7	33.5	24.8	32.6	44.4	43.5
16 Corporate and foreign bonds	40.8	84.1	86.5	87.1	100.4	58.8	83.7	102.9	115.7	90.7	63.4	78.5
17 Residential mortgages	91.8	84.1	92.8	110.9	56.7	105.0	89.4	120.1	102.4	136.2	111.7	93.5
18 Other mortgages and loans	214.9	210.8	162.8	194.5	−18.0	204.8	203.2	261.4	134.7	228.9	163.9	250.7
19 LESS: Federal Home Loan Bank advances	14.2	19.8	24.4	19.7	11.0	19.6	22.2	44.9	5.4	10.1	26.6	36.8
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	569.8	746.5	566.0	577.7	521.5	551.2	641.3	550.1	652.3	567.8	489.2	601.7
21 Commercial banking	186.3	194.8	136.3	149.1	−56.2	198.0	150.9	252.6	56.2	213.1	140.6	186.4
22 Savings institutions	83.0	105.5	140.4	101.7	89.9	132.0	188.7	151.0	82.4	66.0	159.7	98.7
23 Insurance and pension funds	148.9	181.9	211.9	231.5	266.3	179.5	247.5	154.3	279.3	230.5	175.3	240.8
24 Other finance	151.6	264.3	77.4	95.5	221.6	41.7	54.1	−7.8	234.4	58.2	13.6	75.7
25 Sources of funds	569.8	746.5	566.0	577.7	521.5	551.2	641.3	550.1	652.3	567.8	489.2	601.7
26 Private domestic deposits and RPs	210.6	264.7	146.2	187.7	−17.1	141.1	193.9	267.0	292.4	53.1	209.7	195.6
27 Credit market borrowing	96.7	119.1	117.5	103.9	146.5	119.9	120.8	82.7	14.1	161.1	84.9	155.3
28 Other sources	262.5	362.7	302.3	286.2	392.1	290.2	326.6	200.4	345.7	353.5	194.6	250.8
29 Foreign funds	19.7	12.9	43.7	5.9	14.9	35.1	99.5	25.2	−80.1	106.6	−50.4	47.5
30 Treasury balances	10.3	1.7	−5.8	1.3	−36.9	43.6	6.1	−36.1	53.3	−17.5	8.7	−39.1
31 Insurance and pension reserves	131.9	144.3	176.1	215.5	195.1	192.6	196.1	120.3	244.5	223.5	137.4	256.8
32 Other, net	100.7	203.8	88.4	63.4	219.0	18.9	24.8	90.9	128.1	40.9	98.9	−14.3
Private domestic nonfinancial investors												
33 Direct lending in credit markets	282.9	86.7	167.0	151.2	90.9	239.3	119.8	217.9	−66.6	220.2	270.6	180.7
34 U.S. government securities	175.7	50.1	103.2	137.7	52.1	170.1	70.9	119.6	115.2	93.9	230.0	111.7
35 State and local obligations	39.6	−13.6	46.1	21.1	27.8	58.1	42.4	56.0	1.5	20.3	28.8	33.7
36 Corporate and foreign bonds	2.4	32.6	5.3	−18.7	9.3	−58.6	28.3	42.1	−97.9	36.0	−18.7	6.0
37 Open market paper	45.6	−3.0	7.9	13.1	−1.9	64.2	−23.3	−7.5	−68.7	77.4	35.3	8.3
38 Other	19.6	20.7	4.6	−2.0	3.6	5.6	1.6	7.7	−16.7	−7.4	−4.8	21.1
39 Deposits and currency	220.9	285.0	162.4	199.3	−46.6	149.2	229.3	317.8	287.4	83.8	232.7	193.2
40 Currency	12.4	14.4	19.0	15.9	9.4	12.5	17.3	36.8	8.2	11.9	28.6	14.7
41 Checkable deposits	40.9	93.2	−2.2	13.5	−98.4	40.0	35.3	14.2	4.4	18.3	−23.9	55.1
42 Small time and savings accounts	138.5	120.6	76.7	104.2	30.8	70.0	80.2	125.7	190.0	63.1	98.3	65.4
43 Money market fund shares	8.9	41.5	28.2	25.1	14.4	2.4	32.7	63.3	59.1	−34.8	13.0	63.0
44 Large time deposits	7.7	−11.4	26.7	26.9	14.0	4.4	−1.0	89.4	11.7	−16.2	122.7	−10.5
45 Security RPs	14.6	20.8	16.9	18.1	22.1	24.3	46.6	−25.6	27.3	22.7	−.4	22.6
46 Deposits in foreign countries	−2.1	5.9	−2.8	−4.3	−38.9	−4.4	18.1	13.9	−13.2	18.8	−5.6	−17.1
47 Total of credit market instruments, deposits, and currency	**503.7**	**371.8**	**329.4**	**350.5**	**44.3**	**388.5**	**349.1**	**535.7**	**220.9**	**304.0**	**503.3**	**374.0**
48 Public holdings as percent of total	22.7	36.2	37.3	32.2	49.8	37.0	31.7	33.8	36.7	24.2	30.4	37.5
49 Private financial intermediation (in percent)	75.3	104.5	91.9	92.4	111.9	82.1	100.1	80.2	114.1	90.5	72.4	95.9
50 Total foreign funds	82.0	110.7	106.2	111.8	80.0	119.9	118.7	106.2	92.8	189.0	23.4	142.1
MEMO: Corporate equities not included above												
51 Total net issues	**20.1**	**93.9**	**13.5**	**−114.4**	**170.1**	**13.9**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−76.2**	**−174.5**
52 Mutual fund shares	84.4	161.8	72.3	−2.0	205.4	79.1	13.8	−9.1	5.0	−8.0	0.3	−5.2
53 Other equities	−64.3	−68.0	−58.8	−112.4	−35.3	−65.2	−60.9	−73.6	−80.5	−123.1	−76.5	−169.3
54 Acquisitions by financial institutions	45.6	48.5	22.6	−3.3	29.2	72.6	5.2	−16.5	−35.4	−5.4	16.1	11.3
55 Other net purchases	−25.5	45.4	−9.1	−111.0	140.9	−58.7	−52.4	−66.2	−40.2	−125.8	−92.3	−185.8

NOTES BY LINE NUMBER.

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

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

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1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

	Transaction category, sector	1983	1984	1985	1986	1987			1988			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Nonfinancial sectors										
1	**Total credit market debt owed by domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,618.1**	**7,917.8**	**8,074.9**	**8,302.7**	**8,441.2**	**8,618.5**	**8,797.7**	**9,002.8**
	By sector and instrument											
2	U.S. government	1,177.9	1,376.8	1,600.4	1,815.4	1,875.7	1,897.8	1,960.3	2,003.2	2,022.3	2,063.9	2,117.8
3	Treasury securities	1,174.4	1,373.4	1,597.1	1,811.7	1,871.5	1,893.8	1,955.2	1,998.1	2,015.3	2,051.7	2,095.2
4	Agency issues and mortgages	3.6	3.4	3.3	3.6	4.2	3.9	5.2	5.0	7.0	12.2	22.6
5	Private domestic nonfinancial sectors	4,026.4	4,577.0	5,196.6	5,802.7	6,042.1	6,177.2	6,342.4	6,438.0	6,596.2	6,733.7	6,885.1
6	Debt capital instruments	2,717.8	3,040.0	3,488.4	3,946.4	4,189.4	4,297.0	4,404.5	4,476.2	4,587.9	4,698.1	4,798.0
7	Tax-exempt obligations	471.7	522.1	658.4	689.2	705.2	715.5	723.7	728.0	735.8	749.4	760.1
8	Corporate bonds	423.0	469.2	542.9	664.2	718.5	743.7	764.1	789.5	819.1	841.7	861.5
9	Mortgages	1,823.1	2,048.8	2,287.1	2,593.0	2,765.7	2,837.7	2,916.6	2,958.8	3,033.0	3,107.1	3,176.4
10	Home mortgages	1,200.2	1,336.2	1,490.2	1,699.6	1,800.7	1,853.8	1,908.7	1,935.8	1,996.7	2,052.0	2,100.1
11	Multifamily residential	158.8	183.6	213.0	246.3	259.9	265.0	270.0	274.4	275.2	277.8	284.1
12	Commercial	350.4	416.5	478.1	551.4	613.8	629.0	649.1	660.6	673.3	690.1	705.7
13	Farm	113.7	112.4	105.9	95.8	91.3	90.0	88.9	88.0	87.8	87.2	86.5
14	Other debt instruments	1,308.6	1,536.9	1,708.2	1,856.3	1,852.7	1,880.2	1,937.9	1,961.8	2,008.3	2,035.6	2,087.1
15	Consumer credit	437.7	519.3	601.8	656.2	658.7	680.9	696.9	692.2	709.6	725.7	746.2
16	Bank loans n.e.c.	490.2	552.9	592.6	658.6	636.3	637.5	656.7	668.4	689.3	689.8	699.2
17	Open market paper	36.8	58.5	72.2	62.9	67.9	68.1	73.8	73.5	77.8	80.3	85.4
18	Other	344.0	406.2	441.6	478.6	489.9	493.7	510.5	527.7	531.6	539.8	556.3
19	By borrowing sector	4,026.4	4,577.0	5,196.6	5,802.7	6,042.1	6,177.2	6,342.4	6,438.0	6,596.2	6,733.7	6,885.1
20	State and local governments	357.7	385.1	476.9	520.2	535.3	546.2	554.2	557.2	564.1	577.5	588.5
21	Households	1,811.6	2,038.2	2,314.5	2,594.2	2,691.2	2,762.8	2,836.5	2,862.0	2,942.8	3,012.6	3,079.4
22	Nonfinancial business	1,857.1	2,153.7	2,405.2	2,688.3	2,815.7	2,868.2	2,951.6	3,018.9	3,089.3	3,143.6	3,217.2
23	Farm	188.4	187.9	173.4	156.6	150.2	148.5	145.5	141.3	143.9	143.7	141.7
24	Nonfarm noncorporate	645.8	769.0	898.3	1,001.6	1,055.9	1,076.4	1,109.5	1,131.8	1,148.6	1,167.9	1,190.2
25	Corporate	1,022.9	1,196.8	1,333.5	1,530.1	1,609.6	1,643.3	1,696.6	1,745.8	1,796.8	1,832.0	1,885.3
26	Foreign credit market debt held in United States	227.3	235.1	236.7	238.2	236.8	238.9	244.3	245.1	246.4	246.6	253.6
27	Bonds	64.2	68.0	71.8	74.8	74.6	75.9	81.6	85.4	85.2	86.5	91.1
28	Bank loans n.e.c.	37.4	30.8	27.9	26.9	25.4	24.2	23.3	22.8	22.4	22.7	22.5
29	Open market paper	21.5	27.7	33.9	37.4	35.6	40.6	41.2	42.5	44.0	46.3	50.9
30	U.S. government loans	104.1	108.6	103.0	99.1	101.2	98.2	98.1	94.4	94.7	91.1	89.1
31	**Total domestic plus foreign**	**5,431.6**	**6,188.8**	**7,033.7**	**7,856.3**	**8,154.6**	**8,313.9**	**8,547.0**	**8,686.4**	**8,864.8**	**9,044.3**	**9,256.4**
		Financial sectors										
32	**Total credit market debt owed by financial sectors**	**857.9**	**1,006.2**	**1,206.2**	**1,510.8**	**1,710.0**	**1,783.8**	**1,862.8**	**1,882.9**	**1,954.9**	**2,014.6**	**2,102.8**
	By instrument											
33	U.S. government related	456.7	531.2	632.7	810.3	937.1	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,162.6
34	Sponsored credit agency securities	206.8	237.2	257.8	273.0	275.8	283.7	303.2	313.5	317.9	328.5	348.2
35	Mortgage pool securities	244.9	289.0	368.9	531.6	656.4	692.9	718.3	732.1	754.0	782.8	809.4
36	Loans from U.S. government	5.0	5.0	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37	Private financial sectors	401.2	475.0	573.4	700.5	772.9	802.1	836.3	832.4	878.0	898.3	940.2
38	Corporate bonds	115.8	148.9	197.5	268.4	304.6	324.2	335.6	337.5	352.3	362.8	372.9
39	Mortgages	2.1	2.5	2.7	2.7	2.9	2.9	3.1	3.1	3.1	3.1	3.0
40	Bank loans n.e.c.	28.9	29.5	32.1	36.1	40.1	42.2	40.8	31.7	34.3	32.9	34.6
41	Open market paper	195.5	219.5	252.4	284.6	311.1	312.7	323.8	330.6	353.4	358.0	376.9
42	Loans from Federal Home Loan Banks	59.0	74.6	88.8	108.6	114.3	120.1	133.1	129.5	134.8	141.6	152.8
43	**Total, by sector**	**857.9**	**1,006.2**	**1,206.2**	**1,510.8**	**1,710.0**	**1,783.8**	**1,862.8**	**1,882.9**	**1,954.9**	**2,014.6**	**2,102.8**
44	Sponsored credit agencies	211.8	242.2	263.9	278.7	280.7	288.7	308.2	318.5	322.9	333.5	353.1
45	Mortgage pools	244.9	289.0	368.9	531.6	656.4	692.9	718.3	732.1	754.0	782.8	809.4
46	Private financial sectors	401.2	475.0	573.4	700.5	772.9	802.1	836.3	832.4	878.0	898.3	940.2
47	Commercial banks	76.8	84.1	79.2	75.6	80.7	78.6	82.7	76.4	77.2	76.6	78.1
48	Bank affiliates	71.0	86.6	101.2	101.3	108.7	109.5	104.2	88.8	91.8	92.2	91.4
49	Savings and loan associations	73.9	93.2	115.5	145.1	157.0	165.4	181.1	177.4	186.9	197.9	210.3
50	Finance companies	171.7	193.2	246.9	308.1	329.5	340.4	358.0	368.4	392.4	397.1	416.4
51	REITs	3.5	4.3	5.6	6.5	6.1	6.8	7.3	7.6	8.0	7.6	8.9
52	CMO issuers	4.2	13.5	25.0	64.0	90.9	101.6	103.1	113.9	121.7	127.0	135.1
		All sectors										
53	**Total credit market debt**	**6,289.5**	**7,195.0**	**8,239.8**	**9,367.2**	**9864.6**	**10,097.6**	**10,409.8**	**10,569.3**	**10,819.7**	**11,058.9**	**11,359.2**
54	U.S. government securities	1,629.4	1,902.8	2,227.0	2,620.0	2,807.8	2,874.4	2,981.8	3,048.8	3,094.2	3,175.2	3,275.4
55	State and local obligations	471.7	522.1	658.4	689.2	705.2	715.5	723.7	728.0	735.8	749.4	760.1
56	Corporate and foreign bonds	603.0	686.0	812.1	1,007.4	1,097.7	1,143.9	1,181.4	1,212.3	1,256.6	1,291.0	1,325.4
57	Mortgages	1,825.4	2,051.4	2,289.8	2,595.8	2,768.6	2,840.7	2,919.8	2,961.9	3,036.1	3,110.2	3,179.5
58	Consumer credit	437.7	519.3	601.8	656.2	658.7	680.9	696.6	692.2	709.6	725.7	746.2
59	Bank loans n.e.c.	556.5	613.2	652.6	721.6	701.7	703.8	720.8	722.9	746.0	745.4	756.4
60	Open market paper	253.8	305.7	358.5	384.9	414.6	421.4	438.8	446.7	475.3	484.6	513.1
61	Other loans	512.1	594.4	639.5	692.0	710.4	717.0	746.6	756.6	766.1	777.4	803.1

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1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

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

	Transaction category, or sector	1983	1984	1985	1986	1987			1988			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	**Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,618.1**	**7,917.8**	**8,074.9**	**8,302.7**	**8,441.2**	**8,618.5**	**8,797.7**	**9,002.8**
	By public agencies and foreign											
2	Total held	1,101.7	1,259.2	1,459.4	1,759.3	1,918.0	1,967.0	2,038.2	2,093.9	2,141.1	2,192.2	2,265.9
3	U.S. government securities	339.0	377.9	421.8	491.2	519.5	525.6	559.4	592.7	607.1	609.1	637.0
4	Residential mortgages	367.0	423.5	518.2	678.5	800.0	834.6	862.0	880.6	906.1	934.9	962.6
5	FHLB advances to savings and loans	59.0	74.6	88.8	108.6	114.3	120.1	133.1	129.5	134.8	141.6	152.8
6	Other loans and securities	336.8	383.1	430.6	481.0	484.3	486.8	483.7	491.1	493.0	506.6	513.5
7	Total held, by type of lender	1,101.7	1,259.2	1,459.4	1,759.3	1,918.0	1,967.0	2,038.2	2,093.9	2,141.1	2,192.2	2,265.9
8	U.S. government	212.8	229.7	247.6	254.3	242.9	237.1	235.0	233.3	228.6	225.6	225.4
9	Sponsored credit agencies and mortgage pools	482.0	556.3	657.8	833.9	957.9	1,003.7	1,044.9	1,064.0	1,091.6	1,126.7	1,165.7
10	Monetary authority	159.2	167.6	186.0	205.5	214.9	219.6	230.1	224.9	229.7	230.8	240.6
11	Foreign	247.7	305.6	367.9	465.7	502.3	506.7	528.2	571.8	591.1	609.2	634.1
	Agency and foreign debt not in line 1											
12	Sponsored credit agencies and mortgage pools	456.7	531.2	632.7	810.3	937.1	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,162.6
13	Foreign	227.3	235.1	236.7	238.2	236.8	238.9	244.3	245.1	246.4	246.6	253.6
	Private domestic holdings											
14	Total private holdings	4,786.6	5,460.8	6,207.0	6,907.3	7,173.6	7,328.5	7,535.3	7,643.0	7,800.7	7,968.3	8,153.1
15	U.S. government securities	1,290.4	1,524.9	1,805.2	2,128.7	2,288.3	2,348.8	2,422.4	2,456.0	2,487.0	2,566.1	2,638.3
16	State and local obligations	471.7	522.1	658.4	689.2	705.2	715.5	723.7	728.0	735.8	749.4	760.1
17	Corporate and foreign bonds	441.7	476.8	517.6	601.7	642.4	663.4	688.1	716.3	740.7	756.6	775.2
18	Residential mortgages	992.2	1,096.5	1,185.1	1,267.4	1,260.6	1,284.2	1,316.7	1,329.6	1,365.9	1,394.9	1,421.7
19	Other mortgages and loans	1,649.6	1,915.2	2,129.5	2,328.9	2,391.5	2,436.6	2,517.4	2,542.5	2,606.0	2,642.9	2,710.6
20	LESS: Federal Home Loan Bank advances	59.0	74.6	88.8	108.6	114.3	120.1	133.1	129.5	134.8	141.6	152.8
	Private financial intermediation											
21	Credit market claims held by private financial institutions	4,111.2	4,691.0	5,264.4	6,009.5	6,277.9	6,434.3	6,593.7	6,725.8	6,879.2	7,000.0	7,164.1
22	Commercial banking	1,622.1	1,791.1	1,978.5	2,173.2	2,207.9	2,248.7	2,309.6	2,322.2	2,377.5	2,416.4	2,458.6
23	Savings institutions	944.0	1,092.8	1,178.4	1,283.0	1,355.4	1,396.5	1,434.2	1,438.9	1,467.6	1,502.5	1,528.6
24	Insurance and pension funds	1,093.5	1,215.3	1,364.2	1,546.0	1,653.0	1,716.0	1,758.0	1,823.3	1,880.0	1,925.8	1,989.4
25	Other finance	451.6	591.7	743.4	1,007.3	1,061.5	1,073.1	1,091.9	1,141.4	1,154.2	1,155.3	1,187.4
26	Sources of funds	4,111.2	4,691.0	5,264.4	6,009.5	6,277.9	6,434.3	6,593.7	6,725.8	6,879.2	7,000.0	7,164.1
27	Private domestic deposits and RPs	2,389.8	2,711.5	2,922.1	3,182.6	3,198.6	3,234.4	3,328.4	3,386.5	3,399.3	3,438.3	3,516.1
28	Credit market debt	401.2	475.0	573.4	700.5	772.9	802.1	836.3	832.4	878.0	898.3	940.2
29	Other sources	1,320.2	1,504.5	1,768.9	2,126.4	2,306.3	2,397.7	2,428.9	2,506.9	2,601.9	2,663.4	2,707.8
30	Foreign funds	−23.0	−14.1	5.6	18.6	26.1	52.7	62.2	45.9	62.3	51.9	68.1
31	Treasury balances	11.5	15.5	25.8	27.5	30.9	33.0	21.6	23.5	32.6	34.2	23.0
32	Insurance and pension reserves	1,036.1	1,160.8	1,289.5	1,427.9	1,507.9	1,553.5	1,593.3	1,653.0	1,704.9	1,741.2	1,795.5
33	Other, net	295.6	342.2	448.0	652.5	741.4	758.6	751.7	784.6	802.1	836.0	821.2
	Private domestic nonfinancial investors											
34	Credit market claims	1,076.6	1,244.8	1,516.0	1,598.3	1,668.7	1,696.3	1,777.9	1,749.6	1,799.4	1,866.7	1,929.1
35	U.S. government securities	548.6	663.6	830.7	881.2	950.4	969.4	1,011.1	1,021.4	1,040.3	1,102.2	1,148.8
36	Tax-exempt obligations	170.0	196.3	235.9	222.3	243.1	255.9	268.3	265.6	272.9	282.4	289.4
37	Corporate and foreign bonds	45.4	44.5	47.6	80.1	71.4	80.6	84.8	67.9	74.0	71.3	66.1
38	Open market paper	68.4	72.4	118.0	115.0	132.6	118.7	140.5	124.0	144.6	144.5	153.6
39	Other	244.3	268.0	283.8	299.7	271.2	271.9	273.2	270.6	267.6	266.3	271.2
40	Deposits and currency	2,566.4	2,891.7	3,112.5	3,393.4	3,405.6	3,444.5	3,555.4	3,608.3	3,634.5	3,672.8	3,754.7
41	Currency	150.9	159.6	171.9	186.3	191.3	192.4	205.4	204.0	209.9	213.4	221.2
42	Checkable deposits	350.9	378.8	419.7	512.9	488.0	487.4	510.3	490.9	505.8	490.5	523.8
43	Small time and savings accounts	1,542.9	1,693.4	1,831.9	1,948.3	1,977.8	1,990.9	2,025.0	2,078.8	2,091.7	2,109.7	2,129.2
44	Money market fund shares	169.5	218.5	227.3	268.9	279.5	286.4	297.1	322.1	310.4	311.1	322.1
45	Large time deposits	247.7	332.1	339.8	328.4	322.4	326.0	355.1	350.0	343.0	377.0	382.0
46	Security RPs	78.8	88.7	103.3	124.1	130.9	143.6	141.0	144.6	148.4	149.9	159.1
47	Deposits in foreign countries	25.7	20.6	18.5	24.5	15.7	17.8	21.6	17.8	25.2	21.2	17.4
48	**Total of credit market instruments, deposits, and currency**	**3,643.0**	**4,136.5**	**4,628.5**	**4,991.7**	**5,074.2**	**5,140.8**	**5,333.3**	**5,357.9**	**5,433.9**	**5,539.5**	**5,683.9**
49	Public holdings as percent of total	20.2	20.3	20.7	22.4	23.5	23.6	23.8	24.1	24.1	24.2	24.4
50	Private financial intermediation (in percent)	85.8	85.9	84.8	87.0	87.5	87.7	87.5	87.9	88.1	87.8	87.8
51	Total foreign funds	224.7	291.5	373.5	484.2	528.4	559.4	590.5	617.6	653.5	661.1	702.2
	MEMO: Corporate equities not included above											
52	**Total market value**	**2,134.0**	**2,158.2**	**2,824.5**	**3,362.0**	**4,110.0**	**4,300.8**	**3,313.4**	**3,494.7**	**3,614.1**	**3,568.8**	**3,594.3**
53	Mutual fund shares	112.1	136.7	240.2	413.5	520.7	525.1	460.1	479.2	486.8	478.1	475.2
54	Other equities	2,021.9	2,021.5	2,584.3	2,948.5	3,589.3	3,775.7	2,853.2	3,015.6	3,127.3	3,090.8	3,119.1
55	Holdings by financial institutions	612.0	615.6	800.0	972.2	1,238.9	1,312.5	1,021.7	1,090.7	1,142.0	1,135.4	1,153.2
56	Other holdings	1,522.0	1,542.6	2,024.5	2,389.8	2,871.1	2,988.4	2,291.7	2,404.0	2,472.1	2,433.4	2,441.1

NOTES BY LINE NUMBER.

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

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

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2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1986	1987	1988	1988					1989			
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.r	Apr.
1 **Industrial production**	**125.1**	**129.8**	**137.2**	**138.5**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8r**	**140.4r**	**140.5**	**141.1**
Market groupings												
2 Products, total	133.3	81.1	145.9	147.3	147.4	148.1	148.4	149.4	150.1r	150.0r	150.0	150.6
3 Final, total	132.5	136.8	144.3	145.8	145.8	146.4	146.8	147.7	148.2r	148.5r	148.2	149.1
4 Consumer goods	124.0	127.7	133.9	135.0	134.8	136.4	136.8	138.2	138.5r	138.6r	137.8	138.6
5 Equipment	143.6	148.8	158.2	160.1	160.4	154.0	159.9	160.4	161.1r	161.5r	162.1	162.9
6 Intermediate	136.2	143.5	151.5	152.3	152.9	154.0	154.2	155.0	156.6r	155.2r	156.3	155.8
7 Materials	113.8	118.2	125.3	126.5	126.5	127.5	128.3	128.3	128.1r	127.4r	127.4	128.2
Industry groupings												
8 Manufacturing	129.1	134.6	142.8	144.0	144.4	145.3	145.8	146.3	147.2r	146.7r	146.7	147.3
Capacity utilization (percent)[2]												
9 Manufacturing	79.7	81.1	83.5	84.0	84.0	84.3	84.4	84.4	84.7r	84.2r	83.9	84.0
10 Industrial materials industries	78.6	80.5	83.7	84.3	84.1	84.7	85.1	84.9	84.6r	84.0r	83.8	84.2
11 Construction contracts (1982 = 100)[3]	158.0	164.0	161.0	162.0	157.0	164.0	158.0	163.0	155.0	148.0	150.0	163.0
12 Nonagricultural employment, total[4]	120.7	124.1	128.6	129.1	129.4	129.7	130.3	130.5	131.0	131.4	131.6	131.7
13 Goods-producing, total	100.9	101.8	105.0	105.3	105.4	105.8	106.2	106.4	107.0	106.9	106.7	106.8
14 Manufacturing, total	96.3	96.8	99.2	99.4	99.3	99.8	100.1	100.3	100.5	100.5	100.5	100.5
15 Manufacturing, production-worker	91.1	91.9	94.3	94.4	94.3	94.9	95.2	95.3	95.6	95.6	95.6	95.5
16 Service-producing	129.0	133.4	138.5	139.0	139.5	139.8	140.3	140.6	141.1	141.6	142.0	142.2
17 Personal income, total	219.7	235.1	252.8	254.5	256.0	259.8	259.1	261.3	265.7	268.5	270.7	271.8
18 Wages and salary disbursements	210.7	226.2	245.2	247.4	249.0	252.2	253.0	254.5	257.5	260.8	260.8	262.4
19 Manufacturing	177.4	183.8	195.9	196.8	198.1	202.2	201.1	200.8	202.7	203.6	206.9	204.8
20 Disposable personal income[5]	218.9	232.7	251.7	254.2	255.6	259.6	258.7	261.0	265.3	268.3	270.3	270.3
21 Retail sales[6]	199.3	210.8	225.2	226.6	226.1	229.6	232.4	231.8	233.2	232.2r	232.1	233.0
Prices[7]												
22 Consumer (1982–84 = 100)	109.6	113.6	118.3	119.0	119.8	120.2	120.3	120.5	121.1	121.6	122.3	123.1
23 Producer finished goods (1982 = 100)	103.2	105.4	108.0	108.7	108.6	109.4	109.8	110.0	111.0	111.7	112.2	113.0

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

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

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

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

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

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

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

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

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

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2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1986	1987	1988	1988				1989			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**182,822**	**185,010**	**186,837**	**187,178**	**187,333**	**187,471**	**187,618**	**187,859**	**187,979**	**188,102**	**188,228**
2 Labor force (including Armed Forces)[1]	120,078	122,122	123,893	124,200	124,310	124,737	124,779	125,643	125,383	125,469	125,863
3 Civilian labor force	117,834	119,865	121,669	121,984	122,091	122,510	122,563	123,428	123,181	123,264	123,659
Employment											
4 Nonagricultural industries[2]	106,434	109,232	111,800	112,194	112,335	112,709	112,816	113,411	113,630	113,930	114,009
5 Agriculture	3,163	3,208	3,169	3,176	3,238	3,238	3,193	3,300	3,223	3,206	3,104
Unemployment											
6 Number	8,237	7,425	6,701	6,614	6,518	6,563	6,554	6,716	6,328	6,128	6,546
7 Rate (percent of civilian labor force)	7.0	6.2	5.5	5.4	5.3	5.4	5.3	5.4	5.1	5.0	5.3
8 Not in labor force	62,744	62,888	62,944	62,978	63,023	62,734	62,839	62,216	62,596	62,633	62,365
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**99,525**	**102,310**	**106,039**	**106,737**	**106,973**	**107,419**	**107,641**	**108,065**	**108,341**	**108,512**	**108,629**
10 Manufacturing	18,965	19,065	19,536	19,549	19,648	19,714	19,740	19,793	19,781	19,787	19,778
11 Mining	777	721	733	734	729	722	719	718	716	720	728
12 Contract construction	4,816	4,998	5,294	5,365	5,366	5,413	5,430	5,537	5,514	5,479	5,485
13 Transportation and public utilities	5,255	5,385	5,584	5,618	5,631	5,658	5,670	5,692	5,705	5,701	5,718
14 Trade	23,683	24,381	25,362	25,510	25,573	25,676	25,730	25,888	25,980	26,077	26,093
15 Finance	6,283	6,549	6,679	6,692	6,708	6,725	6,741	6,733	6,757	6,761	6,755
16 Service	23,053	24,196	25,464	25,737	25,826	25,947	26,070	26,145	26,272	26,373	26,472
17 Government	16,693	17,015	17,387	17,532	17,492	17,564	17,541	17,559	17,616	17,614	17,600

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

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

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

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2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1[r]
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**136.0**	**138.4**	**139.9**	**141.0**	**164.2**	**165.2**	**166.3**	**167.5**	**82.8**	**83.8**	**84.1**	**83.9**
2 Mining	103.4	103.9	104.2	102.3	127.0	126.3	125.7	125.1	81.5	82.3	82.9	81.5
3 Utilities	111.9	115.1	114.3	115.0	140.1	140.4	140.7	141.0	79.9	81.9	81.3	81.9
4 **Manufacturing**	**141.5**	**144.0**	**145.8**	**147.5**	**170.2**	**171.5**	**172.8**	**174.3**	**83.2**	**84.0**	**84.4**	**84.3**
5 Primary processing	123.9	125.9	127.7	128.8	142.7	143.9	145.2	146.5	86.8	87.5	87.9	87.4
6 Advanced processing	152.3	154.9	156.7	158.6	186.7	188.1	189.5	191.0	81.5	82.4	82.7	82.9
7 **Materials**	**124.0**	**126.5**	**128.0**	**128.1**	**149.3**	**150.1**	**150.8**	**151.7**	**83.0**	**84.3**	**84.9**	**84.2**
8 Durable goods	134.1	137.1	139.2	139.2	166.8	167.9	169.0	170.1	80.4	81.6	82.4	81.5
9 Metal materials	88.1	92.7	94.8	94.1	109.1	109.5	109.8	110.2	80.8	84.8	86.3[r]	84.2
10 Nondurable goods	130.4	132.8	135.4	137.4	148.3	149.8	151.2	152.7	87.9	88.6[r]	89.5	89.5
11 Textile, paper, and chemical	132.4	135.3	138.1	140.3	148.5	150.2	151.8	153.5	89.2	90.0	91.0	90.9
12 Paper	145.9	148.9	148.6	148.1	149.2	150.7	152.3	154.0	97.8	98.8	97.6	96.2
13 Chemical	135.7	139.4	144.1	145.8	155.4	157.4	159.3	161.4	87.3	88.6	90.5	90.3
14 Energy materials	100.6	102.5	102.0	100.5	119.4	119.0	118.7	118.4	84.2	86.0	86.0	85.0

Series	Previous cycle[2] High	Previous cycle[2] Low	Latest cycle[3] High	Latest cycle[3] Low	1988 Apr.	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.[r]	1989 Feb.[r]	1989 Mar.[r]	1989 Apr.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**82.7**	**83.8**	**83.7**	**84.0**	**84.1**	**84.3**	**84.3**	**83.9**	**83.7**	**83.9**
16 Mining	92.8	87.8	95.2	76.9	82.3	82.2	82.3	81.9	83.3	83.6	82.2	80.7	81.6	82.7
17 Utilities	95.6	82.9	88.5	78.0	79.3	83.9	80.4	81.0	80.8	82.0	80.9	82.6	82.1	82.1
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**82.9**	**84.0**	**84.0**	**84.3**	**84.4**	**84.4**	**84.7**	**84.2**	**83.9**	**84.0**
19 Primary processing	91.9	68.3	89.1	65.0	86.9	87.4	87.2	87.9	88.1	87.9	88.4	87.1	86.7	86.8
20 Advanced processing	86.0	71.1	85.1	69.5	81.2	82.4	82.4	82.6	82.6	82.8	83.1	82.9	82.6	82.8
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**82.9**	**84.3**	**84.1**	**84.7**	**85.1**	**84.9**	**84.6**	**84.0**	**83.8**	**84.2**
22 Durable goods	91.8	64.4	89.8	60.9	79.7	81.4	81.9	82.4	82.7	82.1	82.1	81.4	80.9	81.0
23 Metal materials	99.2	67.1	93.6	45.7	79.3	83.4	86.0	87.3	86.9	84.6	86.1	83.9	82.6	82.1
24 Nondurable goods	91.1	66.7	88.1	70.7	88.7	88.8	88.2	89.3	89.4	89.8	90.1	89.0	89.2	89.4
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	90.1	90.3	89.4	90.9	90.9	91.8	91.5	90.4	90.8	91.2
26 Paper	98.4	70.6	97.3	79.9	98.1	98.4	97.9	97.8	96.7	98.4	98.1	95.9	94.7	.....
27 Chemical	92.5	64.4	87.9	63.5	88.0	89.0	88.0	90.2	90.5	90.7	90.7	89.8	90.5	.....
28 Energy materials	94.6	86.9	94.0	82.3	84.5	86.6	85.3	85.3	86.2	86.5	84.9	85.0	85.2	86.4

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

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

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Groups	1977 proportion	1988 avg.	1988 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1989 Jan.[r]	Feb.	Mar.[p]	Apr.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**137.2**	**135.4**	**136.1**	**136.5**	**138.0**	**138.5**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8**	**140.4**	**140.5**	**141.1**
2 Products	57.72	145.9	144.1	145.0	145.3	146.5	147.3	147.4	148.1	148.4	149.4	150.1	150.0	150.0	150.6
3 Final products	44.77	144.3	142.5	143.5	144.0	145.0	145.8	145.8	146.4	146.8	147.7	148.2	148.5	148.2	149.1
4 Consumer goods	25.52	133.9	131.9	132.7	133.0	134.2	135.0	134.8	136.4	136.8	138.2	138.5	138.6	137.8	138.6
5 Equipment	19.25	158.2	156.5	157.7	158.5	159.4	160.1	160.4	159.7	159.9	160.4	161.1	161.5	162.1	162.9
6 Intermediate products	12.94	151.5	149.6	150.4	150.0	151.6	152.3	152.9	154.0	154.2	155.0	156.6	155.2	156.3	155.8
7 Materials	42.28	125.2	123.6	123.9	124.5	126.4	126.5	126.5	127.5	128.3	128.3	128.1	127.4	127.4	128.2
Consumer goods															
8 Durable consumer goods	6.89	125.3	123.3	125.6	125.3	125.3	125.7	126.3	129.3	129.2	131.9	131.5	131.5	129.2	130.3
9 Automotive products	2.98	124.9	121.9	127.1	127.1	124.4	124.2	126.4	128.9	129.5	134.5	132.5	131.6	128.6	130.8
10 Autos and trucks	1.79	122.7	118.0	126.9	125.3	120.8	123.1	124.8	128.3	129.5	138.0	135.6	133.1	127.9	131.7
11 Autos, consumer	1.16	93.4	91.0	98.9	99.0	93.8	93.0	97.7	101.3	101.0	105.1	99.6	96.0	94.4	98.8
12 Trucks, consumer	.63	177.0	168.2	178.9	174.1	170.8	179.0	175.3	178.4	182.4	199.1	202.3	201.9	190.0	....
13 Auto parts and allied goods	1.19	128.1	127.8	127.4	129.7	129.9	125.9	128.8	129.8	129.5	129.3	127.9	129.4	129.7	129.4
14 Home goods	3.91	125.6	124.3	124.4	123.9	125.9	126.8	126.2	129.7	128.9	130.0	130.7	131.5	129.6	129.9
15 Appliances, A/C and TV	1.24	144.1	143.2	142.2	138.0	143.3	146.5	144.9	154.4	150.4	151.0	151.0	153.9	147.9	148.7
16 Appliances and TV	1.19	143.6	142.2	143.0	137.1	143.8	146.1	143.7	151.9	148.9	150.0	149.5	153.0	148.4	....
17 Carpeting and furniture	.96	136.2	133.1	135.8	135.9	136.6	137.2	137.1	138.8	139.8	140.5	141.1	140.6	141.1	....
18 Miscellaneous home goods	1.71	106.3	105.7	105.2	107.0	107.4	106.8	106.6	106.7	107.3	108.9	110.1	110.2	109.9	....
19 Nondurable consumer goods	18.63	137.1	135.1	135.4	135.8	137.5	138.5	138.0	139.0	139.7	140.5	141.1	141.3	141.0	141.6
20 Consumer staples	15.29	144.9	142.5	143.1	143.5	145.3	146.6	145.8	147.0	147.9	148.9	149.4	149.7	149.5	150.1
21 Consumer foods and tobacco	7.80	140.9	138.3	139.2	139.3	141.1	141.3	141.1	142.4	143.7	144.5	144.8	144.7	143.8	....
22 Nonfood staples	7.49	149.1	146.8	147.0	147.9	149.6	152.1	150.7	151.8	152.2	153.6	154.2	154.8	155.5	156.6
23 Consumer chemical products	2.75	180.0	175.6	177.9	179.5	181.8	183.8	185.0	186.1	185.7	186.8	187.6	186.7	188.4	....
24 Consumer paper products	1.88	163.4	161.4	162.4	162.8	164.0	165.3	166.3	167.1	167.8	169.0	174.2	176.5	178.1	....
25 Consumer energy	2.86	110.0	109.6	107.3	107.7	109.3	113.0	107.6	108.9	109.8	111.6	109.1	110.1	109.0	....
26 Consumer fuel	1.44	95.4	98.9	94.3	93.0	94.6	95.5	92.7	95.3	94.1	96.3	96.7	95.0	94.2	....
27 Residential utilities	1.42	124.8	120.5	120.6	122.6	124.4	130.9	122.8	122.7	125.8	127.1	121.7	125.4	....	....
Equipment															
28 Business and defense equipment	18.01	163.3	161.4	162.7	163.5	164.6	165.2	165.6	165.1	165.5	166.2	167.1	167.7	168.0	168.8
29 Business equipment	14.34	157.6	154.6	156.9	158.1	159.3	160.2	160.8	160.2	161.2	162.6	163.8	164.7	165.4	166.3
30 Construction, mining, and farm	2.08	71.9	70.8	71.8	72.4	73.6	73.1	74.3	74.2	74.5	74.6	74.3	74.7	75.9	76.3
31 Manufacturing	3.27	131.3	127.7	128.3	130.3	132.4	134.0	135.8	136.2	136.2	137.0	136.3	137.6	138.1	139.2
32 Power	1.27	89.4	87.0	87.4	88.3	89.8	90.9	92.2	91.5	92.1	91.8	92.8	92.7	92.7	93.2
33 Commercial	5.22	245.2	241.5	245.7	247.1	248.2	249.8	248.7	245.4	247.0	248.9	252.4	254.1	255.9	256.1
34 Transit	2.49	114.9	112.3	115.3	115.7	115.9	115.2	116.8	120.3	122.3	124.9	125.7	125.2	123.4	126.4
35 Defense and space equipment	3.67	185.9	187.9	185.5	184.6	184.9	184.9	184.5	184.0	182.2	180.5	180.0	179.3	178.5	178.7
Intermediate products															
36 Construction supplies	5.95	138.6	137.6	138.8	137.6	138.4	138.1	138.4	140.0	140.7	141.4	142.3	139.5	140.7	140.3
37 Business supplies	6.99	162.5	159.9	160.3	160.6	162.8	164.4	165.2	165.9	165.7	166.7	168.8	168.5	169.6	....
38 General business supplies	5.67	168.5	165.7	165.5	165.9	168.6	170.6	171.8	172.3	172.9	173.8	175.9	175.5	176.8	....
39 Commercial energy products	1.31	136.3	134.6	137.8	137.5	137.6	137.7	136.7	138.2	134.3	135.8	138.2	138.3	138.4	....
Materials															
40 Durable goods materials	20.50	135.4	132.7	134.8	134.9	136.8	136.6	137.8	138.9	139.8	139.0	139.4	138.5	138.0	138.4
41 Durable consumer parts	4.92	108.9	106.2	110.0	110.3	110.1	109.8	111.0	111.4	113.9	112.5	111.7	111.6	110.1	111.0
42 Equipment parts	5.94	171.7	168.9	170.8	171.6	174.1	173.5	174.0	174.9	175.0	174.1	175.2	175.2	175.3	176.0
43 Durable materials n.e.c.	9.64	126.7	124.0	125.3	124.8	127.5	127.6	129.2	130.8	131.3	130.9	131.5	129.5	129.2	129.3
44 Basic metal materials	4.64	95.9	91.6	94.8	93.7	98.4	97.3	100.3	101.1	101.4	99.8	100.8	98.5	97.3	96.9
45 Nondurable goods materials	10.09	132.0	131.1	130.1	130.1	132.8	133.1	132.6	134.7	135.1	136.3	137.1	135.9	136.7	137.5
46 Textile, paper, and chemical materials	7.53	134.4	133.3	131.9	132.1	135.3	135.7	134.9	137.4	137.9	139.1	139.9	138.7	140.0	141.1
47 Textile materials	1.52	109.9	111.9	107.5	107.5	108.5	110.1	109.2	109.5	110.1	110.0	112.1	111.1	113.6	....
48 Pulp and paper materials	1.55	147.3	145.8	146.4	145.4	150.3	148.3	148.1	148.4	147.2	150.3	150.4	147.6	146.4	....
49 Chemical materials	4.46	138.3	136.2	135.1	135.8	139.2	140.0	139.0	143.1	144.2	145.1	145.7	145.0	146.7	....
50 Miscellaneous nondurable materials	2.57	124.9	124.6	125.1	124.2	125.6	125.6	125.9	126.6	127.0	128.0	129.1	127.9	....	....
51 Energy materials	11.69	101.5	101.0	99.5	101.3	102.7	103.2	101.5	101.3	102.3	102.6	100.5	100.6	100.9	102.2
52 Primary energy	7.57	106.3	106.7	104.0	105.6	106.8	106.2	106.8	106.0	108.6	107.6	105.2	104.6	104.6	....
53 Converted fuel materials	4.12	92.8	90.5	91.2	93.5	95.3	97.7	91.8	92.6	90.7	93.3	92.0	93.3	94.1	....

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

Groups	SIC code	1977 proportion	1988 avg.	1988									1989			
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]	Apr.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	.....	15.79	107.5	107.1	106.0	106.8	108.1	109.0	107.2	107.2	108.1	108.9	107.2	106.9	107.3	108.1
2 Mining	.....	9.83	103.4	104.7	102.6	103.0	104.3	103.8	103.7	103.1	104.7	104.9	103.0	101.0	102.1	103.3
3 Utilities	.....	5.96	114.3	111.0	111.6	113.2	114.4	117.8	113.0	113.9	113.7	115.4	114.0	116.5	115.9	116.0
4 Manufacturing	.....	84.21	142.7	140.8	141.8	142.1	143.6	144.0	144.4	145.3	145.8	146.3	147.2	146.7	146.7	147.3
5 Nondurable	.....	35.11	143.9	142.3	142.1	142.6	144.6	145.1	145.3	146.3	146.7	147.1	148.5	148.1	148.3	148.9
6 Durable	.....	49.10	141.9	139.7	141.5	141.7	142.9	143.2	143.8	144.6	145.2	145.7	146.2	145.8	145.5	146.1
Mining																
7 Metal	10	.50	93.2	86.9	86.0	82.2	94.0	96.6	99.1	101.6	104.6	111.9	106.9	98.5	.....	.....
8 Coal	11,12	1.60	137.9	136.0	127.8	126.9	141.5	137.2	142.2	138.5	149.7	155.1	144.7	134.7	137.7	141.1
9 Oil and gas extraction	13	7.07	92.9	95.5	94.6	95.8	93.3	93.2	92.0	91.5	90.8	88.9	88.9	89.7	90.1	.....
10 Stone and earth minerals	14	.66	139.9	141.2	140.1	137.4	140.2	141.3	139.7	142.8	144.0	149.4	150.8	142.9	144.0	.....
Nondurable manufactures																
11 Foods	20	7.96	142.7	140.3	141.0	141.3	143.3	143.3	143.2	144.0	145.7	145.8	146.6	146.4	145.9	.....
12 Tobacco products	21	.62	105.2	107.2	107.2	104.5	100.6	105.1	105.0	105.4	102.4	107.0	105.0	.....	.....	.....
13 Textile mill products	22	2.29	116.2	117.3	114.6	114.3	117.1	116.4	116.2	117.0	117.2	117.9	120.2	119.2	121.3	.....
14 Apparel products	23	2.79	109.1	109.2	108.6	109.3	109.4	108.9	109.9	109.5	110.1	108.8	110.2	110.2	.....	.....
15 Paper and products	26	3.15	150.3	149.2	149.5	148.6	152.3	151.0	150.9	151.8	150.7	151.7	153.8	151.6	150.1	.....
16 Printing and publishing	27	4.54	184.2	181.8	180.7	182.3	184.9	186.7	188.0	188.1	188.5	188.0	193.0	194.5	196.4	196.0
17 Chemicals and products	28	8.05	151.9	148.9	149.1	150.5	153.4	154.8	155.3	156.7	157.5	158.1	159.0	158.1	159.5	.....
18 Petroleum products	29	2.40	96.0	98.5	95.2	94.1	95.0	96.0	93.7	96.3	95.0	98.0	98.0	96.3	95.4	97.1
19 Rubber and plastic products	30	2.80	174.4	172.3	173.4	174.4	175.4	175.3	175.3	176.9	177.5	177.5	175.9	175.6	174.8	.....
20 Leather and products	31	.53	59.5	58.0	57.1	58.9	59.1	59.4	59.9	61.0	61.5	60.2	62.9	63.1	62.7	.....
Durable manufactures																
21 Lumber and products	24	2.30	137.3	138.0	139.8	136.4	136.6	133.8	133.5	137.5	139.4	143.0	139.9	133.4	136.6	.....
22 Furniture and fixtures	25	1.27	162.1	159.2	160.5	161.2	162.9	164.9	164.9	164.5	165.4	165.4	166.3	164.2	164.9	.....
23 Clay, glass, and stone products	32	2.72	122.6	121.4	121.5	123.4	122.2	122.6	122.6	123.3	124.7	125.1	126.6	125.3	125.8	.....
24 Primary metals	33	5.33	89.2	85.3	89.2	87.5	91.5	90.8	93.1	94.2	92.7	90.0	93.2	91.1	89.3	88.6
25 Iron and steel	331.2	3.49	78.1	74.5	78.6	74.2	80.2	78.9	81.4	83.1	80.8	77.6	82.2	79.1	76.2	.....
26 Fabricated metal products	34	6.46	120.9	118.8	119.8	120.4	121.7	122.1	122.5	122.6	124.6	125.1	124.5	124.5	124.2	124.4
27 Nonelectrical machinery	35	9.54	170.8	167.2	170.3	171.2	173.1	174.1	174.8	173.8	175.4	177.8	178.7	180.2	181.5	182.5
28 Electrical machinery	36	7.15	180.1	178.7	179.1	179.5	181.5	182.2	181.8	183.0	182.2	180.9	180.9	181.5	180.8	181.7
29 Transportation equipment	37	9.13	132.1	130.4	133.1	132.8	131.9	131.8	132.7	134.8	135.2	136.8	136.7	136.4	134.4	136.4
30 Motor vehicles and parts	371	5.25	117.2	114.8	119.6	119.1	116.6	117.5	118.5	121.7	122.9	125.5	124.9	123.4	119.9	122.7
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	152.4	151.5	151.5	151.4	152.7	151.3	151.9	152.7	151.9	152.2	152.7	154.0	154.1	155.0
32 Instruments	38	2.66	154.3	150.5	151.3	153.0	156.4	156.8	157.8	159.9	160.4	159.1	161.0	161.3	161.2	161.2
33 Miscellaneous manufactures	39	1.46	107.1	105.9	106.0	107.6	107.8	108.3	108.5	107.7	109.0	110.9	112.2	110.0	110.3	.....
Utilities																
34 Electric	.....	4.17	132.0	127.6	129.7	132.1	134.6	138.8	132.2	132.8	131.6	132.9	131.0	135.3	134.5	.....
	Gross value (billions of 1982 dollars, annual rates)															
MAJOR MARKET																
35 **Products, total**	.....	**517.5**	**1,824.5**	**1,812.2**	**1,820.1**	**1,813.9**	**1,822.3**	**1,828.6**	**1,828.9**	**1,853.4**	**1,855.5**	**1,875.3**	**1,885.1**	**1,878.6**	**1,871.9**	**1,886.5**
36 Final	.....	405.7	1,401.2	1,393.9	1,397.1	1,394.3	1,398.9	1,404.2	1,404.3	1,423.5	1,426.3	1,442.1	1,447.5	1,448.9	1,436.5	1,452.6
37 Consumer goods	.....	272.7	902.4	899.1	898.9	893.6	895.6	900.4	897.2	915.0	918.4	934.4	935.6	934.5	923.8	934.0
38 Equipment	.....	133.0	498.8	494.7	498.3	500.7	503.2	503.8	507.1	508.4	507.9	507.7	511.9	514.4	512.7	518.5
39 Intermediate	.....	111.9	423.3	418.4	423.0	419.6	423.4	424.3	424.5	430.0	429.3	433.2	437.7	429.7	435.3	434.0

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

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

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2.14 HOUSING AND CONSTRUCTION

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

Item	1986	1987	1988	1988 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1989 Jan.[r]	Feb.[r]	Mar.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,750	1,535	1,456[r]	1,485[r]	1,425[r]	1,466[r]	1,432[r]	1,526[r]	1,508[r]	1,518[r]	1,486	1,403	1,230
2 1-family	1,071	1,024	994[r]	997[r]	976[r]	1,007[r]	980[r]	1,029[r]	1,027[r]	1,058[r]	1,052	989	870
3 2-or-more-family	679	511	462[r]	488[r]	449[r]	459[r]	452[r]	497[r]	481[r]	460[r]	434	414	360
4 Started	1,805	1,621	1,488	1,463	1,478	1,459	1,463	1,532	1,567	1,577	1,678	1,465	1,399
5 1-family	1,180	1,146	1,081	1,088	1,067	1,076	1,039	1,136	1,138	1,141	1,199	1,029	986
6 2-or-more-family	626	474	407	375	411	383	424	396	429	436	479	436	413
7 Under construction, end of period[1]	1,074	987	919	979	973	962	955	951	959	956	957	956	951
8 1-family	583	591	570	608	605	601	596	597	603	603	602	597	595
9 2-or-more-family	490	397	350	371	368	361	359	354	356	353	355	359	356
10 Completed	1,756	1,669	1,530	1,517	1,528	1,539	1,536	1,516	1,429	1,539	1,537	1,602	1,393
11 1-family	1,120	1,123	1,085	1,105	1,077	1,074	1,092	1,088	1,037	1,108	1,141	1,188	983
12 2-or-more-family	636	546	445	412	451	465	444	428	392	431	396	414	410
13 Mobile homes shipped	244	233	218	227	207	223	224	216	227	225	232	212	207
Merchant builder activity in 1-family units													
14 Number sold	748	672	675	716	701	712	691	718	650	669[r]	700	624	559
15 Number for sale, end of period[1]	357	365	366	367	365	363	361	353	364	366	369	374	374
Price (thousands of dollars)[2]													
Median													
16 Units sold	92.2	104.7	113.3	111.5	118.0	110.0	116.6	112.9	110.4	121.0	113.0	119.0	126.0
Average													
17 Units sold	112.2	127.9	139.0	136.5	141.3	140.6	142.7	137.3	137.3	147.7[r]	138.6	147.0	150.5
EXISTING UNITS (1-family)													
18 Number sold	3,566	3,530	3,594	3,800	3,650	3,690	3,650	3,680	3,710	3,920	3,550	3,480	3,400
Price of units sold (thousands of dollars)[2]													
19 Median	80.3	85.6	89.2	90.2	90.7	91.5	88.5	88.9	88.5	88.7	89.7	91.9	92.0
20 Average	98.3	106.2	112.5	115.4	114.7	115.4	112.6	112.3	112.4	112.0	113.0	117.8	116.1
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 **Total put in place**	**386,093**	**398,848**	**403,122**	**395,714**	**404,164**	**403,172**	**406,906**	**407,697**	**411,517**	**420,999**	**417,953**	**414,821**	**413,538**
22 Private	314,651	323,819	325,110	317,708	324,658	326,763	327,164	330,735	332,279	335,641	336,504	333,339	339,441
23 Residential	187,147	194,772	195,280	188,071	194,215	195,393	196,945	199,971	200,601	201,738	201,441	199,630	200,744
24 Nonresidential, total	127,504	129,047	129,830	129,637	130,443	131,370	130,219	130,764	131,678	133,903	135,063	133,709	138,697
Buildings													
25 Industrial	13,747	13,707	14,239	13,676	13,928	14,006	13,546	15,275	15,957	14,949	15,789	14,892	16,707
26 Commercial	56,762	55,448	55,588	56,585	56,687	56,404	55,815	54,525	53,806	55,889	57,549	58,424	59,756
27 Other	13,216	15,464	16,761	16,757	16,166	16,613	16,600	17,127	16,798	17,177	17,915	17,559	17,759
28 Public utilities and other	43,779	44,428	43,242	42,619	43,662	44,347	44,258	43,837	45,117	45,888	43,810	42,834	44,475
29 Public	71,437	75,028	78,011	78,007	79,506	76,409	79,742	76,963	79,238	85,358	81,449	81,482	74,097
30 Military	3,868	4,327	3,952	4,844	4,350	3,984	4,897	2,718	3,521	4,006	3,440	3,433	3,778
31 Highway	22,681	22,758	25,721	24,822	27,673	23,491	23,841	25,958	26,433	30,955	27,396	25,949	23,757
32 Conservation and development	4,646	5,162	4,534	4,596	4,861	4,793	5,045	4,339	3,630	4,369	4,079	4,652	4,064
33 Other	40,242	42,781	43,804	43,745	42,622	44,141	45,959	43,948	45,654	46,028	46,534	47,448	42,498

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

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

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2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Apr. 1989[1]
	1988 Apr.	1989 Apr.	1988			1989	1988	1989				
			June	Sept.	Dec.	Mar.	Dec.	Jan.	Feb.	Mar.	Apr.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.9**	**5.1**	**4.9**	**4.8**	**4.1**	**6.1**	**.3**	**.6**	**.4**	**.5**	**.7**	**123.1**
2 Food	3.4	6.5	6.4	8.8	3.0	8.2	.3	.7	.4	.8	.5	124.2
3 Energy items	1.0	8.7	3.7	2.7	−.4	10.2	−.3	.8	.6	1.1	5.1	94.9
4 All items less food and energy	4.3	4.6	4.3	4.3	4.9	5.2	.4	.5	.4	.4	.2	128.0
5 Commodities	3.6	3.5	3.9	3.1	4.2	4.1	.3	.5	.2	.3	.2	119.6
6 Services	4.6	5.1	4.5	4.8	5.4	5.9	.5	.5	.5	.5	.2	132.9
PRODUCER PRICES (1982=100)												
7 Finished goods	1.8	5.6	3.0	5.7	3.0	10.2	.4	1.0	1.0	.4	.4	113.0
8 Consumer foods	1.0	6.8	5.5	9.2	2.1	13.5	.1	1.1	1.2	.8	−.6	117.8
9 Consumer energy	−1.3	12.2	−5.2	−2.7	1.4[r]	39.2[r]	−.5[r]	5.1[r]	2.4	.9	7.2	68.3
10 Other consumer goods	3.2	4.7	3.5	5.9	4.4	6.1	.7	.4	.7	.4	−.1	122.8
11 Capital equipment	1.8	3.5	2.9	6.1	1.7[r]	4.6[r]	.3	.5[r]	.4	.2	−.1	117.6
12 Intermediate materials[3]	5.3	6.2	7.4	4.6	4.5	9.1	.6	.9	.6	.6	.4	112.3
13 Excluding energy	6.8	6.1	6.9	7.2	6.7	6.2	.5	.6	.5	.4	.0	120.7
Crude materials												
14 Foods	4.3	10.2	21.3	29.1	−7.9	16.5	1.8	2.2	−1.3	3.0	−2.8	111.4
15 Energy	−4.7	9.1	7.8	−27.0	12.3[r]	45.9[r]	5.9[r]	6.9[r]	1.1	1.7	5.2	77.0
16 Other	23.1	5.4	−6.5	8.5	12.5[r]	10.9[r]	1.2[r]	.7[r]	.0	2.0	−1.1	140.3

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

SOURCE. Bureau of Labor Statistics.

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2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1986	1987	1988	1988				1989
				Q1	Q2	Q3	Q4	Q1[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**4,240.3**	**4,526.7**	**4,864.3**	**4,724.5**	**4,823.8**	**4,909.0**	**4,999.7**	**5,105.0**
By source								
2 Personal consumption expenditures	2,807.5	3,012.1	3,227.5	3,128.1	3,194.6	3,261.2	3,326.4	3,377.2
3 Durable goods	406.5	421.9	451.1	437.8	449.8	452.9	464.0	459.4
4 Nondurable goods	943.6	997.9	1,046.9	1,016.2	1,036.6	1,060.8	1,073.9	1,093.0
5 Services	1,457.3	1,592.3	1,729.6	1,674.1	1,708.2	1,747.5	1,788.5	1,824.8
6 Gross private domestic investment	665.9	712.9	766.5	763.4	758.1	772.5	772.0	793.6
7 Fixed investment	650.4	673.7	718.1	698.1	714.4	722.8	737.2	750.0
8 Nonresidential	433.9	446.8	488.4	471.5	487.8	493.7	500.6	512.9
9 Structures	138.5	139.5	142.8	140.1	142.3	143.8	145.0	148.5
10 Producers' durable equipment	295.4	307.3	345.6	331.3	345.5	349.9	355.6	364.4
11 Residential structures	216.6	226.9	229.7	226.6	226.5	229.1	236.6	237.1
12 Change in business inventories	15.5	39.2	48.4	65.3	43.7	49.7	34.7	43.5
13 Nonfarm	17.4	40.7	42.2	49.4	33.1	41.9	44.6	29.3
14 Net exports of goods and services	−104.4	−123.0	−94.6	−112.1	−90.4	−80.0	−96.1	−77.5
15 Exports	378.4	428.0	519.7	487.8	507.1	536.1	548.0	577.8
16 Imports	482.8	551.1	614.4	599.9	597.5	616.0	644.0	655.2
17 Government purchases of goods and services	871.2	924.7	964.9	945.2	961.6	955.3	997.5	1,011.8
18 Federal	366.2	382.0	381.0	377.7	382.2	367.7	396.3	397.8
19 State and local	505.0	542.8	583.9	567.5	579.4	587.6	601.2	613.9
By major type of product								
20 Final sales, total	4,224.7	4,487.5	4,815.9	4,659.2	4,780.1	4,859.3	4,965.0	5,061.5
21 Goods	1,697.9	1,792.5	1,938.7	1,879.5	1,928.0	1,960.1	1,987.1	2,038.8
22 Durable	725.3	776.3	858.3	819.3	849.5	881.6	882.7	895.0
23 Nondurable	972.6	1,016.3	1,080.4	1,060.1	1,078.5	1,078.5	1,104.4	1,143.8
24 Services	2,118.3	2,295.7	2,478.0	2,405.2	2,451.5	2,501.6	2,553.5	2,603.1
25 Structures	424.0	438.4	447.7	439.9	444.3	447.3	459.1	463.1
26 Change in business inventories	15.5	39.2	48.4	65.3	43.7	49.7	34.7	43.5
27 Durable goods	4.3	26.6	30.9	26.6	17.8	45.1	34.1	31.7
28 Nondurable goods	11.3	12.6	17.4	38.6	25.9	4.6	0.6	11.8
MEMO								
29 **Total GNP in 1982 dollars**	**3,721.7**	**3,847.0**	**3,996.1**	**3,956.1**	**3,985.2**	**4,009.4**	**4,033.4**	**4,076.5**
NATIONAL INCOME								
30 **Total**	**3,437.1**	**3,678.7**	**3,968.2**	**3,850.8**	**3,928.8**	**4,000.7**	**4,093.4**	**4,187.1**
31 Compensation of employees	2,507.1	2,683.4	2,904.7	2,816.4	2,874.0	2,933.2	2,995.3	3,060.5
32 Wages and salaries	2,094.0	2,248.4	2,436.9	2,358.7	2,410.0	2,462.0	2,516.8	2,574.3
33 Government and government enterprises	393.7	420.1	446.1	437.1	442.9	449.1	455.4	465.9
34 Other	1,700.3	1,828.3	1,990.7	1,921.6	1,967.1	2,012.9	2,061.4	2,108.4
35 Supplement to wages and salaries	413.1	435.0	467.8	457.7	464.0	471.1	478.5	486.2
36 Employer contributions for social insurance	217.0	227.1	249.6	243.1	247.5	251.7	256.0	260.8
37 Other labor income	196.1	207.9	218.3	214.6	216.5	219.5	222.5	225.4
38 Proprietors' income[1]	286.7	312.9	324.5	323.9	328.8	321.6	323.8	358.1
39 Business and professional[1]	250.3	270.0	288.2	279.2	285.3	290.7	297.7	300.9
40 Farm[1]	36.4	43.0	36.3	44.7	43.4	30.9	26.0	57.2
41 Rental income of persons[2]	12.4	18.4	19.3	20.5	19.1	19.7	18.1	14.0
42 Corporate profits[1]	298.9	310.4	328.1	316.2	326.5	330.0	340.9	319.3
43 Profits before tax[3]	236.4	276.7	306.4	286.2	305.9	313.9	320.6	319.9
44 Inventory valuation adjustment	8.3	−18.0	−23.8	−19.4	−27.4	−29.3	−19.2	−33.6
45 Capital consumption adjustment	54.2	51.7	45.6	49.4	48.0	45.4	39.6	33.3
46 Net interest	331.9	353.6	391.5	373.9	380.6	396.2	415.4	435.3

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

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

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2.17 PERSONAL INCOME AND SAVING

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

Account	1986	1987	1988	1988				1989
				Q1	Q2	Q3	Q4	Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,531.1**	**3,780.0**	**4,062.1**	**3,951.4**	**4,022.4**	**4,094.0**	**4,180.5**	**4,313.6**
2 Wage and salary disbursements	2,094.0	2,248.4	2,436.9	2,358.7	2,410.0	2,462.0	2,516.8	2,574.3
3 Commodity-producing industries	625.5	649.8	695.4	676.0	689.1	701.3	715.4	727.4
4 Manufacturing	473.1	490.3	522.5	509.6	517.4	525.9	537.1	545.2
5 Distributive industries	498.9	531.7	578.7	558.2	572.1	585.8	598.6	611.9
6 Service industries	575.9	646.8	716.6	687.4	705.9	725.8	747.4	769.1
7 Government and government enterprises	393.7	420.1	446.1	437.1	442.9	449.1	455.4	465.9
8 Other labor income	196.1	207.9	218.3	214.6	216.5	219.5	222.5	225.4
9 Proprietors' income[1]	286.7	312.9	324.5	323.9	328.8	321.6	323.8	358.1
10 Business and professional[1]	250.3	270.0	288.2	279.2	285.3	290.7	297.7	300.9
11 Farm[1]	36.4	43.0	36.3	44.7	43.4	30.9	26.0	57.2
12 Rental income of persons[2]	12.4	18.4	19.3	20.5	19.1	19.7	18.1	14.0
13 Dividends	82.8	88.6	96.3	93.5	95.0	97.3	99.4	102.1
14 Personal interest income	499.1	527.0	575.9	554.2	563.7	581.9	603.7	632.9
15 Transfer payments	521.1	548.8	586.0	576.3	582.8	588.6	596.4	617.0
16 Old-age survivors, disability, and health insurance benefits	269.3	282.9	301.8	298.1	300.4	303.1	305.7	317.8
17 LESS: Personal contributions for social insurance	161.1	172.0	195.1	190.2	193.5	196.7	200.1	210.2
18 EQUALS: Personal income	3,531.1	3,780.0	4,062.1	3,951.4	4,022.4	4,094.0	4,180.5	4,313.6
19 LESS: Personal tax and nontax payments	511.4	570.3	590.3	575.8	601.0	586.5	598.0	617.5
20 EQUALS: Disposable personal income	3,019.6	3,209.7	3,471.8	3,375.6	3,421.5	3,507.5	3,582.5	3,696.0
21 LESS: Personal outlays	2,898.0	3,105.5	3,327.5	3,225.7	3,293.6	3,361.8	3,428.7	3,481.5
22 EQUALS: Personal saving	121.7	104.2	144.3	149.9	127.8	145.7	153.8	214.5
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,401.2	15,772.9	16,231.1	16,127.6	16,213.2	16,265.3	16,322.9	16,457.4
24 Personal consumption expenditures	10,160.1	10,336.2	10,528.8	10,435.4	10,492.3	10,563.1	10,628.1	10,632.2
25 Disposable personal income	10,929.0	11,012.0	11,326.0	11,260.0	11,237.0	11,362.0	11,445.0	11,638.0
26 Saving rate (percent)	4.0	3.2	4.2	4.4	3.7	4.2	4.3	5.8
GROSS SAVING								
27 **Gross saving**	**537.2**	**560.4**	**644.4**	**627.0**	**634.1**	**665.4**	**651.9**	**695.8**
28 Gross private saving	681.6	665.3	731.6	726.3	711.2	732.9	756.7	799.2
29 Personal saving	121.7	104.2	144.3	149.9	127.8	145.7	153.8	214.5
30 Undistributed corporate profits[1]	104.1	81.1	81.0	78.1	80.1	79.5	86.8	59.9
31 Corporate inventory valuation adjustment	8.3	−18.0	−23.8	−19.4	−27.4	−29.3	−19.2	−33.6
Capital consumption allowances								
32 Corporate	282.4	297.5	315.7	309.8	313.3	316.8	323.0	328.2
33 Noncorporate	173.5	182.5	190.6	188.5	189.9	190.9	193.1	196.6
34 Government surplus, or deficit (−), national income and product accounts	−144.4	−104.9	−87.3	−99.2	−77.1	−67.5	−104.8	−103.3
35 Federal	−205.6	−157.8	−142.4	−155.1	−133.3	−123.5	−157.5	−158.5
36 State and local	61.2	52.9	55.1	55.8	56.2	56.0	52.6	55.2
37 **Gross investment**	**523.6**	**552.3**	**630.3**	**612.0**	**629.0**	**651.4**	**628.7**	**671.9**
38 Gross private domestic	665.9	712.9	766.5	763.4	758.1	772.5	772.0	793.6
39 Net foreign	−142.4	−160.6	−136.2	−151.3	−129.1	−121.1	−143.3	−121.7
40 **Statistical discrepancy**	**−13.6**	**−8.1**	**−14.1**	**−15.0**	**−5.1**	**−14.0**	**−23.2**	**−23.9**

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

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

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1986	1987	1988	1987	1988			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	−138,827	−153,964	−135,332	−33,523	−36,998	−33,814	−32,607	−31,912
2 Not seasonally adjusted	.....	.....	.....	−31,802	−32,179	−34,606	−38,560	−29,986
3 Merchandise trade balance[2]	−144,547	−160,280	−126,525	−41,192	−35,187	−30,152	−29,170	−32,016
4 Merchandise exports	223,969	249,570	319,905	68,013	75,140	79,443	81,674	83,648
5 Merchandise imports	−368,516	−409,850	−446,430	−109,205	−110,327	−109,595	−110,844	−115,664
6 Military transactions, net	−4,372	−2,369	−4,229	−1,261	−1,033	−914	−857	−1,425
7 Investment income, net	23,143	20,374	2,602	12,539	1,128	−1,986	−1,234	4,694
8 Other service transactions, net	2,257	1,755	6,404	764	1,241	2,015	1,869	1,279
9 Remittances, pensions, and other transfers	−3,571	−3,434	−3,531	−828	−908	−819	−872	−932
10 U.S. government grants (excluding military)	−11,738	−10,011	−10,052	−3,545	−2,239	−1,958	−2,343	−3,512
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,000	1,162	3,641	1,012	−814	−801	1,990	3,266
12 Change in U.S. official reserve assets (increase, −)	312	9,149	3,566	3,741	1,503	39	−7,380	2,272
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−246	−509	474	−205	155	180	−35	173
15 Reserve position in International Monetary Fund	1,500	2,070	1,025	722	446	69	202	307
16 Foreign currencies	−942	7,588	−5,064	3,225	901	−210	−7,547	1,791
17 Change in U.S. private assets abroad (increase, −)	−96,303	−86,297	−92,029	−43,645	5,817	−18,295	−33,833	−45,718
18 Bank-reported claims[3]	−59,975	−40,531	−57,493	−23,460	17,108	−13,274	−27,832	−33,495
19 Nonbank-reported claims	−4,220	3,145	−6,627	1,248	−315	−7,061	749	.....
20 U.S. purchase of foreign securities, net	−4,297	−4,456	−7,474	−1,757	−4,467	1,529	−1,554	−2,982
21 U.S. direct investments abroad, net	−27,811	−44,455	−20,435	−19,676	−6,509	511	−5,196	−9,241
22 Change in foreign official assets in United States (increase, +)	35,507	44,968	39,012	20,047	24,670	5,946	−2,534	10,930
23 U.S. Treasury securities	34,364	43,361	41,703	19,243	27,701	5,863	−3,769	11,908
24 Other U.S. government obligations	−1,214	1,570	1,351	662	−121	202	572	698
25 Other U.S. government liabilities[4]	2,054	−2,824	−1,278	108	−123	−570	−292	−293
26 Other U.S. liabilities reported by U.S. banks[3]	1,187	3,901	−269	−223	−1,954	868	1,463	−646
27 Other foreign official assets[5]	−884	−1,040	−2,495	257	−833	−417	−508	−737
28 Change in foreign private assets in United States (increase, +)	185,746	166,522	171,726	36,025	1,395	59,549	50,631	60,150
29 U.S. bank-reported liabilities[3]	79,783	87,778	78,877	29,764	−17,233	31,121	29,226	35,763
30 U.S. nonbank-reported liabilities	−2,906	2,150	3,778	−1,000	2,015	113	1,650	.....
31 Foreign private purchases of U.S. Treasury securities, net	3,809	−7,596	19,886	496	6,887	5,457	3,412	4,130
32 Foreign purchases of other U.S. securities, net	70,969	42,213	26,961	−4,977	2,379	9,797	7,948	6,837
33 Foreign direct investments in United States, net	34,091	41,977	42,224	11,742	7,347	13,061	8,395	13,420
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	15,566	18,461	16,548	16,342	4,428	−12,624	23,733	1,013
36 Owing to seasonal adjustments	.....	.....	.....	3,138	3,893	−3,425	−5,119	4,653
37 Statistical discrepancy in recorded data before seasonal adjustment	15,566	18,461	16,548	13,204	535	−9,199	28,852	−3,640
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	312	9,149	−3,566	3,741	1,503	39	−7,380	2,272
39 Foreign official assets in United States (increase, +) excluding line 25	33,453	47,792	40,290	19,939	24,793	6,516	−2,242	11,223
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,327	−9,956	−2,909	−2,750	−1,375	−1,783	−466	715
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	101	58	86	12	45	4	7	30

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.

2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise data and are included in line 6.

3. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

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3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are seasonally adjusted.

Item	1986	1987	1988[r]	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	227,159	254,122	321,813	27,989	27,816	27,542	29,062	28,747	28,664	30,782
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	365,438	406,241	441,574	37,178	36,600	38,200	40,052	37,425	38,483	39,640
Trade balance										
3 **Customs value**	**−138,279**	**−152,119**	**−119,760**	**−9,189**	**−8,784**	**−10,658**	**−10,991**	**−8,678**	**−9,819**	**−8,858**

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1985	1986	1987	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**	**43,186**	**48,511**	**45,798**	**50,204**	**48,944**	**47,802**	**48,190**	**49,373**	**49,854**	**50,303**
2 Gold stock, including Exchange Stabilization Fund[1]	11,090	11,064	11,078	11,062	11,059	11,057	11,056	11,061	11,061	11,061
3 Special drawing rights[2,3]	7,293	8,395	10,283	9,464	9,785	9,637	9,388	9,653	9,443	9,379
4 Reserve position in International Monetary Fund[2]	11,947	11,730	11,349	10,075	10,103	9,745	9,422	9,353	9,052	9,132
5 Foreign currencies[4]	12,856	17,322	13,088	19,603	17,997	17,363	18,324	19,306	20,298	20,731

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

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

Millions of dollars, end of period

Assets	1985	1986	1987	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 Deposits	480	287	244	301	251	347	279	325	351	352
Assets held in custody										
2 U.S. Treasury securities[2]	121,004	155,835	195,126	226,533	229,926	232,547	228,399	230,860	234,075	235,145
3 Earmarked gold[3]	14,245	14,048	13,919	13,637	13,640	13,636	13,635	13,609	13,602	13,576

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

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

Millions of dollars, end of period

Asset account	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	All foreign countries									
1 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**493,302**	**497,514**	**516,360**	**505,790**	**496,509**	**501,438**	**519,522**
2 Claims on United States	119,706	114,563	138,034	157,443	157,317	171,304	169,111	167,143	168,480r	177,934
3 Parent bank	87,201	83,492	105,845	117,027	117,494	130,834	129,856	127,403	128,115r	133,776
4 Other banks in United States	13,057	13,685	16,416	16,426	15,039	16,366	14,918	14,338	13,372	14,714
5 Nonbanks	19,448	17,386	15,773	23,990	24,784	24,104	24,337	25,402	26,993r	29,444
6 Claims on foreigners	315,676	312,955	342,520	299,331	302,855	307,043	299,504	291,650	296,106r	303,697
7 Other branches of parent bank	91,399	96,281	122,155	103,573	102,050	106,639	107,176	102,478	103,960r	110,433
8 Banks	102,960	105,237	108,859	98,493	102,285	100,758	96,866	93,760	95,784	97,794
9 Public borrowers	23,478	23,706	21,832	18,421r	18,234r	18,191r	17,138	16,751	16,504	16,858
10 Nonbank foreigners	97,839	87,731	89,674	78,844r	80,286r	81,455r	78,324	78,661	79,858r	78,612
11 Other assets	22,630	29,110	38,064	36,528	37,342	38,013	37,175	37,716	36,852	37,891
12 **Total payable in U.S. dollars**	**336,520**	**317,487**	**350,107**	**344,201**	**341,132**	**355,652**	**358,027**	**345,506**	**346,971r**	**366,414**
13 Claims on United States	116,638	110,620	132,023	151,821	151,598	165,017	163,456	160,520	161,336r	170,123
14 Parent bank	85,971	82,082	103,251	114,362	115,109	127,692	126,929	124,496	124,288r	129,205
15 Other banks in United States	12,454	12,830	14,657	14,992	13,560	15,062	14,167	12,976	12,093	13,280
16 Nonbanks	18,213	15,708	14,115	22,467	22,929	22,263	22,360	23,048	24,955	27,638
17 Claims on foreigners	210,129	195,063	202,428	175,509	173,467	173,826	177,672	167,271	168,274r	178,113
18 Other branches of parent bank	72,727	72,197	88,284	77,724	74,949	77,384	80,736	76,221	76,563r	82,796
19 Banks	71,868	66,421	63,707	52,534	54,870	53,632	54,884	49,544	50,153	54,023
20 Public borrowers	17,260	16,708	14,730	12,941r	12,787r	12,415r	12,131	11,596	11,638	11,698
21 Nonbank foreigners	48,274	39,737	35,707	32,310r	30,861r	30,395r	29,921	29,910	29,920	29,596
22 Other assets	9,753	11,804	15,656	16,871	16,067	16,809	16,899	17,715	17,361r	18,178
	United Kingdom									
23 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**147,329**	**155,580**	**159,556**	**156,835**	**156,529**	**154,879**	**154,856**
24 Claims on United States	33,157	24,599	32,518	32,059	36,260	39,242	40,089	40,954	40,469r	40,740
25 Parent bank	26,970	19,085	27,350	26,661	30,569	33,138	34,243	34,928	34,449r	35,062
26 Other banks in United States	1,106	1,612	1,259	1,238	994	1,343	1,123	1,128	1,268	1,380
27 Nonbanks	5,081	3,902	3,909	4,160	4,697	4,761	4,723	4,898	4,752r	4,298
28 Claims on foreigners	110,217	109,508	115,700	105,813	109,743	110,336	106,388	104,668	103,884r	103,418
29 Other branches of parent bank	31,576	33,422	39,903	31,758	33,103	33,243	35,625	35,322	33,650r	35,305
30 Banks	39,250	39,468	36,735	38,848	40,236	40,875	36,765	34,907	36,159	35,357
31 Public borrowers	5,644	4,990	4,752	4,250	4,190	4,276	4,019	4,090	3,808	3,757
32 Nonbank foreigners	33,747	31,628	34,310	30,957	32,214	31,942	29,979	30,349	30,267r	28,999
33 Other assets	5,225	6,810	10,477	9,457	9,577	9,978	10,358	10,907	10,526	10,698
34 **Total payable in U.S. dollars**	**108,626**	**95,028**	**100,574**	**93,790**	**99,868**	**101,341**	**103,503**	**102,873**	**100,863r**	**103,211**
35 Claims on United States	32,092	23,193	30,439	30,127	34,184	36,881	38,012	38,591	37,707r	38,290
36 Parent bank	26,568	18,526	26,304	25,692	29,667	32,115	33,252	33,925	33,106r	34,067
37 Other banks in United States	1,005	1,475	1,044	910	606	849	964	678	816	937
38 Nonbanks	4,519	3,192	3,091	3,525	3,911	3,917	3,796	3,988	3,785	3,286
39 Claims on foreigners	73,475	68,138	64,560	58,463	60,984	59,405	60,472	58,798	57,567r	59,176
40 Other branches of parent bank	26,011	26,361	28,635	24,472	25,703	25,574	28,474	27,939	26,475r	28,145
41 Banks	26,139	23,251	19,188	19,066	20,488	19,452	18,494	16,778	17,246	17,690
42 Public borrowers	3,999	3,677	3,313	3,022	2,984	2,898	2,840	2,869	2,774	2,786
43 Nonbank foreigners	17,326	14,849	13,424	11,903	11,809	11,481	10,664	11,212	11,072	10,555
44 Other assets	3,059	3,697	5,575	5,200	4,700	5,055	5,019	5,484	5,589r	5,745
	Bahamas and Caymans									
45 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**167,719**	**159,147**	**169,034**	**170,639**	**162,352**	**165,862**	**179,212**
46 Claims on United States	74,864	78,048	85,318	101,587	96,287	106,240	105,320	103,016	103,989	111,958
47 Parent bank	50,553	54,575	60,048	68,348	64,249	73,654	73,409	71,065	71,100	75,261
48 Other banks in United States	11,204	11,156	14,277	14,183	12,799	14,065	13,145	12,521	11,429	12,292
49 Nonbanks	13,107	12,317	10,993	19,056	19,239	18,521	18,766	19,430	21,460	24,405
50 Claims on foreigners	63,882	60,005	70,162	59,242	56,526	56,128	58,393	52,503	54,732	59,635
51 Other branches of parent bank	19,042	17,296	21,277	21,538	18,772	18,534	17,954	15,982	18,454	20,048
52 Banks	28,192	27,476	33,751	24,682	25,636	25,549	28,268	24,755	24,514	27,747
53 Public borrowers	6,458	7,051	7,428	6,219	6,045	5,861	5,830	5,422	5,513	5,480
54 Nonbank foreigners	10,190	8,182	7,706	6,803	6,073	6,184	6,341	6,344	6,251	6,360
55 Other assets	3,309	4,539	4,841	6,890	6,334	6,666	6,926	6,833	7,141	7,619
56 **Total payable in U.S. dollars**	**136,794**	**136,813**	**151,434**	**159,815**	**151,363**	**161,238**	**163,518**	**154,981**	**158,011**	**172,175**

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

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3.14—Continued

Liability account	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	All foreign countries									
57 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**493,302**	**497,514**	**516,360**	**505,790**	**496,509**	**501,438**	**519,522**
58 Negotiable CDs	34,607	31,629	30,929	28,953	27,969	30,734	28,511	28,538	30,013	30,768
59 To United States	156,281	152,465	161,390	167,449	163,526	174,437	185,555r	172,035r	174,877r	185,664
60 Parent bank	84,657	83,394	87,606	96,856	97,102	106,207	114,700	102,501r	105,667	113,654
61 Other banks in United States	16,894	15,646	20,559	14,272	14,029	13,584	14,897r	13,539r	12,930r	14,617
62 Nonbanks	54,730	53,425	53,225	56,321	52,395	54,646	55,958	55,995	56,280	57,393
63 To foreigners	245,939	253,775	304,803	275,689	283,282	287,759	270,676r	273,794r	274,743r	280,818
64 Other branches of parent bank	89,529	95,146	124,601	107,640	107,532	112,310	111,262	109,116	111,577	116,284
65 Banks	76,814	77,809	87,274	79,893	82,282	82,636	72,623r	71,998r	70,355r	71,290
66 Official institutions	19,520	17,835	19,564	16,911	18,786	17,743	15,183	18,866	17,322	17,910
67 Nonbank foreigners	60,076	62,985	73,364	71,245	74,682	75,070	71,608	73,814	75,489	75,334
68 Other liabilities	21,185	18,759	21,496	21,211	22,737	23,430	21,048	22,142r	21,805	22,272
69 **Total payable in U.S. dollars**	**353,712**	**336,406**	**361,438**	**351,557**	**347,019**	**363,425**	**367,075**	**353,661**	**356,578**	**378,435**
70 Negotiable CDs	31,063	28,466	26,768	24,353	23,218	26,130	24,045	23,696	25,452	26,287
71 To United States	150,905	144,483	148,442	156,600	152,240	161,080	173,189	159,650r	161,449	173,323
72 Parent bank	81,631	79,305	81,783	90,312	90,122	97,898	107,150	94,531r	96,714	105,386
73 Other banks in United States	16,264	14,609	19,155	13,153	12,868	12,230	13,628	12,413r	11,535	13,355
74 Nonbanks	53,010	50,569	47,504	53,135	49,250	50,952	52,411	52,706	53,200	54,582
75 To foreigners	163,583	156,806	177,711	159,777	160,653	164,817	160,359	160,615	159,523	168,380
76 Other branches of parent bank	71,078	71,181	90,469	80,806	79,945	82,810	84,021	82,145	83,253	88,434
77 Banks	37,365	33,850	35,065	29,437	29,167	31,133	28,480	27,220	27,044	28,938
78 Official institutions	14,359	12,371	12,409	9,207	10,624	9,121	8,224	10,879	8,739	9,952
79 Nonbank foreigners	40,781	39,404	39,768	40,327	40,917	41,753	39,634	40,371	40,487	41,056
80 Other liabilities	8,161	6,651	8,517	10,827	10,908	11,398	9,482	9,700r	10,154	10,445
	United Kingdom									
81 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**147,329**	**155,580**	**159,556**	**156,835**	**156,529**	**154,879**	**154,856**
82 Negotiable CDs	31,260	27,781	26,988	24,311	23,345	26,013	24,528	24,253	25,942	26,625
83 To United States	29,422	24,657	23,470	25,657	31,575	32,420	36,784	34,535	35,334	32,609
84 Parent bank	19,330	14,469	13,223	17,115	22,800	23,226	27,849	24,130	25,562	24,950
85 Other banks in United States	2,974	2,649	1,740	2,021	2,192	1,768	2,197	2,568	1,856	1,984
86 Nonbanks	7,118	7,539	8,507	6,521	6,583	7,426	6,738	7,837	7,916	5,675
87 To foreigners	78,525	79,498	98,689	87,212	89,934	90,404	86,026	87,519	83,833	86,011
88 Other branches of parent bank	23,389	25,036	33,078	26,837	25,743	26,268	26,812	26,815	24,553	25,929
89 Banks	28,581	30,877	34,290	31,701	32,385	33,029	30,609	29,329	28,567	29,094
90 Official institutions	9,676	6,836	11,015	8,570	10,656	9,542	7,873	10,010	8,627	9,429
91 Nonbank foreigners	16,879	16,749	20,306	20,104	21,150	21,565	20,732	21,365	22,086	21,559
92 Other liabilities	9,392	8,981	9,548	10,149	10,726	10,719	9,497	10,222	9,770	9,611
93 **Total payable in U.S. dollars**	**112,697**	**99,707**	**102,550**	**96,970**	**101,689**	**102,933**	**105,514**	**104,462**	**103,302**	**105,942**
94 Negotiable CDs	29,337	26,169	24,926	22,043	20,864	23,543	22,063	21,500	23,419	24,302
95 To United States	27,756	22,075	17,752	22,177	28,063	27,123	32,588	30,032	30,442	29,430
96 Parent bank	18,956	14,021	12,026	16,031	21,665	21,003	26,404	22,069	22,998	23,865
97 Other banks in United States	2,826	2,325	1,512	1,819	1,978	1,366	1,912	2,362	1,600	1,719
98 Nonbanks	5,974	5,729	4,214	4,327	4,420	4,754	4,272	5,601	5,844	3,846
99 To foreigners	51,980	48,138	55,919	47,149	47,278	46,843	46,690	48,421	44,934	47,219
100 Other branches of parent bank	18,493	17,951	22,334	18,696	17,384	17,443	18,561	18,936	17,139	18,483
101 Banks	14,344	15,203	15,580	13,417	13,436	14,029	13,407	13,090	13,106	12,907
102 Official institutions	7,661	4,934	7,530	4,519	6,186	4,713	4,348	5,897	4,116	5,467
103 Nonbank foreigners	11,482	10,050	10,475	10,517	10,272	10,658	10,374	10,498	10,573	10,362
104 Other liabilities	3,624	3,325	3,953	5,601	5,484	5,424	4,173	4,509	4,507	4,991
	Bahamas and Caymans									
105 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**167,719**	**159,147**	**169,034**	**170,639**	**162,352**	**165,862**	**179,212**
106 Negotiable CDs	610	847	885	924	1,092	1,361	953	1,118	1,138	1,073
107 To United States	104,556	106,081	113,950	118,641	108,858	116,952	122,332r	113,562r	114,729r	124,736
108 Parent bank	45,554	49,481	53,239	58,718	53,197	59,883	62,894	56,643r	57,684	62,689
109 Other banks in United States	12,778	11,715	17,224	11,106	10,824	10,823	11,494r	9,890r	9,743r	11,464
110 Nonbanks	46,224	44,885	43,487	48,817	44,837	46,246	47,944	47,029	47,302	50,583
111 To foreigners	35,053	34,400	43,815	45,930	46,775	48,113	45,161r	45,602r	47,534r	50,882
112 Other branches of parent bank	14,075	12,631	19,185	24,228	24,805	24,508	23,686	24,973	25,988	28,010
113 Banks	10,669	8,617	10,769	8,501	8,490	10,035	8,336r	7,179r	7,795r	8,522
114 Official institutions	1,776	2,719	1,504	1,067	972	1,060	1,074	1,337	1,379	1,234
115 Nonbank foreigners	8,533	10,433	12,357	12,134	12,508	12,510	12,065	12,113	12,372	13,116
116 Other liabilities	1,836	1,264	1,671	2,224	2,422	2,608	2,193	2,070r	2,461	2,521
117 **Total payable in U.S. dollars**	**138,322**	**138,774**	**152,927**	**159,621**	**151,600**	**160,786**	**162,950**	**154,663**	**157,890**	**172,213**

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3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1986	1987	1988				1989		
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**[1]	**211,834**	**259,556**	**288,930**	**295,219**	**300,956**	**299,749**	**301,730**[r]	**304,077**	**307,039**
By type									
2 Liabilities reported by banks in the United States[2]	27,920	31,838	32,543	34,796	35,089	31,507	36,744[r]	34,569	33,044
3 U.S. Treasury bills and certificates[3]	75,650	88,829	96,822	100,814	103,841	103,722	98,457	98,192	95,478
U.S. Treasury bonds and notes									
4 Marketable[4]	91,368	122,432	144,040	144,617	146,813	149,025	151,040[r]	155,338	161,843
5 Nonmarketable[5]	1,300	300	513	516	520	523	527	531	534
6 U.S. securities other than U.S. Treasury securities[5]	15,596	16,157	15,012	14,476	14,693	14,972	14,962	15,447	16,140
By area									
7 Western Europe[1]	88,629	124,620	121,524	125,407	128,665	125,099	126,057[r]	124,823	124,882
8 Canada	2,004	4,961	10,054	11,014	10,066	9,584	9,668	9,856	10,156
9 Latin America and Caribbean	8,417	8,328	10,145	9,849	10,525	10,094	9,943[r]	8,875	7,542
10 Asia	105,868	116,098	137,514	139,439	142,768	145,579	147,273[r]	152,111	156,384
11 Africa	1,503	1,402	1,130	1,094	993	1,369	1,093	1,143	1,059
12 Other countries[6]	5,412	4,147	8,049	7,903	7,418	7,501	7,169	6,738	6,482

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

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

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

Millions of dollars, end of period

Item	1985	1986	1987	1988			
				Mar.	June	Sept.	Dec.[r]
1 Banks' own liabilities	15,368	29,702	55,438	55,918	54,552	61,311	71,001
2 Banks' own claims	16,294	26,180	51,271	52,271	51,017	59,775	66,093
3 Deposits	8,437	14,129	18,861	18,406	17,660	20,769	23,831
4 Other claims	7,857	12,052	32,410	33,865	33,357	39,006	42,261
5 Claims of banks' domestic customers[2]	580	2,507	551	810	1,004	335	364

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

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3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **All foreigners**	**435,726**	**540,996**	**618,874**	**657,350**	**651,865**	**678,147**	**685,084**	**661,918**	**678,205**	**690,270**
2 Banks' own liabilities	341,070	406,485	470,070	491,023	482,647	503,610	513,070	493,248	507,928	523,726
3 Demand deposits	21,107	23,789	22,383	21,380	21,833	22,052	21,801	20,605	21,734	22,469
4 Time deposits[2]	117,278	130,891	148,374	148,789	142,181	149,438	150,980	145,557	150,774	158,727
5 Other[3]	29,305	42,705	51,677	53,736	57,046	53,939	52,074	52,165	51,392	53,433
6 Own foreign offices[4]	173,381	209,100	247,635	267,118	261,587	278,180	288,215	274,922	284,029	289,097
7 Banks' custody liabilities[5]	94,656	134,511	148,804	166,328	169,218	174,537	172,015	168,669	170,277	166,544
8 U.S. Treasury bills and certificates[6]	69,133	90,398	101,743	108,777	112,267	116,861	114,976	111,141	110,992	107,994
9 Other negotiable and readily transferable instruments[7]	17,964	15,417	16,776	16,555	16,400	16,662	16,371	16,763	17,061	17,077
10 Other	7,558	28,696	30,285	40,995	40,551	41,015	40,668	40,765	42,224	41,473
11 **Nonmonetary international and regional organizations[8]**	**5,821**	**5,807**	**4,464**	**7,581**	**6,109**	**4,978**	**3,224**	**2,704**	**3,253**	**3,975**
12 Banks' own liabilities	2,621	3,958	2,702	4,922	4,297	3,722	2,527	1,910	2,679	3,167
13 Demand deposits	85	199	124	104	143	76	71	67	74	89
14 Time deposits[2]	2,067	2,065	1,538	1,506	1,301	1,584	1,183	565	1,126	1,658
15 Other[3]	469	1,693	1,040	3,311	2,853	2,062	1,272	1,278	1,479	1,421
16 Banks' custody liabilities[5]	3,200	1,849	1,761	2,660	1,812	1,256	698	795	574	808
17 U.S. Treasury bills and certificates[6]	1,736	259	265	755	62	83	57	69	59	74
18 Other negotiable and readily transferable instruments[7]	1,464	1,590	1,497	1,899	1,750	1,163	641	711	463	734
19 Other	0	0	0	5	0	10	0	15	52	0
20 **Official institutions[9]**	**79,985**	**103,569**	**120,667**	**129,365**	**135,610**	**138,930**	**135,229**	**135,201**	**132,760**	**128,522**
21 Banks' own liabilities	20,835	25,427	28,703	29,012	31,017	31,107	27,097	32,023	29,248	27,380
22 Demand deposits	2,077	2,267	1,757	1,755	1,780	1,583	1,915	1,627	1,792	1,607
23 Time deposits[2]	10,949	10,497	12,843	11,860	11,407	12,176	9,784	13,476	12,672	10,880
24 Other[3]	7,809	12,663	14,103	15,397	17,830	17,348	15,398	16,920	14,784	14,892
25 Banks' custody liabilities[5]	59,150	78,142	91,965	100,353	104,593	107,823	108,132	103,178	103,512	101,142
26 U.S. Treasury bills and certificates[6]	53,252	75,650	88,829	96,822	100,814	103,841	103,722	98,457	98,192	95,478
27 Other negotiable and readily transferable instruments[7]	5,824	2,347	2,990	3,231	3,622	3,768	4,130	4,598	5,076	5,513
28 Other	75	145	146	300	158	214	280	124	244	152
29 **Banks[10]**	**275,589**	**351,745**	**414,280**	**436,247**	**424,966**	**447,246**	**459,924**	**437,173**	**452,946**	**469,244**
30 Banks' own liabilities	252,723	310,166	371,665	385,164	374,398	395,437	408,615	385,240	400,228	417,870
31 Unaffiliated foreign banks	79,341	101,066	124,030	118,046	112,811	117,258	120,400	110,318	116,199	128,773
32 Demand deposits	10,271	10,303	10,898	9,354	10,232	10,402	9,980	9,460	9,585	11,009
33 Time deposits[2]	49,510	64,232	79,717	77,666	70,887	76,415	80,279	72,537	76,918	85,683
34 Other[3]	19,561	26,531	33,415	31,026	31,693	30,442	30,141	28,321	29,695	32,081
35 Own foreign offices[4]	173,381	209,100	247,635	267,118	261,587	278,180	288,215	274,922	284,029	289,097
36 Banks' custody liabilities[5]	22,866	41,579	42,615	51,083	50,569	51,809	51,309	51,933	52,719	51,374
37 U.S. Treasury bills and certificates[6]	9,832	9,984	9,134	7,969	7,976	8,087	7,602	7,819	7,491	7,263
38 Other negotiable and readily transferable instruments[7]	6,040	5,165	5,392	5,220	5,225	5,696	5,666	5,870	5,884	5,254
39 Other	6,994	26,431	28,089	37,893	37,367	38,025	38,041	38,243	39,344	38,857
40 **Other foreigners**	**74,331**	**79,875**	**79,463**	**84,158**	**85,179**	**86,992**	**86,707**	**86,840**	**89,246**	**88,529**
41 Banks' own liabilities	64,892	66,934	67,000	71,925	72,935	73,343	74,832	74,076	75,773	75,309
42 Demand deposits	8,673	11,019	9,604	10,167	9,678	9,991	9,835	9,452	10,282	9,764
43 Time deposits[2]	54,752	54,097	54,277	57,757	58,586	59,264	59,734	58,979	60,058	60,505
44 Other[3]	1,467	1,818	3,119	4,001	4,671	4,088	5,263	5,645	5,433	5,039
45 Banks' custody liabilities[5]	9,439	12,941	12,463	12,233	12,244	13,650	11,876	12,764	13,473	13,220
46 U.S. Treasury bills and certificates[6]	4,314	4,506	3,515	3,231	3,415	4,849	3,595	4,797	5,250	5,180
47 Other negotiable and readily transferable instruments[7]	4,636	6,315	6,898	6,205	5,803	6,035	5,933	5,584	5,638	5,575
48 Other	489	2,120	2,050	2,797	3,026	2,766	2,347	2,383	2,585	2,465
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	9,845	7,496	7,314	6,394	6,117	6,128	6,366	6,296	6,064	5,881

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

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3.17—Continued

Area and country	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **Total**	**435,726**	**540,996**	**618,874**	**657,350**	**651,865**	**678,147**	**685,084**	**661,918**	**678,205**	**690,270**
2 **Foreign countries**	**429,905**	**535,189**	**614,411**	**649,769**	**645,755**	**673,169**	**681,860**	**659,213**	**674,952**	**686,294**
3 Europe	164,114	180,556	234,641	224,827	227,258	233,958	236,243	223,965	228,565	232,006
4 Austria	693	1,181	920	1,072	1,271	1,599	1,155	1,129	1,777	1,448
5 Belgium–Luxembourg	5,243	6,729	9,347	9,937	10,247	11,117	10,043	9,006	10,529	9,315
6 Denmark	513	482	760	1,402	2,362	3,089	2,180	1,833	2,082	1,639
7 Finland	496	580	377	447	339	339	284	375	560	527
8 France	15,541	22,862	29,835	24,295	23,259	24,564	24,758	22,263	24,264	26,839
9 Germany	4,835	5,762	7,022	5,085	5,898	7,981	6,781	5,794	5,263	5,477
10 Greece	666	700	689	633	675	683	672	919	933	759
11 Italy	9,667	10,875	12,073	8,550	12,512	13,337	14,610	11,322	11,073	13,480
12 Netherlands	4,212	5,600	5,014	6,166	6,377	5,939	5,311	5,248	6,011	5,595
13 Norway	948	735	1,362	1,060	1,143	1,342	1,559	1,502	1,367	1,547
14 Portugal	652	699	801	858	915	738	903	870	813	831
15 Spain	2,114	2,407	2,621	6,248	6,838	5,976	5,490	5,750	5,169	4,900
16 Sweden	1,422	884	1,379	2,196	1,579	1,815	1,270	1,299	1,319	1,441
17 Switzerland	29,020	30,534	33,766	31,360	31,325	31,919	34,224	32,564	31,658	30,330
18 Turkey	429	454	703	706	876	793	1,012	939	1,246	1,023
19 United Kingdom	76,728	85,334	116,852	113,304	109,976	111,747	116,103	110,894	113,576	115,525
20 Yugoslavia	673	630	710	579	655	569	529	489	434	440
21 Other Western Europe[1]	9,635	3,326	9,798	10,325	10,245	9,627	8,633	10,917	9,929	10,076
22 U.S.S.R.	105	80	32	45	100	74	138	155	109	102
23 Other Eastern Europe[2]	523	702	582	558	667	711	589	697	454	711
24 Canada	17,427	26,345	30,095	28,241	26,697	26,188	21,029	19,267	20,732	23,961
25 Latin America and Caribbean	167,856	210,318	220,372	246,796	240,109	257,330	267,147	259,423	263,503	265,232
26 Argentina	6,032	4,757	5,006	7,106	7,065	7,307	7,749	7,628	6,836	6,411
27 Bahamas	57,657	73,619	74,767	77,921	76,844	83,725	86,590	82,009	83,455	87,214
28 Bermuda	2,765	2,922	2,344	2,389	2,577	2,752	2,621	2,381	2,545	2,578
29 Brazil	5,373	4,325	4,005	4,475	4,726	5,137	5,268	4,675	4,829	4,929
30 British West Indies	42,674	72,263	81,494	101,813	95,869	105,016	110,626	108,343	111,179	110,033
31 Chile	2,049	2,054	2,210	2,467	2,727	2,653	2,917	2,969	2,975	3,063
32 Colombia	3,104	4,285	4,204	4,171	4,136	4,221	4,317	4,300	4,453	4,138
33 Cuba	11	7	12	9	12	9	10	10	10	10
34 Ecuador	1,239	1,236	1,082	1,244	1,265	1,360	1,356	1,365	1,402	1,412
35 Guatemala	1,071	1,123	1,082	1,177	1,150	1,178	1,186	1,236	1,259	1,267
36 Jamaica	122	136	160	166	177	164	186	180	170	231
37 Mexico	14,060	13,745	14,480	15,843	15,636	15,457	15,093	15,277	14,866	14,595
38 Netherlands Antilles	4,875	4,970	4,975	5,253	5,354	5,907	6,705	6,083	5,641	5,666
39 Panama	7,514	6,886	7,414	4,128	4,117	4,046	4,206	4,284	4,496	4,361
40 Peru	1,167	1,163	1,275	1,584	1,605	1,650	1,626	1,716	1,728	1,696
41 Uruguay	1,552	1,537	1,582	1,884	1,788	1,887	1,895	2,011	2,142	2,225
42 Venezuela	11,922	10,171	9,048	9,752	9,547	9,301	9,095	9,159	9,532	9,354
43 Other	4,668	5,119	5,234	5,411	5,512	5,560	5,702	5,800	5,986	6,049
44 Asia	72,280	108,831	121,288	139,763	141,940	145,768	147,293	146,559	151,489	155,061
China										
45 Mainland	1,607	1,476	1,162	1,608	1,479	1,401	1,892	1,566	1,602	1,590
46 Taiwan	7,786	18,902	21,503	22,338	23,380	24,747	26,057	26,178	26,001	26,142
47 Hong Kong	8,067	9,393	10,180	10,875	11,532	12,437	11,727	10,941	11,677	10,776
48 India	712	674	582	1,008	778	761	695	689	828	897
49 Indonesia	1,466	1,547	1,404	1,121	1,286	995	1,189	1,189	1,198	1,611
50 Israel	1,601	1,892	1,292	1,130	2,323	1,063	1,471	1,216	1,365	1,300
51 Japan	23,077	47,410	54,322	70,068	70,478	73,100	73,989	75,391	77,417	82,936
52 Korea	1,665	1,141	1,637	2,091	2,440	2,681	2,541	2,454	2,502	2,890
53 Philippines	1,140	1,866	1,085	976	1,146	1,155	1,163	976	1,014	977
54 Thailand	1,358	1,119	1,345	1,369	1,363	1,205	1,236	1,373	1,615	1,217
55 Middle-East oil-exporting countries[3]	14,523	12,352	13,988	14,124	13,232	12,871	12,053	12,262	12,289	11,971
56 Other	9,276	11,058	12,788	13,053	12,503	13,352	13,281	12,323	13,980	12,755
57 Africa	4,883	4,021	3,945	3,659	3,702	3,530	3,974	3,688	3,791	3,713
58 Egypt	1,363	706	1,151	813	850	757	912	771	819	756
59 Morocco	163	92	194	111	66	64	68	90	69	60
60 South Africa	388	270	202	247	245	267	437	250	212	226
61 Zaire	163	74	67	71	71	72	71	74	75	77
62 Oil-exporting countries[4]	1,494	1,519	1,014	1,015	993	952	1,017	1,024	1,121	1,062
63 Other	1,312	1,360	1,316	1,402	1,477	1,418	1,470	1,479	1,494	1,534
64 Other countries	3,347	5,118	4,070	6,484	6,049	6,396	6,173	6,312	6,872	6,322
65 Australia	2,779	4,196	3,327	5,639	5,199	5,426	5,303	5,485	6,037	5,490
66 All other	568	922	744	845	849	970	870	827	836	832
67 Nonmonetary international and regional organizations	5,821	5,807	4,464	7,581	6,109	4,978	3,224	2,704	3,253	3,975
68 International[5]	4,806	4,620	2,830	5,538	4,142	3,491	2,503	1,725	2,106	2,726
69 Latin American regional	894	1,033	1,272	1,762	1,662	1,276	589	747	732	1,026
70 Other regional[6]	121	154	362	281	306	211	133	232	415	223

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

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

Millions of dollars, end of period

Area and country	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**	**401,608**	**444,745**	**459,877**	**477,023**	**465,538**	**485,973**	**490,183**	**481,408**[r]	**494,893**	**505,626**
2 **Foreign countries**	**400,577**	**441,724**	**456,472**	**471,437**	**462,434**	**481,192**	**488,177**	**478,954**[r]	**493,205**	**503,875**
3 Europe	106,413	107,823	102,348	102,382	105,859	108,273	117,000	107,506[r]	113,844	116,509
4 Austria	598	728	793	808	812	721	485	544	646	892
5 Belgium–Luxembourg	5,772	7,498	9,397	9,038	8,902	8,954	8,573	8,356	7,926	7,785
6 Denmark	706	688	717	579	631	599	480	410	790	547
7 Finland	823	987	1,010	1,194	912	1,157	1,065	911[r]	1,114	909
8 France	9,124	11,356	13,548	12,149	12,327	12,478	13,242	13,315	14,920	15,727
9 Germany	1,267	1,816	2,039	1,713	2,317	2,307	2,327	2,398[r]	1,695	3,107
10 Greece	991	648	462	505	493	601	433	448	517	584
11 Italy	8,848	9,043	7,460	6,095	6,022	7,100	7,946	5,526	5,581	5,866
12 Netherlands	1,258	3,296	2,619	3,197	2,666	2,763	2,547	2,514	2,475	2,806
13 Norway	706	672	934	510	534	478	455	472	601	432
14 Portugal	1,058	739	477	329	261	253	374	339	331	367
15 Spain	1,908	1,492	1,853	1,963	1,800	2,054	1,823	2,182	2,153	2,134
16 Sweden	2,219	1,964	2,254	1,983	1,852	2,083	1,977	2,619	2,622	2,643
17 Switzerland	3,171	3,352	2,718	2,559	2,918	2,983	3,895	3,511[r]	3,799	3,797
18 Turkey	1,200	1,543	1,680	1,396	1,344	1,265	1,233	1,152	1,108	1,039
19 United Kingdom	62,566	58,335	50,823	54,724	57,924	58,095	65,594	58,037[r]	62,409	63,075
20 Yugoslavia	1,964	1,835	1,700	1,476	1,472	1,450	1,390	1,371	1,348	1,455
21 Other Western Europe[2]	998	539	619	856	1,120	916	1,152	1,275	1,560	1,262
22 U.S.S.R.	130	345	389	503	754	1,218	1,255	1,286	1,403	1,298
23 Other Eastern Europe[3]	1,107	948	852	805	798	799	755	839	846	785
24 Canada	16,482	21,006	25,368	23,776	22,482	23,285	18,988	16,731[r]	18,915	19,559
25 Latin America and Caribbean	202,674	208,825	214,789	212,862	201,047	211,079	213,272	210,294[r]	210,463	221,718
26 Argentina	11,462	12,091	11,996	12,235	12,077	12,023	11,804	11,880	11,801	11,635
27 Bahamas	58,258	59,342	64,587	64,281	59,345	67,238	67,003	68,874[r]	69,517	71,712
28 Bermuda	499	418	471	676	596	511	483	475	535	1,265
29 Brazil	25,283	25,716	25,897	25,622	25,461	26,399	25,735	25,835[r]	25,480	26,156
30 British West Indies	38,881	46,284	50,042	55,201	48,859	50,650	54,739	50,358[r]	50,504	58,010
31 Chile	6,603	6,558	6,308	5,656	5,459	5,319	5,401	5,156[r]	5,139	5,345
32 Colombia	3,249	2,821	2,740	3,023	3,016	2,978	2,938	2,867	2,805	2,741
33 Cuba	0	0	1	0	0	0	1	1	1	1
34 Ecuador	2,390	2,439	2,286	2,185	2,168	2,162	2,075	2,048[r]	2,026	2,037
35 Guatemala[4]	194	140	144	150	175	167	198	185	188	198
36 Jamaica[4]	224	198	188	187	201	205	211	214	202	211
37 Mexico	31,799	30,698	29,532	25,971	25,645	25,386	24,636	24,445[r]	24,386	24,494
38 Netherlands Antilles	1,340	1,041	980	1,158	1,491	1,427	1,309	1,222[r]	1,150	1,005
39 Panama	6,645	5,436	4,744	2,176	2,214	2,350	2,506	2,535	2,534	2,455
40 Peru	1,947	1,661	1,329	1,063	1,065	1,012	1,012	1,011	952	947
41 Uruguay	960	940	963	891	850	888	910	880	856	879
42 Venezuela	10,871	11,108	10,843	10,754	10,803	10,736	10,732	10,748[r]	10,910	10,803
43 Other Latin America and Caribbean	2,067	1,936	1,738	1,633	1,623	1,626	1,580	1,560	1,475	1,825
44 Asia	66,212	96,126	106,096	124,809	124,686	130,282	130,786	135,779[r]	141,185	137,400
China										
Mainland	639	787	968	824	756	777	762	830	881	992
46 Taiwan	1,535	2,681	4,592	3,182	3,040	3,845	4,184	3,902[r]	3,960	4,168
47 Hong Kong	6,797	8,307	8,218	8,419	9,500	10,831	10,134	8,739[r]	8,016	7,836
48 India	450	321	510	533	627	568	560	645	628	564
49 Indonesia	698	723	580	773	808	767	730	669	735	649
50 Israel	1,991	1,634	1,363	1,184	1,174	1,231	1,137	1,097[r]	1,044	1,068
51 Japan	31,249	59,674	68,658	87,200	87,276	89,520	90,137	99,032[r]	104,842	100,780
52 Korea	9,226	7,182	5,148	5,137	5,187	5,390	5,219	4,961	4,891	5,173
53 Philippines	2,224	2,217	2,071	2,009	1,912	1,900	1,876	1,847	1,900	1,910
54 Thailand	845	578	496	759	766	778	850	887	931	986
55 Middle East oil-exporting countries[5]	4,298	4,122	4,858	6,401	5,388	6,657	6,110	5,341	5,839	6,384
56 Other Asia	6,260	7,901	8,635	8,389	8,253	8,018	9,087	7,829	7,519	6,890
57 Africa	5,407	4,650	4,742	5,454	5,633	5,629	5,720	5,924[r]	6,072	5,965
58 Egypt	721	567	521	535	540	532	509	495[r]	567	543
59 Morocco	575	598	542	478	476	488	511	524	532	541
60 South Africa	1,942	1,550	1,507	1,693	1,707	1,698	1,681	1,688	1,718	1,695
61 Zaire	20	28	15	16	17	18	17	16	16	42
62 Oil-exporting countries[6]	630	694	1,003	1,388	1,483	1,491	1,523	1,534	1,522	1,480
63 Other	1,520	1,213	1,153	1,343	1,410	1,402	1,479	1,666	1,717	1,666
64 Other countries	3,390	3,294	3,129	2,154	2,728	2,645	2,410	2,720	2,726	2,724
65 Australia	2,413	1,949	2,100	1,389	1,879	1,586	1,517	1,711	1,686	1,689
66 All other	978	1,345	1,029	765	849	1,059	894	1,009	1,040	1,034
67 Nonmonetary international and regional organizations[7]	1,030	3,021	3,404	5,586	3,104	4,781	2,006	2,454[r]	1,688	1,751

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

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

Millions of dollars, end of period

Type of claim	1985	1986	1987	1988				1989		
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
1 **Total**	**430,489**	**478,650**	**497,635**	**512,804**	.....	.....	**537,380**	.....	.....	**505,626**
2 Banks' own claims on foreigners	401,608	444,745	459,877	477,023	465,538	485,973	490,183	481,408	494,893	505,626
3 Foreign public borrowers	60,507	64,095	64,605	65,072	61,940	64,949	61,768	63,670	62,824	62,230
4 Own foreign offices[2]	174,261	211,533	224,727	245,473	237,455	255,005	256,515	256,726	263,797	272,471
5 Unaffiliated foreign banks	116,654	122,946	127,609	124,560	122,071	123,299	129,542	119,009	125,491	129,957
6 Deposits	48,372	57,484	60,687	61,295	54,372	55,980	65,991	58,605	63,077	66,414
7 Other	68,282	65,462	66,922	63,265	67,699	67,318	63,552	60,404	62,414	63,543
8 All other foreigners	50,185	46,171	42,936	41,918	44,072	42,720	42,359	42,003	42,780	40,968
9 Claims of banks' domestic customers[3]	28,881	33,905	37,758	35,781	.....	.....	47,196	.....	.....	.....
10 Deposits	3,335	4,413	3,692	5,391	.....	.....	8,289	.....	.....	.....
11 Negotiable and readily transferable instruments[4]	19,332	24,044	26,696	20,896	.....	.....	25,372	.....	.....	.....
12 Outstanding collections and other claims	6,214	5,448	7,370	9,494	.....	.....	13,535	.....	.....	.....
13 MEMO: Customer liability on acceptances	28,487	25,706	23,107	18,677	.....	.....	19,484	.....	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,102	43,984	40,587	43,182	42,362	49,297	43,023[r]	45,044	47,625	n.a.

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.
Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

3. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1985	1986	1987	1988			
				Mar.	June	Sept.	Dec.
1 **Total**	**227,903**	**232,295**	**235,130**	**219,609**	**228,348**	**230,356**	**233,043**[r]
By borrower							
2 Maturity of 1 year or less[2]	160,824	160,555	163,997	152,967	163,819	167,861	172,447[r]
3 Foreign public borrowers	26,302	24,842	25,889	26,257	27,520	29,361	26,382
4 All other foreigners	134,522	135,714	138,108	126,710	136,299	138,499	146,064[r]
5 Maturity over 1 year[2]	67,078	71,740	71,133	66,642	64,530	62,495	60,597
6 Foreign public borrowers	34,512	39,103	38,625	35,763	35,598	34,985	34,827[r]
7 All other foreigners	32,567	32,637	32,507	30,878	28,932	27,510	25,770[r]
By area							
Maturity of 1 year or less[2]							
8 Europe	56,585	61,784	59,027	51,694	55,986	54,243	56,025[r]
9 Canada	6,401	5,895	5,680	4,989	6,664	6,410	6,275
10 Latin America and Caribbean	63,328	56,271	56,535	55,429	56,166	55,532	57,866
11 Asia	27,966	29,457	35,919	35,523	38,997	42,340	46,119[r]
12 Africa	3,753	2,882	2,833	2,596	2,914	3,120	3,338
13 All other[3]	2,791	4,267	4,003	2,736	3,092	6,216	2,824
Maturity of over 1 year[2]							
14 Europe	7,634	6,737	6,696	5,885	5,337	5,327	4,736
15 Canada	1,805	1,925	2,661	2,213	2,344	2,062	1,929
16 Latin America and Caribbean	50,674	56,719	53,817	51,544	49,762	48,260	47,484
17 Asia	4,502	4,043	3,830	3,681	3,645	3,954	3,646
Africa	1,538	1,539	1,747	2,201	2,433	2,257	2,301
19 All other[3]	926	777	2,381	1,117	1,008	635	501

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Remaining time to maturity.

3. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

Area or country	1984	1985	1986	1987				1988			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**405.7**	**385.4**	**385.1**	**395.4**	**384.6**	**387.7**	**381.4**	**370.0**	**350.5**	**353.7**	**348.8**
2 G-10 countries and Switzerland	148.1	146.0	156.6	162.7	158.1	155.2	160.0	157.2	151.2	149.5	154.5
3 Belgium-Luxembourg	8.7	9.2	8.3	9.1	8.3	8.2	10.1	9.3	9.2	9.5	9.0
4 France	14.1	12.1	13.7	13.3	12.5	13.7	13.8	11.5	10.8	10.0	10.7
5 Germany	9.0	10.5	11.6	12.7	11.2	10.5	12.6	11.8	10.6	8.9	9.9
6 Italy	10.1	9.6	9.0	8.7	7.5	6.6	7.3	7.4	6.1	5.9	6.4
7 Netherlands	3.9	3.7	4.6	4.4	7.3	4.8	4.1	3.3	3.3	3.0	2.8
8 Sweden	3.2	2.7	2.4	3.0	2.4	2.6	2.1	2.1	1.9	2.0	2.0
9 Switzerland	3.9	4.4	5.8	5.8	5.7	5.4	5.6	5.1	5.6	5.2	5.7
10 United Kingdom	60.3	63.0	71.0	73.7	72.0	72.1	69.1	71.7	70.5	68.1	66.7
11 Canada	7.9	6.8	5.3	5.3	4.7	4.7	5.5	4.9	5.4	5.2	5.5
12 Japan	27.1	23.9	24.9	26.9	26.3	26.5	29.8	30.0	27.9	31.7	35.9
13 Other developed countries	33.6	29.9	25.7	25.7	25.2	25.9	26.2	26.2	23.7	22.7	20.9
14 Austria	1.6	1.5	1.7	1.9	1.8	1.9	1.9	1.6	1.6	1.6	1.6
15 Denmark	2.2	2.3	1.7	1.7	1.5	1.6	1.7	1.4	1.0	1.1	.9
16 Finland	1.9	1.6	1.4	1.4	1.4	1.4	1.3	1.0	1.2	1.3	1.2
17 Greece	2.9	2.6	2.3	2.1	2.0	1.9	2.0	2.3	2.2	2.1	1.9
18 Norway	3.0	2.9	2.4	2.2	2.1	2.0	2.3	2.0	2.0	2.0	1.8
19 Portugal	1.4	1.2	.8	.9	.8	.8	.5	.4	.4	.4	.5
20 Spain	6.5	5.8	5.8	6.3	6.1	7.4	8.0	9.0	7.2	6.3	6.2
21 Turkey	1.9	1.8	1.8	1.7	1.7	1.5	1.6	1.6	1.5	1.3	1.3
22 Other Western Europe	1.7	2.0	1.4	1.4	1.5	1.6	1.6	1.9	1.6	1.9	1.3
23 South Africa	4.5	3.2	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.7	2.4
24 Australia	6.0	5.0	3.5	3.2	3.1	2.9	2.4	2.1	2.2	1.8	1.8
25 OPEC countries[3]	24.9	21.3	19.3	20.0	18.8	19.0	17.1	17.2	16.4	17.6	16.5
26 Ecuador	2.2	2.1	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8	1.7
27 Venezuela	9.3	8.9	8.6	8.5	8.4	8.3	8.1	8.0	8.0	7.9	7.9
28 Indonesia	3.3	3.0	2.5	2.4	2.2	2.0	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	7.9	5.3	4.3	5.4	4.4	5.0	3.6	3.6	3.1	4.3	3.2
30 African countries	2.3	2.0	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
31 Non-OPEC developing countries	111.8	104.2	99.1	100.7	100.4	97.7	97.6	94.3	91.3	87.0	85.5
Latin America											
32 Argentina	8.7	8.8	9.5	9.5	9.5	9.3	9.4	9.5	9.4	9.2	8.9
33 Brazil	26.3	25.4	25.2	26.2	25.1	25.1	24.7	23.9	23.7	22.4	22.5
34 Chile	7.0	6.9	7.1	7.3	7.2	7.0	6.9	6.6	6.4	6.2	5.7
35 Colombia	2.9	2.6	2.1	2.0	1.9	1.9	2.0	1.9	2.1	2.1	2.0
36 Mexico	25.7	23.9	23.8	24.1	25.3	24.8	23.7	22.5	21.1	20.6	19.0
37 Peru	2.2	1.8	1.4	1.4	1.3	1.2	1.1	1.1	.9	.8	.8
38 Other Latin America	3.9	3.4	3.1	3.0	2.9	2.8	2.7	2.8	2.6	2.5	2.6
Asia											
China											
39 Mainland	.7	.5	.4	.9	.6	.3	.3	.4	.3	.2	.3
40 Taiwan	5.1	4.5	4.9	5.5	6.6	6.0	8.2	6.1	4.9	3.2	3.6
41 India	.9	1.2	1.2	1.8	1.7	1.9	1.9	2.1	2.3	2.0	2.1
42 Israel	1.8	1.6	1.5	1.4	1.3	1.3	1.0	1.0	1.0	1.0	1.2
43 Korea (South)	10.6	9.2	6.6	6.2	5.6	4.9	4.9	5.6	5.9	6.0	6.1
44 Malaysia	2.7	2.4	2.1	1.9	1.7	1.6	1.5	1.5	1.5	1.6	1.6
45 Philippines	6.0	5.7	5.4	5.4	5.4	5.4	5.1	5.1	4.9	4.5	4.5
46 Thailand	1.8	1.4	.9	.9	.8	.7	.7	1.0	1.1	1.2	1.1
47 Other Asia	1.1	1.0	.7	.6	.7	.7	.7	.7	.8	.8	.9
Africa											
48 Egypt	1.2	1.0	.7	.6	.6	.6	.5	.5	.6	.5	.4
49 Morocco	.8	.9	.9	.9	.9	.8	.9	.9	.9	.8	.9
50 Zaire	.1	.1	.1	.1	.1	.1	.0	.1	.1	.0	.0
51 Other Africa[4]	2.1	1.9	1.6	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.1
52 Eastern Europe	4.4	4.1	3.2	3.0	3.3	3.3	3.0	2.9	3.1	3.0	3.7
53 U.S.S.R.	.1	.1	.1	.1	.3	.5	.4	.3	.4	.4	.7
54 Yugoslavia	2.3	2.2	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.7	1.8
55 Other	2.0	1.8	1.4	1.3	1.3	1.2	1.0	.9	1.0	1.0	1.2
56 Offshore banking centers	65.6	62.9	61.3	63.1	60.7	64.3	54.3	50.8	42.4	46.5	45.5
57 Bahamas	21.5	21.2	22.0	23.9	19.9	25.5	17.1	15.1	8.6	12.5	11.5
58 Bermuda	.9	.7	.7	.8	.6	.6	.6	.8	1.0	.9	.8
59 Cayman Islands and other British West Indies	11.8	11.6	12.4	12.2	14.0	12.8	13.3	11.7	10.0	11.5	13.1
60 Netherlands Antilles	3.4	2.2	1.8	1.7	1.3	1.2	1.2	1.3	1.2	1.2	1.0
61 Panama[5]	6.7	6.0	4.0	4.3	3.9	3.7	3.7	3.3	3.0	2.7	2.6
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.4	11.1	11.4	12.5	12.3	11.2	11.3	11.7	10.6	10.2
64 Singapore	9.8	9.8	9.2	8.6	8.3	8.1	7.0	7.4	6.8	7.0	6.2
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	17.3	16.9	19.8	20.1	18.1	22.3	23.2	21.5	22.3	27.0	21.8

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

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

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

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

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

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3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987	1988			
				Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**29,357**	**27,825**	**25,587**	**27,889**	**29,416**	**29,564**	**31,560**	**33,481**
2 Payable in dollars	26,389	24,296	21,749	22,504	23,869	24,319	26,391	28,319
3 Payable in foreign currencies	2,968	3,529	3,838	5,385	5,547	5,244	5,168	5,162
By type								
4 Financial liabilities	14,509	13,600	12,133	11,882	13,635	13,219	14,076	14,727
5 Payable in dollars	12,553	11,257	9,609	8,358	10,000	9,746	10,719	11,319
6 Payable in foreign currencies	1,955	2,343	2,524	3,525	3,635	3,473	3,357	3,408
7 Commercial liabilities	14,849	14,225	13,454	16,006	15,780	16,345	17,484	18,754
8 Trade payables	7,005	6,685	6,450	7,433	6,581	6,899	6,610	6,751
9 Advance receipts and other liabilities	7,843	7,540	7,004	8,573	9,199	9,445	10,874	12,003
10 Payable in dollars	13,836	13,039	12,140	14,146	13,869	14,573	15,673	17,000
11 Payable in foreign currencies	1,013	1,186	1,314	1,860	1,912	1,771	1,811	1,754
By area or country								
Financial liabilities								
12 Europe	6,728	7,700	7,917	8,078	9,411	8,890	10,092	10,099
13 Belgium-Luxembourg	471	349	270	202	241	269	326	387
14 France	995	857	661	364	390	353	354	326
15 Germany	489	376	368	583	585	625	709	746
16 Netherlands	590	861	542	884	1,008	880	1,014	897
17 Switzerland	569	610	646	493	777	706	797	1,232
18 United Kingdom	3,297	4,305	5,140	5,358	6,228	5,885	6,722	6,300
19 Canada	863	839	399	360	394	403	391	639
20 Latin America and Caribbean	5,086	3,184	1,944	889	1,177	1,188	801	1,121
21 Bahamas	1,926	1,123	614	293	264	225	213	191
22 Bermuda	13	4	4	0	0	0	0	0
23 Brazil	35	29	32	25	0	0	0	0
24 British West Indies	2,103	1,843	1,146	503	849	919	581	525
25 Mexico	367	15	22	13	15	26	2	1
26 Venezuela	137	3	0	0	2	0	0	0
27 Asia	1,777	1,815	1,805	2,452	2,573	2,662	2,785	2,816
28 Japan	1,209	1,198	1,398	2,042	2,112	2,066	2,196	2,135
29 Middle East oil-exporting countries[2]	155	82	8	8	11	11	4	3
30 Africa	14	12	1	4	5	2	3	1
31 Oil-exporting countries[3]	0	0	1	1	3	1	1	0
32 All other[4]	41	50	67	100	75	74	3	50
Commercial liabilities								
33 Europe	4,001	4,074	4,446	5,616	5,738	5,844	6,845	7,731
34 Belgium-Luxembourg	48	62	101	134	156	150	208	171
35 France	438	453	352	451	441	436	470	480
36 Germany	622	607	715	916	818	799	1,204	1,690
37 Netherlands	245	364	424	428	463	514	653	568
38 Switzerland	257	379	385	559	527	482	486	594
39 United Kingdom	1,095	976	1,341	1,657	1,798	1,848	2,186	2,115
40 Canada	1,975	1,449	1,405	1,301	1,392	1,167	1,109	1,200
41 Latin America and Caribbean	1,871	1,088	924	865	976	1,032	999	1,026
42 Bahamas	7	12	32	19	15	58	20	45
43 Bermuda	114	77	156	168	325	272	222	184
44 Brazil	124	58	61	46	59	54	58	91
45 British West Indies	32	44	49	19	14	28	30	31
46 Mexico	586	430	217	189	164	233	178	179
47 Venezuela	636	212	216	162	122	140	204	176
48 Asia	5,285	6,046	5,080	6,573	5,888	6,285	6,653	6,905
49 Japan	1,256	1,799	2,042	2,580	2,510	2,661	2,769	3,095
50 Middle East oil-exporting countries[2,5]	2,372	2,829	1,679	1,964	1,062	1,320	1,312	1,386
51 Africa	588	587	619	574	575	626	465	564
52 Oil-exporting countries[3]	233	238	197	135	139	115	106	201
53 All other[4]	1,128	982	980	1,078	1,211	1,391	1,414	1,327

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

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3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987	1988			
				Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**29,901**	**28,876**	**36,265**	**31,086**	**31,154**	**37,599**	**37,345**	**32,778**
2 Payable in dollars	27,304	26,574	33,867	28,514	28,997	35,421	34,660	30,623
3 Payable in foreign currencies	2,597	2,302	2,399	2,572	2,157	2,178	2,686	2,154
By type								
4 Financial claims	19,254	18,891	26,273	20,440	20,368	26,194	26,336	21,016
5 Deposits	14,621	15,526	19,916	14,923	13,056	19,858	19,574	14,209
6 Payable in dollars	14,202	14,911	19,331	13,706	12,402	19,009	18,358	13,273
7 Payable in foreign currencies	420	615	585	1,217	653	849	1,216	936
8 Other financial claims	4,633	3,364	6,357	5,517	7,312	6,336	6,762	6,807
9 Payable in dollars	3,190	2,330	5,005	4,703	6,192	5,440	5,863	6,111
10 Payable in foreign currencies	1,442	1,035	1,352	814	1,120	895	899	696
11 Commercial claims	10,646	9,986	9,992	10,647	10,786	11,405	11,010	11,762
12 Trade receivables	9,177	8,696	8,783	9,581	9,673	10,370	10,025	10,687
13 Advance payments and other claims	1,470	1,290	1,209	1,065	1,113	1,036	985	1,075
14 Payable in dollars	9,912	9,333	9,530	10,105	10,403	10,971	10,439	11,239
15 Payable in foreign currencies	735	652	462	541	383	434	571	523
By area or country								
Financial claims								
16 Europe	5,762	6,929	10,744	9,581	10,116	11,754	10,934	10,320
17 Belgium-Luxembourg	15	10	41	7	15	16	49	11
18 France	126	184	138	335	335	185	212	252
19 Germany	224	223	116	105	97	170	113	129
20 Netherlands	66	161	151	351	336	337	364	350
21 Switzerland	66	74	185	84	54	82	84	91
22 United Kingdom	4,864	6,007	9,855	8,472	9,062	10,642	9,543	9,118
23 Canada	3,988	3,260	4,808	2,851	2,696	2,960	3,545	2,571
24 Latin America and Caribbean	8,216	7,846	9,291	6,983	6,607	10,951	11,166	7,050
25 Bahamas	3,306	2,698	2,628	1,998	2,371	4,164	4,109	1,726
26 Bermuda	6	6	6	7	43	126	188	19
27 Brazil	100	78	86	63	86	46	44	47
28 British West Indies	4,043	4,571	6,078	4,399	3,574	6,111	6,359	4,764
29 Mexico	215	180	174	172	154	147	133	151
30 Venezuela	125	48	21	19	35	28	27	22
31 Asia	961	731	1,317	888	874	422	570	796
32 Japan	353	475	999	607	707	187	385	605
33 Middle East oil-exporting countries[2]	13	4	7	10	7	6	6	6
34 Africa	210	103	85	65	53	60	96	106
35 Oil-exporting countries[3]	85	29	28	7	7	10	9	10
36 All other[4]	117	21	28	72	23	47	26	173
Commercial claims								
37 Europe	3,801	3,533	3,725	4,209	4,201	4,725	4,281	4,970
38 Belgium-Luxembourg	165	175	133	179	194	159	172	175
39 France	440	426	431	652	554	686	535	672
40 Germany	374	346	444	562	637	773	605	606
41 Netherlands	335	284	164	135	151	173	146	265
42 Switzerland	271	284	217	185	172	262	183	317
43 United Kingdom	1,063	898	999	1,097	1,084	1,121	1,197	1,227
44 Canada	1,021	1,023	934	931	1,155	927	933	932
45 Latin America and Caribbean	2,052	1,753	1,857	1,944	1,927	2,080	2,104	2,146
46 Bahamas	8	13	28	19	14	13	12	31
47 Bermuda	115	93	193	170	171	174	161	156
48 Brazil	214	206	234	226	209	232	233	295
49 British West Indies	7	6	39	26	24	25	22	20
50 Mexico	583	510	412	368	374	412	463	460
51 Venezuela	206	157	237	296	274	318	266	226
52 Asia	3,073	2,982	2,755	2,919	2,857	2,994	2,994	2,952
53 Japan	1,191	1,016	881	1,160	1,109	1,169	957	935
54 Middle East oil-exporting countries[2]	668	638	563	450	408	446	411	441
55 Africa	470	437	500	401	419	425	425	434
56 Oil-exporting countries[3]	134	130	139	144	126	136	137	122
57 All other[4]	229	257	222	241	227	254	273	329

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

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3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1987	1988	1989 Jan.–Mar.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar. p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	249,122	181,048	46,114	11,971	13,232	11,973	11,224	11,923	18,378	15,813
2 Foreign sales	232,849	183,039	45,725	12,565	14,852	11,861	12,467	11,789	18,494	15,442
3 Net purchases, or sales (−)	**16,272**	**−1,991**	**389**	**−594**	**−1,620**	**112**	**−1,243**	**134**	**−116**	**371**
4 Foreign countries	**16,321**	**−1,816**	**590**	**−567**	**−1,507**	**89**	**−1,198**	**167**	**−86**	**508**
5 Europe	1,932	−3,353	−154	−625	−128	−901	−771	−99	−126	71
6 France	905	−281	266	−38	89	−49	−64	38	159	70
7 Germany	−70	218	148	−19	107	−20	−53	30	59	59
8 Netherlands	892	−535	69	−56	17	−30	−1	128	−64	4
9 Switzerland	−1,123	−2,242	−1,434	−506	−217	−268	−273	−345	−1,181	91
10 United Kingdom	631	−954	767	241	−41	−579	−424	74	800	−107
11 Canada	1,048	1,087	89	44	−116	576	274	320	−361	130
12 Latin America and Caribbean	1,318	1,249	1,806	310	374	98	−21	599	571	636
13 Middle East[1]	−1,360	−2,473	385	−191	−846	151	−132	−100	265	220
14 Other Asia	12,896	1,365	−1,684	−128	−693	138	−567	−603	−544	−536
15 Japan	11,365	1,922	−1,508	23	−626	133	−407	−563	−487	−458
16 Africa	123	188	40	5	5	21	−1	29	4	7
17 Other countries	365	121	108	19	−102	6	19	21	106	−19
18 Nonmonetary international and regional organizations	**−48**	**−176**	**−201**	**−28**	**−112**	**23**	**−45**	**−33**	**−30**	**−137**
BONDS[2]										
19 Foreign purchases	105,856	86,362	25,944	7,450	7,552	7,650	8,423	6,137	9,610	10,197
20 Foreign sales	78,312	58,301	16,368	5,583	4,674	4,795	4,441	4,593	4,729	7,046
21 Net purchases, or sales (−)	**27,544**	**28,062**	**9,577**	**1,866**	**2,878**	**2,856**	**3,982**	**1,544**	**4,880**	**3,152**
22 Foreign countries	**26,804**	**28,608**	**9,550**	**1,802**	**3,002**	**2,825**	**3,978**	**1,524**	**4,914**	**3,111**
23 Europe	21,989	17,338	5,272	1,107	2,341	1,240	2,560	663	2,062	2,547
24 France	194	143	91	90	45	13	−130	107	47	−63
25 Germany	33	1,344	202	160	34	−122	75	15	38	148
26 Netherlands	269	1,514	79	415	545	171	17	30	−21	69
27 Switzerland	1,587	513	265	97	175	−13	273	130	131	4
28 United Kingdom	19,770	13,088	4,442	289	1,339	1,141	2,468	313	1,751	2,378
29 Canada	1,296	711	522	−155	20	5	178	180	129	213
30 Latin America and Caribbean	2,857	1,930	1,181	45	198	58	240	229	651	301
31 Middle East[1]	−1,314	−174	119	−14	−45	143	159	−128	160	87
32 Other Asia	2,021	8,900	2,395	916	485	1,353	840	552	1,893	−50
33 Japan	1,622	7,686	1,674	575	381	1,210	746	392	1,567	−285
34 Africa	16	−8	10	1	4	−1	0	3	2	5
35 Other countries	−61	−89	50	−98	−1	26	2	24	18	8
36 Nonmonetary international and regional organizations	**740**	**−547**	**27**	**64**	**−124**	**31**	**3**	**20**	**−34**	**41**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	1,081	−1,850	−1,662	−79	−126	−222	−1,102	−891	−629	−142
38 Foreign purchases	95,458	74,792	24,403	5,054	6,070	7,625	7,472	6,856	8,070	9,477
39 Foreign sales	94,377	76,642	26,065	5,133	6,196	7,846	8,573	7,748	8,698	9,619
40 Bonds, net purchases, or sales (−)	−7,946	−10,170	−1,374	−510	−3,407	433	−1,720	−247	−486	−641
41 Foreign purchases	199,089	216,461	56,939	25,271	20,525	20,873	20,510	14,835	18,709	23,395
42 Foreign sales	207,035	226,631	58,313	25,781	23,932	20,440	22,230	15,083	19,195	24,036
43 Net purchases, or sales (−), of stocks and bonds	**−6,865**	**−12,020**	**−3,037**	**−589**	**−3,533**	**211**	**−2,822**	**−1,139**	**−1,114**	**−783**
44 Foreign countries	**−6,757**	**−12,496**	**−3,283**	**−570**	**−3,582**	**175**	**−2,916**	**−1,115**	**−1,192**	**−976**
45 Europe	−12,101	−10,319	−2,265	−450	−2,881	−476	−1,543	−80	−797	1,388
46 Canada	−4,072	−3,799	−1,492	−730	−273	392	−658	−378	−530	−584
47 Latin America and Caribbean	828	1,386	306	271	−120	23	−32	68	77	161
48 Asia	9,299	856	−19	189	112	166	−189	−872	−34	886
49 Africa	89	−54	−18	28	−189	18	−33	6	−9	−16
50 Other countries	−800	−567	204	121	−230	52	−461	139	100	−36
51 Nonmonetary international and regional organizations	**−108**	**476**	**247**	**−19**	**49**	**36**	**94**	**−23**	**78**	**192**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1987	1988	1989	1988				1989		
			Jan.–Mar.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.	Mar.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**25,587**	**48,770**	**20,412**	**−1,934**	**2,193**	**8,582**	**337**	**2,826**	**8,922**	**8,664**
2 Foreign countries[2]	30,889	48,084	20,405	−2,256	−244	8,247	2,348	2,038	10,046	8,320
3 Europe[2]	23,716	14,260	8,294	−1,233	−175	1,719	304	2,191	3,905	2,198
4 Belgium–Luxembourg	653	923	129	−333	−3	133	−90	10	137	−18
5 Germany[2]	13,330	−5,348	711	−720	277	−1,015	−406	931	−39	−181
6 Netherlands	−913	−356	646	−58	41	135	−114	268	135	243
7 Sweden	210	−323	−326	−121	−162	355	118	−115	297	−508
8 Switzerland[2]	1,917	−1,074	2,484	−1,355	87	−411	−18	271	437	1,776
9 United Kingdom	3,975	9,667	2,631	2,023	−1,019	1,945	−231	−320	1,601	1,350
10 Other Western Europe	4,563	10,781	2,019	−663	615	577	1,059	1,145	1,337	−463
11 Eastern Europe	−19	−10	0	−7	−10	−2	−15	0	0	0
12 Canada	4,526	3,761	−44	−167	633	−368	788	43	12	−98
13 Latin America and Caribbean	−2,192	703	554	272	−574	582	−104	−95	529	120
14 Venezuela	150	−109	−89	−17	1	0	0	−37	1	−53
15 Other Latin America and Caribbean	−1,142	1,120	237	288	−331	506	140	−154	252	139
16 Netherlands Antilles	−1,200	−308	406	1	−244	77	−244	96	276	34
17 Asia	4,488	27,585	12,205	−1,351	−107	6,870	1,011	577	5,964	5,663
18 Japan	868	21,752	4,467	−2,841	220	4,224	−157	115	2,505	1,847
19 Africa	−56	−13	12	31	0	−8	−7	−1	15	−2
20 All other	407	1,786	−617	193	−21	−548	358	−676	−379	439
21 Nonmonetary international and regional organizations	−5,300	689	6	322	2,438	335	−2,011	788	−1,125	343
22 International	−4,387	1,142	128	294	2,365	489	−2,019	777	−1,072	424
23 Latin America regional	3	−31	−18	0	0	10	10	0	−10	−8
Memo										
24 Foreign countries[2]	30,889	48,084	20,405	−2,256	−244	8,247	2,348	2,038	10,046	8,320
25 Official institutions	31,064	26,593	12,818	−1,481	577	2,196	2,212	2,014	4,299	6,505
26 Other foreign[2]	−181	21,489	7,587	−776	−821	6,050	136	24	5,748	1,815
Oil-exporting countries										
27 Middle East[3]	−3,142	1,943	6,280	−182	−1,023	2,121	1,080	121	3,568	2,591
28 Africa[4]	16	1	0	0	0	0	0	0	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

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3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on May 31, 1989		Country	Rate on May 31, 1989		Country	Rate on May 31, 1989	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	5.0	Apr. 1989	France[1]	8.25	Jan. 1989	Norway	8.0	June 1983
Belgium	8.75	Apr. 1989	Germany, Fed. Rep. of	4.5	Apr. 1989	Switzerland	4.5	Apr. 1989
Brazil	49.0	Mar. 1981	Italy	13.5	Mar. 1989	United Kingdom[2]	.....	.....
Canada	12.40	May 1989	Japan	3.25	May 1989	Venezuela	8.0	Oct. 1985
Denmark	7.5	Apr. 1983	Netherlands	5.5	Apr. 1989			

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per year, averages of daily figures

Country, or type	1986	1987	1988	1988		1989				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	6.70	7.07	7.86	8.91	9.30	9.28	9.61	10.18	10.01	9.66
2 United Kingdom	10.87	9.65	10.28	12.23	13.07	13.06	12.97	13.00	13.09	13.08
3 Canada	9.18	8.38	9.63	10.86	11.15	11.34	11.69	12.22	12.58	12.44
4 Germany	4.58	3.97	4.28	4.91	5.32	5.63	6.36	6.57	6.42	6.96
5 Switzerland	4.19	3.67	2.94	4.10	4.77	5.31	5.69	5.75	6.05	7.26
6 Netherlands	5.56	5.24	4.72	5.30	5.60	5.99	6.75	6.88	6.70	7.30
7 France	7.68	8.14	7.80	8.03	8.36	8.55	9.11	9.07	8.61	8.81
8 Italy	12.60	11.15	11.04	11.48	11.96	11.84	12.26	12.88	12.21	12.27
9 Belgium	8.04	7.01	6.69	7.18	7.38	7.59	8.04	8.28	8.17	8.45
10 Japan	4.96	3.87	3.96	4.22	4.16	4.24	4.21	4.21	4.20	4.25

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

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3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar

Country/currency	1986	1987	1988	1988	1989				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar[2]	67.093	70.136	78.408	85.73	87.05	85.64	81.69	80.35	77.36
2 Austria/schilling	15.260	12.649	12.357	12.359	12.904	13.022	13.148	13.161	13.691
3 Belgium/franc	44.662	37.357	36.783	36.815	38.441	38.792	39.136	39.148	40.723
4 Canada/dollar	1.3896	1.3259	1.2306	1.1962	1.1913	1.1891	1.1954	1.1888	1.1925
5 China, P.R./yuan	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	8.0954	6.8477	6.7411	6.7891	7.1143	7.2094	7.2912	7.2803	7.5820
7 Finland/markka	5.0721	4.4036	4.1933	4.1408	4.2553	4.3006	4.2994	4.1961	4.3409
8 France/franc	6.9256	6.0121	5.9594	5.9994	6.2538	6.3004	6.3321	6.3223	6.5815
9 Germany/deutsche mark	2.1704	1.7981	1.7569	1.7563	1.8356	1.8505	1.8686	1.8697	1.9461
10 Greece/drachma	139.93	135.47	142.00	146.10	152.25	154.72	157.34	159.23	165.41
11 Hong Kong/dollar	7.8037	7.7985	7.8071	7.8062	7.8047	7.8009	7.7969	7.7828	7.7799
12 India/rupee	12.597	12.943	13.899	15.019	15.092	15.240	15.467	15.718	16.102
13 Ireland/punt[2]	134.14	148.79	152.49	152.29	145.82	144.10	142.84	142.67	137.39
14 Italy/lira	1491.16	1297.03	1302.39	1295.61	1345.12	1355.28	1372.50	1371.80	1415.83
15 Japan/yen	168.35	144.60	128.17	123.61	127.36	127.74	130.55	132.04	137.86
16 Malaysia/ringgit	2.5830	2.5185	2.6189	2.6935	2.7221	2.7307	2.7535	2.7211	2.6967
17 Netherlands/guilder	2.4484	2.0263	1.9778	1.9824	2.0723	2.0895	2.1085	2.1098	2.1938
18 New Zealand/dollar[2]	52.456	59.327	65.558	63.621	62.412	61.629	61.547	61.167	60.718
19 Norway/krone	7.3984	6.7408	6.5242	6.5234	6.6808	6.7254	6.8059	6.7964	7.0337
20 Portugal/escudo	149.80	141.20	144.26	145.56	150.74	152.10	154.05	154.54	160.71
21 Singapore/dollar	2.1782	2.1059	2.0132	1.9442	1.9404	1.9285	1.9407	1.9497	1.9575
22 South Africa/rand	2.2918	2.0385	2.1900	2.3487	2.3847	2.4570	2.5393	2.5480	2.6710
23 South Korea/won	884.61	825.93	734.51	687.89	685.28	680.28	675.68	672.10	669.25
24 Spain/peseta	140.04	123.54	116.52	113.73	114.78	115.67	116.40	116.146	121.39
25 Sri Lanka/rupee	27.933	29.471	31.847	33.016	33.132	33.115	33.416	34.021	34.145
26 Sweden/krona	7.1272	6.3468	6.1369	6.0888	6.2725	6.3238	6.3933	6.3689	6.5756
27 Switzerland/franc	1.7979	1.4918	1.4642	1.4799	1.5619	1.5740	1.6110	1.6469	1.7290
28 Taiwan/dollar	37.837	31.756	28.636	28.199	27.821	27.716	27.591	26.998	25.788
29 Thailand/baht	26.314	25.774	25.312	25.146	25.322	25.386	25.542	25.524	25.757
30 United Kingdom/pound[2]	146.77	163.98	178.13	182.58	177.37	175.34	171.34	170.08	163.07
MEMO									
31 United States/dollar[3]	112.22	96.94	92.72	91.88	95.12	95.77	96.99	97.24	100.81

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 700).

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Symbols and Abbreviations

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

General Information

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

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

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

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Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	George N. Hatsopoulos Richard N. Cooper	Richard F. Syron Robert W. Eisenmenger	
NEW YORK*	10045	Cyrus R. Vance Ellen V. Futter	E. Gerald Corrigan James H. Oltman	
Buffalo	14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA	19105	Peter A. Benoliel Gunnar E. Sarsten	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	Charles W. Parry John R. Miller	W. Lee Hoskins William H. Hendricks	
Cincinnati	45201	Owen B. Butler		Charles A. Cerino[1]
Pittsburgh	15230	James E. Haas		Harold J. Swart[1]
RICHMOND*	23219	Hanne Merriman Leroy T. Canoles, Jr.	Robert P. Black Jimmie R. Monhollon	
Baltimore	21203	Thomas R. Shelton		Robert D. McTeer, Jr.[1]
Charlotte	28230	William E. Masters		Albert D. Tinkelenberg[1]
Culpeper Communications and Records Center 22701				John G. Stoides[1]
ATLANTA	30303	Bradley Currey, Jr. Larry L. Prince	Robert P. Forrestal Jack Guynn	Delmar Harrison[1]
Birmingham	35283	Nelda P. Stephenson		Fred R. Herr[1]
Jacksonville	32231	Winnie F. Taylor		James D. Hawkins[1]
Miami	33152	Jose L. Saumat		James Curry III
Nashville	37203	Patsy R. Williams		Donald E. Nelson
New Orleans	70161	James A. Hefner		Robert J. Musso
CHICAGO*	60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit	48231	Richard T. Lindgren		Roby L. Sloan[1]
ST. LOUIS	63166	Robert L. Virgil, Jr. H. Edwin Trusheim	Thomas C. Melzer James R. Bowen	
Little Rock	72203	L. Dickson Flake		John F. Breen[1]
Louisville	40232	Thomas A. Alvey		Howard Wells
Memphis	38101	Seymour B. Johnson		Ray Laurence
MINNEAPOLIS	55480	Michael W. Wright John A. Rollwagen	Gary H. Stern Thomas E. Gainor	
Helena	59601	Warren H. Ross		Robert F. McNellis
KANSAS CITY	64198	Fred W. Lyons, Jr. Burton A. Dole, Jr.	Roger Guffey Henry R. Czerwinski	
Denver	80217	James C. Wilson		Kent M. Scott
Oklahoma City	73125	Patience S. Latting		David J. France
Omaha	68102	Kenneth L. Morrison		Harold L. Shewmaker
DALLAS	75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H.Wallace	Tony J. Salvaggio[1]
El Paso	79999	Diana S. Natalicio		Sammie C. Clay
Houston	77252	Andrew L. Jefferson, Jr.		Robert Smith, III[1]
San Antonio	78295	Lawrence E. Jenkins		Thomas H. Robertson
SAN FRANCISCO	94120	Robert F. Erburu Carolyn S. Chambers	Robert T. Parry Carl E. Powell	John F. Hoover[1]
Los Angeles	90051	Yvonne B. Burke		Thomas C. Warren[2]
Portland	97208	Paul E. Bragdon		Angelo S. Carella[1]
Salt Lake City	84125	Don M. Wheeler		E. Ronald Liggett[1]
Seattle	98124	Carol A. Nygren		Gerald R. Kelly[1]

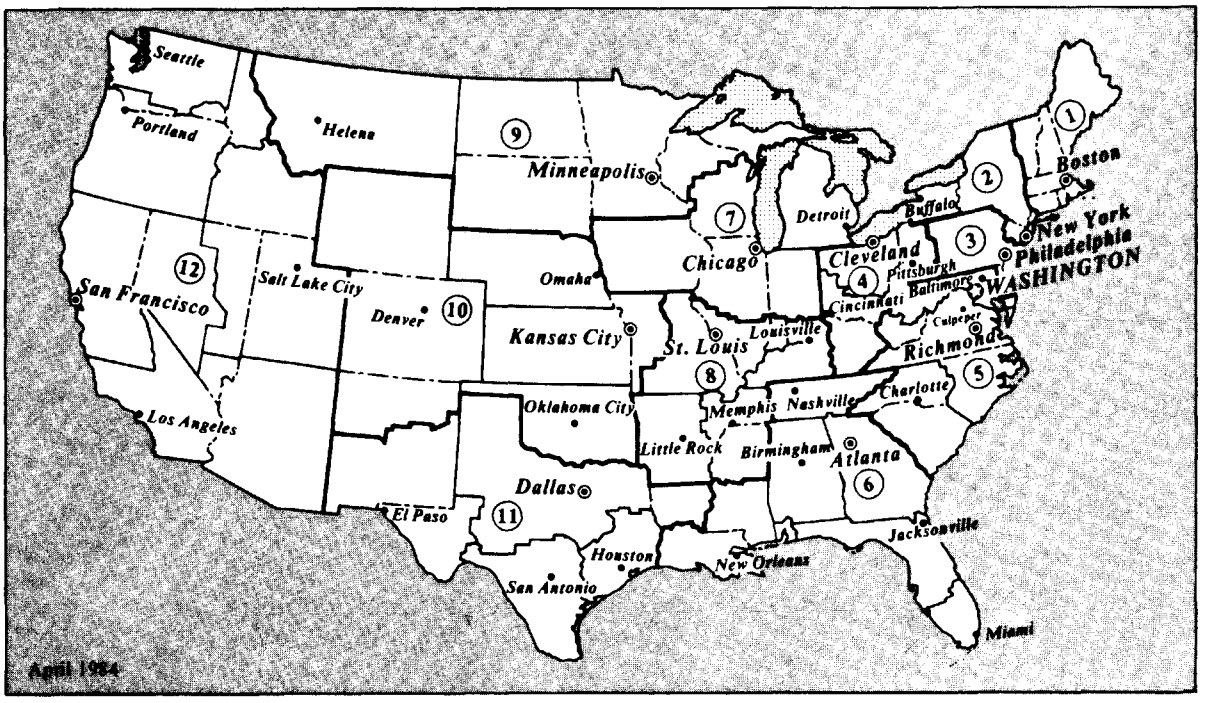
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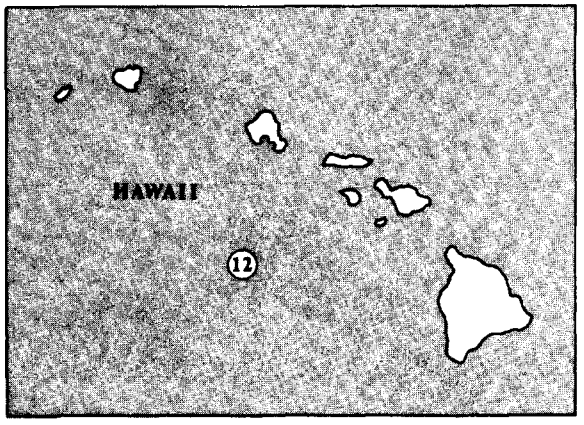
1. Senior Vice President.
2. Executive Vice President.

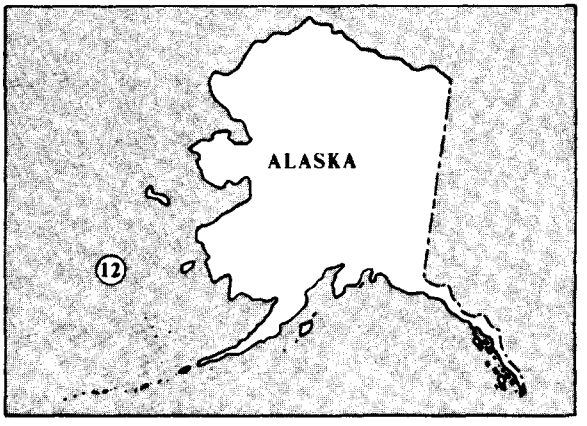
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- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
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