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U.S. Policy on the Problems of International Debt

This article was prepared by Edwin M. Truman, Staff Director, Division of International Finance, Board of Governors of the Federal Reserve System. It is adapted from a paper presented at a conference sponsored by the University of California at Berkeley/Stanford University, Joint Center for Latin American Studies, at the University of California at Berkeley on April 27–28, 1989.

The international debt problems of developing countries in the 1980s have been serious and complex. It is tempting, nevertheless, to seek simple, universal solutions to those problems. I believe that we must resist that temptation, for several reasons.

First, international debt problems are sufficiently complex, and the developing countries are sufficiently different, that it is inappropriate to speak of a single policy.

Second, U.S. policy in this area has been evolutionary. Even for an individual borrowing country, tomorrow's policy approach may well differ from today's, just as today's approach differs from yesterday's—or from the one last year or in 1982.

Third, U.S. policy on international debt is a responsibility that is shared within the U.S. government: the Treasury Department, the State Department, the White House, the Congress, and the Federal Reserve are all involved in the formulation of various aspects of that policy, and its implementation involves an even longer list of institutions. Moreover, the United States cannot dictate policies in this area because the problems of international debt are global in scope, affecting the interests of many developed countries around the world as well as many developing countries.

For all these reasons, this article does not attempt to present the definitive statement about U.S. policy on these problems. Rather, I offer some perspective on where we have been, where we are, and where we might be going. I make three basic points.

First, developing countries, the governments of creditor countries, the international commercial banks, and the international financial institutions have a substantial common interest in seeking cooperative, constructive, and innovative approaches to handling the debt problems of the developing countries. The benefits associated with cooperative approaches are overwhelming; they extend beyond the direct benefits for the countries and their lenders to benefits that can only be shared—a prosperous world economy and a stable financial system. Government has the responsibility to emphasize that common interest and to nurture cooperative approaches.

Second, though it has been uneven and disappointing, significant progress has been made over the past seven years in dealing with international debt problems and the associated economic and financial problems of the developing countries. In my view, insufficient attention has been paid to, and insufficient credit has been given for, this progress.

Third, U.S. policy in this area will continue to be evolutionary. Secretary of the Treasury Nicholas F. Brady put forward some "ideas and suggestions" on March 10, 1989; these ideas were refined during the international meetings at the beginning of April and were embodied in guidelines approved by the Executive Boards of the International Monetary Fund and World Bank in May and June; they are in the process of being exploited by Mexico and the Philippines; and they will continue to be refined. Moreover, even if Secretary Brady's initiative galvanizes progress beyond our wildest dreams, I suspect that the problems of international debt, and the implications of those problems as they unfolded in the 1980s, will still be with us at the end of this century. Indeed, it is fair to say that such problems have been with us since the first international loans were made many centuries ago.

Where Have We Been?

It is precisely because international debt problems are and always have been with us, as well as because U.S. policies with respect to them have been evolutionary, that it is useful to look back briefly at how these problems have evolved over the 1980s and what the responses to them have been.

I believe that the proximate cause of the international debt problems of the 1980s lies in the changes in the environment of international lending in the early 1980s: recession in the industrial countries, deterioration in the terms of trade of the borrowing countries, and increases in nominal and real interest rates. These changes were part of a worldwide process of disinflation that began in the late 1970s but did not become a generally recognized feature of the international economic environment until several years later.[1]

Among the more fundamental causes of the international debt problems of the 1980s were the extent of lending by commercial banks around the world to developing countries;[2] failure on the part of the leaders of the borrowing countries to recognize that a day of reckoning (which could be defined in terms of a return to positive real interest rates) was inevitable; and the inappropriate macro- and microeconomic policies that many of these countries followed at the time.

In a recent study, Steven Kamin, Robert Kahn, and Ross Levine have analyzed how the interaction of heavy international borrowing from commercial banks, the economic policies of the borrowing countries, and the external economic environment during the 1970s and 1980s affected real gross domestic product per capita in Argentina, Brazil, Chile, and Mexico.[3] They did so by comparing the actual level of GDP per capita in 1987 (the "present" in their study) with what the level would have been under three sets of hypothetical circumstances. Their results suggest the following conclusions.

First, each of these countries benefited from external borrowing in the 1970s in the sense that, at its pre-crisis peak, real GDP per capita was 4 percent to 16 percent (Mexico and Chile respectively) above the level it would have been if the rate of real external borrowing had remained unchanged from 1975 to 1987 and if the funds had been used as efficiently as the actual borrowing was used.[4]

Second, under the same assumptions, three of the four countries (the exception is Argentina) would have been better off in 1987, both absolutely and relative to the simulated pre-crisis peak level, if they had borrowed less in the 1970s and early 1980s. The reasons are the abrupt change in access to international capital markets in the early 1980s and the ex post change in the terms of access before the crisis—the rise in international interest rates in real terms. Argentina is an exception because weakness in agricultural exports held real GDP per capita below the actual and simulated pre-crisis peak level and because a return of flight capital after the Austral plan in 1985 boosted the actual level of real GDP per capita in 1987 above the simulated level.

Third, the countries would have been better off in 1987 if their external borrowing, at the actual rate or at the hypothesized reduced rate, had been used as efficiently as their borrowing had been before the buildup of external debt in the

1. For a more extensive treatment of the origins of the international debt problem, see Edwin M. Truman, "The International Debt Situation," International Finance Discussion Paper 298 (Board of Governors of the Federal Reserve System, December 1986).

2. Official encouragement to the private commercial banks to deal with the "recycling" problem in the 1970s was not a major cause of the international debt problem. The proportion of the OPEC surplus that was actually recycled through the banking system was very small, judging by data on the liabilities of commercial banks to the OPEC members, especially to the so-called low absorbers, whose surpluses were more permanent.

3. Steven B. Kamin, Robert B. Kahn, and Ross Levine, "External Debt and Developing Country Growth," International Finance Discussion Paper 352 (Board of Governors of the Federal Reserve System, May 1989).

4. Efficiency is measured in terms of incremental capital–output ratios and, along with capital flight, is assumed to be a function of the quality of economic policies. However, it was assumed that capital flight would have been reduced proportionately with the volume of international lending.

1970s. Even if they had sustained this higher level of efficiency of investment, the countries would have been as well off (Argentina) or better off (the other three countries) in 1987 with the hypothesized lower (but steadier) rate of external borrowing than with the actual level of borrowing because of the increased real cost of the larger external debt in the late 1980s.

Such generalizations aside, these four countries, and many others in Latin America, experienced severe external debt crises in the early 1980s. However, though the problems were similar, the circumstances of each country as it encountered the crisis were quite different. These differences were one reason for adopting the so-called case-by-case approach to the international debt problem. In practice, of course, that approach has proved to be less flexible than the descriptive words suggest, to the considerable frustration of all involved. The approach was implemented using a common overall framework consisting of four elements:

1. Appropriate adjustments in economic policies by the borrowing countries.

2. Restructuring of existing debts to commercial banks and continued lending by the banks to the borrowing countries on a concerted basis.

3. Official bridge financing, in some cases, while the economic adjustment and financing programs were assembled.

4. An increase in the financial resources of the International Monetary Fund in 1983; the Fund was destined to play a central role in the overall process.

It was understood that the countries' adjustment efforts would founder in the absence of improvements in the economic environment in the industrial countries. Bilateral official credits, which were a relatively small proportion of the total debt of most of the heavily indebted, middle-income developing countries, were in most cases rescheduled in the Paris Club.

During the crisis period of 1982–83, the various parties with an interest in the international debt situation worked together very harmoniously. They had their differences, of course, but under the watchful eye of IMF Managing Director Jacques de Larosière, the borrowing countries adopted economic adjustment programs; the commercial banks supported those programs through concerted "new money" loans and rescheduling of existing maturities; and the international financial community worked effectively together to support countries that adopted sound economic adjustment programs.

One key feature of the approach was that no party provided medium-term financing until all parties were ready to do so. This was the policy requiring a "critical mass" of financial support from the commercial banks and creditor governments. It was designed to reinforce the IMF's longstanding policy that, prior to its own disbursements, the Fund should have appropriate assurances that a program it supported financially would be adequately financed overall. This policy with respect to medium-term financing was reinforced in a few critical cases by temporary bridge financing provided by the major industrial countries, normally in cooperation with the Bank for International Settlements.

By early 1985, remarkable progress had been made in dealing with international debt problems; the immediate crisis was over. However, the underlying economic and financial problems of the borrowing countries were by no means resolved. Economic recovery stalled in the developing as well as in the developed countries. Tensions mounted as international pressures for continued external adjustment by the borrowing countries came into conflict with the natural desire of those countries to resume economic growth in an environment in which their political leaders could respond principally to the demands of their own citizens. Moreover, the international commercial banks were increasingly reluctant to continue lending on a concerted basis even to countries making strong efforts at economic reform.

For these reasons, James A. Baker III, then Secretary of the Treasury, sought to breathe new life into the process through his call for a Program for Sustained Growth, presented in Seoul in October 1985. That program envisaged a continuation of efforts at economic reform, but in the context of a resumption of economic growth. He called for the international commercial banks to supply new lending of 2½ percent to 3 percent per year above the outstanding indebtedness to a group of fifteen heavily indebted, middle-income developing countries during 1986–88. He also advocated an enlarged role for the World Bank in promoting growth-oriented economic policies.

The Baker Plan, as it came to be called, was a plausible evolution of the efforts to deal with the international debt problems that had been brought on by the changes in the environment for international lending in the early 1980s. It also had some positive results, which I discuss below. However, the probability of its success was lowered by a change in the international economic environment shortly after it was announced: the collapse of international oil prices. This collapse meant that the oil-exporting developing countries had no firm basis on which to calibrate their economic policies and calculate their external financial needs. The oil-importing developing countries experienced a windfall as the cost of oil declined. This windfall weakened perceptions of the need to adopt economic policy reforms. The countries that were neither oil exporters nor oil importers were not sufficiently numerous to play a leadership role in a new phase of dealing with international debt problems. Therefore, by the time the Mexican program was developed in mid-1986, much of the momentum of the Baker initiative had been lost.

Where Are We?

A careful analysis supports the conclusion that the economic policies of the developing countries are substantially better today than they were in the early 1980s. The progress of reform has not been even. In a few countries little or none has been made. But, in the vast majority of the heavily indebted countries, economic policies have substantially improved: exchange rates are more competitive, real interest rates are positive, fiscal deficits (especially primary deficits) are narrower, subsidies have been eliminated, tariff policies are more rational, and recognition is widespread that the role of the public sector in the economy should be reduced and that market mechanisms and the private sector must be relied upon more heavily to generate sustained economic growth.

Moreover, in some countries economic performance has substantially improved. In four of the "Baker-15" countries—Chile, Colombia, Morocco, and the Philippines—economic growth averaged more than 4 percent per year in 1986, 1987, and 1988. (Venezuela did as well, but its growth was fueled by a rising budget deficit and a rundown of international reserves. Uruguay's growth averaged 4 percent per year, but it slowed sharply in 1988 and inflation accelerated.) In each of these countries, inflation was kept reasonably under control. In all four, the ratio of gross interest payments to exports of goods and services declined substantially. Ratios of external debt to exports of goods and services declined as well. In one case (Chile), the decline was dramatic (48 percent between 1985 and 1988); in the other cases, the decline was in the range of 15 to 20 percent over the same three years. Interestingly, for Brazil the decline in the ratio was 30 percent from 1986 to 1988, and the decline for Mexico was almost that sharp over the shorter period.

Despite some very positive accomplishments, the three years of the Baker initiative did not produce a breakthrough in economic growth or performance on the scale that was hoped for. One reason was that the economic reform efforts by the borrowing countries were less vigorous than has been envisaged when Secretary Baker laid out his ideas in Seoul.

One consequence of the shortfall in economic reform efforts was that many countries fell out of compliance with IMF-supported economic programs or declined to accept new programs; as a result, IMF disbursements declined. Over the period 1986–88, the IMF received net repayments of principal from the Baker-15 countries of about $3 billion. Because the Fund is a monetary institution whose lending is supposed to be repaid over a relatively short period so that the funds can be relent to other countries, such net repayments are viewed as a positive development if they are accompanied by real economic and financial recovery in the borrowing countries. Unfortunately, that was not the case during 1986–88.

A second consequence of the shortfall in economic reform efforts was a shortfall from anticipated disbursements by the multilateral development banks (MDBs). Secretary Baker had anticipated that MDB disbursements over the 1986–88 period would total $27 billion; in fact, they were about $22 billion—20 percent less than what had been expected. Moreover, in October 1985, it was anticipated that $27 billion in gross disbursements by the MDBs would translate into net disbursements of about $20 billion. In fact, net disbursements were about $10½ billion, barely half what had been expected. The explanation for the larger shortfall in net disbursements is that the dollar depreciated during 1986–87, raising the dollar value of repayments of non-dollar borrowing from the MDBs. The dollar's depreciation also contributed significantly to the increase in the dollar value of outstanding MDB and IMF claims on the borrowing countries and to a rise in the share of those institutions in the total outstanding debt of these countries relative to that of the commercial banks, a large proportion of whose claims are denominated in the U.S. dollar.

Secretary Baker in Seoul called for about $20 billion in net new lending by commercial banks to the fifteen heavily indebted countries during the 1986–88 period. It is very difficult to estimate with any precision the amount of this lending during this period. Clearly, however, it was substantially less than had been anticipated.

Total disbursements under concerted lending packages negotiated after 1985 were about $12½ billion during 1986–88. One way of assessing this figure is to ask what proportion such disbursements were of total scheduled interest payments to the commercial banks by the Baker-15 countries. The answer is about 21 percent; for the three major borrowers in Latin America (Argentina, Brazil, and Mexico), the figure was about 27 percent. That is, banks disbursed about two bits for every buck they received in interest. During the 1983–85 period, disbursements to the fifteen countries under concerted lending packages represented about one-third of scheduled interest payments; the figure was about 43 percent for the three major Latin American borrowers.

Some might argue that this declining coverage of interest payments is symptomatic of the progressive loss of consensus among the international commercial banks in support of the Baker Plan. From another perspective, one that recognizes that concerted lending is an unnatural process that at best mimics normal market practices, the declining coverage of interest payments might be viewed as progress. The important point is that the borrowing countries do not see it that way: they see an underfinancing and lack of appreciation of their economic adjustment efforts.

It is also important to recognize that Venezuela repaid a substantial amount of public sector debt during the 1986–88 period, and a few other countries repaid smaller amounts. Meanwhile, significant amounts of private sector debt were repaid or otherwise settled. Moreover, in 1987 and 1988, many commercial banks adopted strategies of aggressively reducing their exposures to the heavily indebted borrowing countries. For example, claims of U.S. banks on the Baker-15 countries dropped by about $16 billion, or almost 20 percent, during these two years. In most cases, these reductions in claims were at a discount, with the borrowing countries capturing a part of the discount.

Thus, debt reduction by international commercial banks has been going on for some time. In other words, the recent emphasis on debt reduction in U.S. policy can be viewed as representing a further step in the evolution of that policy and a recognition of what had already been occurring.

Overall exposures of U.S. and foreign commercial banks to the heavily indebted developing countries have declined dramatically—absolutely and relative to capital—since the outbreak of the debt crisis. For all U.S. banks reporting on the Federal Reserve's Country Exposure Lending Survey, exposure to the Baker-15 countries declined from 136 percent of capital in June 1982 to 54 percent in December 1988. On average for the nine large money-center banks, the ratio declined from 201 percent to 92 percent over the same period.

This very progress in reducing banks' exposures has helped diminish the sense of urgency among the commercial banks in dealing constructively with the continuing problems of the heavily indebted countries. This loss of urgency, in turn, was one of the many factors underlying the widespread perception that something new was needed to reinvigorate the process of dealing with international debt problems.

In my view, the situation in early 1989 had two other notable features: most of the progress that has been made in terms of economic performance (positive growth rates combined with moderate inflation) has been made by small countries; and external performance has been superior to internal performance.

It is worth considering this second factor in detail. External adjustment is easier to bring about than internal adjustment. All that is necessary for the former is that a country maintain a competitive exchange rate and reasonably supportive macroeconomic policies. However, unless the country gets its macroeconomic policies right, the result is very high real interest rates or very rapid domestic inflation or both. Thus, an important element of the overall adjustment process is getting the internal balance between savings and investment right. Given the limited scope for supply-side adjustments to take hold in the short run, achieving this balance usually means reductions in fiscal deficits or, in some cases, fiscal surpluses. Moreover, when the incompleteness of internal adjustment is manifested in rapid rates of inflation, it undercuts political support from the middle class for overall efforts at economic reform.

Where Are We Going?

It was against this background that Secretary Brady, on March 10, 1989, called for a revitalization of the debt strategy. His proposals built on the lessons and achievements to date.

He stressed the importance of economic growth, the crucial role of sound economic policies and policy reforms to achieve that growth, the continuing need of borrowing countries for external financial resources, and the case-by-case approach. At the same time, he recognized the need—which in some cases may be more political than economic—for voluntary debt and debt-service reduction, and he called on the international financial institutions (the IMF and the World Bank) to support such operations. However, he clearly stated that the resources available from these institutions for this or any other purpose are limited. He therefore called upon developing countries to adopt policies that would encourage the exploitation of alternative sources of external financing—the return of flight capital and the encouragement of direct foreign investment.

On March 16, following his return from a trip to Europe, the Federal Reserve issued a statement by Chairman Greenspan that is useful to quote:

> I fully support the principles put forward by Secretary Brady last Friday [March 10] for helping the heavily indebted developing countries to resolve their economic and financial problems: continued economic reform in order to achieve sustained economic growth; timely and adequate external financial resources to support economic development; and . . . voluntary debt reduction supported by the international financial institutions. The challenge ahead for all of us is to reinvigorate the process and to ensure that it works.

How are we—borrowing countries, commercial bankers, international financial institutions, and creditor countries—going to make this process work?

The initiative lies properly with the borrowing countries. Fortunately, and in contrast with the situation in 1986 after the start of the Baker initiative, some countries are ready to resume their efforts at economic reform or to build upon the progress already achieved. The list includes Mexico, the Philippines, Venezuela, Morocco, Costa Rica, and Uruguay. The readiness of the leaders of these countries to embark upon a new phase is an advantage, but their readiness also underlines the urgent challenge to the other participants in the process, particularly the commercial banks.

One problem is that some other countries, which do not need IMF financial support for their economic programs, face economic and political pressures to produce concrete results in their dealings with the international commercial banks and the international financial community. One such country is Colombia, whose "jumbo" refinancing loan was completed after more than a year of effort. Another is Chile, which has compiled an admirable record of economic reform and growth over the past several years but lacks the access to the international financial markets that these achievements might have been expected to open. It is important to find a way not to penalize countries like Colombia and Chile, but rather to reward them for their accomplishments. Chile, in fact, has turned to the Fund and World Bank for new programs to help finance a retirement (buyback) of its debt to commercial banks under a 1988 arrangement with the banks.

In another category are countries like Argentina and Ecuador that are struggling to implement programs of economic reform. The people and leaders of these countries must have a sense of hope and the confidence that they will not be left out of the reinvigorated debt strategy. Of course, the best way for a country not to be left out is to improve its efforts at economic reform and its actual performance, but that is easier said than done.

Another problem is unrealistic expectations about the scale of the assistance from the international financial community to those countries that are prepared to help themselves. The international financial institutions have limited resources to support debt- and debt-service-reduction operations.

The limited experience with such operations suggests, as a first approximation, that countries get what they pay for in such operations. If the secondary market price of a dollar of a country's debt is 40 cents, that country can use a dollar to buy back $2.50 of debt, saving about 25 cents (gross) in annual interest payments, assuming an interest rate of 10 percent; and it can save 15 cents net of the interest paid, or that otherwise could be earned, on that dollar. If, instead, it uses a dollar to enhance the principal or interest in an exchange offer, more of its old debt may be retired, but part will be replaced with new debt and the net interest saving will be about the same. This equivalence should not be surprising because in both cases the calculations assume that the borrower is offering cash, or collateral with a cash equivalent, in return for promised payments with the same present value to the marginal creditor. However, these types of approximations fail to distinguish between banks that are situated differently and, therefore, prefer different methods of debt or debt-service reduction and are prepared to act accordingly.

These types of calculations also assume that participation by lenders in debt- and debt-service-reduction transactions is voluntary in that the debtor cannot dictate the size of the discounts, "take it or leave it;" they also assume that lenders need not participate at all in this aspect of a financing package. This thought underscores the importance of maintaining as orderly and as businesslike a process as possible. Otherwise, what is now a positive-sum game, benefiting all participants, easily can turn into a negative-sum game, in which the borrowing country probably will be a loser along with most commercial banks and the rest of the international financial community. These calculations also suggest that voluntary debt- or debt-service-reduction transactions, backed by limited funding from the international financial institutions, are likely to provide only limited, near-term cash-flow relief to the borrower. Thus, borrowers with large external financing needs will continue to need "new money" loans.

Another risk is that commercial banks may have unrealistic expectations about the financial support that is available from the public sector—the international financial institutions or bilateral lenders, like Japan—in connection with debt and debt-service reduction. Except when a bank is able to dispose of its debt in a cash buyback operation, commercial banks must expect to retain considerable risk on their books even if the probability of principal or interest payments on their claims has been enhanced.

As I noted earlier, commercial banks in different circumstances can be expected to have different preferences for methods of debt or debt-service reduction. Moreover, some banks will prefer not to engage in such operations at all unless they take the form of debt–equity swaps. In fact, for some borrowing countries, the majority of the banks (weighted by size of existing claims) may prefer to advance new money, or capitalize some or all of interest payments coming due, instead of participating in debt or debt-service reduction. Their preferences should be accommodated as well.

What about combining debt or debt-service reduction with new loans to the same borrower as part of a single financing package? Commercial bankers argue with considerable force that the two are incompatible; indeed, convincing a bank's board of directors to do both is not an easy task. However, as long as a bank expects to receive interest payments from a borrower in excess of any effective financing the bank provides through debt or debt-service reduction, a strong case can be made to support the recycling of a portion of those expected payments if the alternative would be to receive nothing at all.

Assuming that the borrowing country follows a sound program of economic reform that is supported by the Fund and the World Bank and recognizing the uncertain nature of projections of a country's need for external financing, the fundamental issue is whether that country's economic program receives external financial support adequate to enable it to meet its scaled-down obligations. One way to ensure that the program is adequately financed is to provide the maximum conceivable amount of debt or debt-service reduction. Under such an approach, the commercial banks would provide more than enough financing in the "fat years" to cover the "lean years." They effectively would provide less financing if they did less debt and debt-service reduction and provided fresh credits to cover the lean years. Moreover, the provision of fresh credit, especially on a conditional basis, would be a less permanent form of financing than debt or debt-service reduction.

Some argue that banks that take the new-money route, in whole or in part, impose a heavier debt burden on the borrowing countries and will not discharge their responsibility to assist the countries in debt or debt-service reduction. I would argue that what is most important is that a commercial bank help meet the borrowing country's overall financial needs viewed from a long-term perspective; the form of its participation is much less important.

The issue of "new money" is closely connected to the issue of the long-term external financing of the economic development of these countries. It should be clear that debt or debt-service reduction is an abnormal form of financing and that it has natural limits at the forgiveness of 100 percent of the claims. It should also be clear that yields of LIBOR plus 13/16 percent on jumbo loans to a government with recent interruptions to debt service do not represent normal market access; the perceived risk associated with funds advanced by commercial banks through such arrangements is much higher than the risk that spread would cover. In the foreseeable future, most commercial banks are likely to limit their truly voluntary direct lending to developing countries to financing trade and small projects, primarily in the private sector. It is essential that the policies of bank supervisors on loan-loss reserves not discourage such lending, but it is not likely to produce large net flows to the countries that have experienced debt-servicing problems in the 1980s.

How, then, can these countries expect to finance development in the future? This is the central issue raised by Secretary Brady's speech to the Bretton Woods Committee in March. Aside from domestic savings, which one may hope will be employed more efficiently than in the past, and aside from limited financing from the multilateral development banks, the developing countries must look primarily to three external sources for financing: direct foreign investment, international capital markets, and the return of flight capital.

In the near term, direct foreign investment is probably the most promising source since the investor obtains a direct claim on assets in the country and can employ those assets to produce a real return. However, the climate must be conducive to such investments. "Climate" here means not only the rules governing access to the country and the repatriation of earnings but also the macroeconomic (and microeconomic) policy environment.

As for access to international capital markets, the yields implicit on commercial bank claims that are traded in secondary markets suggest that direct financing would be rather expensive today. However, for a few countries—Chile and Colombia come to mind—the yields are little higher than those on bonds of below-investment grade. Mexico recently raised $100 million through a bond placement with a yield of about 17 percent. Clearly, access to such markets offers the best long-term hope for private sector financing from abroad. A stable financial climate and a demonstrated record of servicing obligations are necessary to open such access.

In the meantime, the return of capital that domestic residents have sent abroad is a potential source of financing.[5] The permanent return of flight capital in substantial magnitude is likely to be a medium-term phenomenon, however, coming after macroeconomic stability has been reestablished but before full access to international capital markets has been achieved.

In summary, I believe that much has been accomplished in the past seven years in dealing with the multiple underlying problems included under the rubric of "the international debt problem." The economic policies of most of the borrowing countries have substantially improved; many of these countries have taken long strides toward sustained economic growth; a few may have reached it. The fresh appreciation of the crucial role of market forces and economic incentives by the leaders of these countries is impressive.

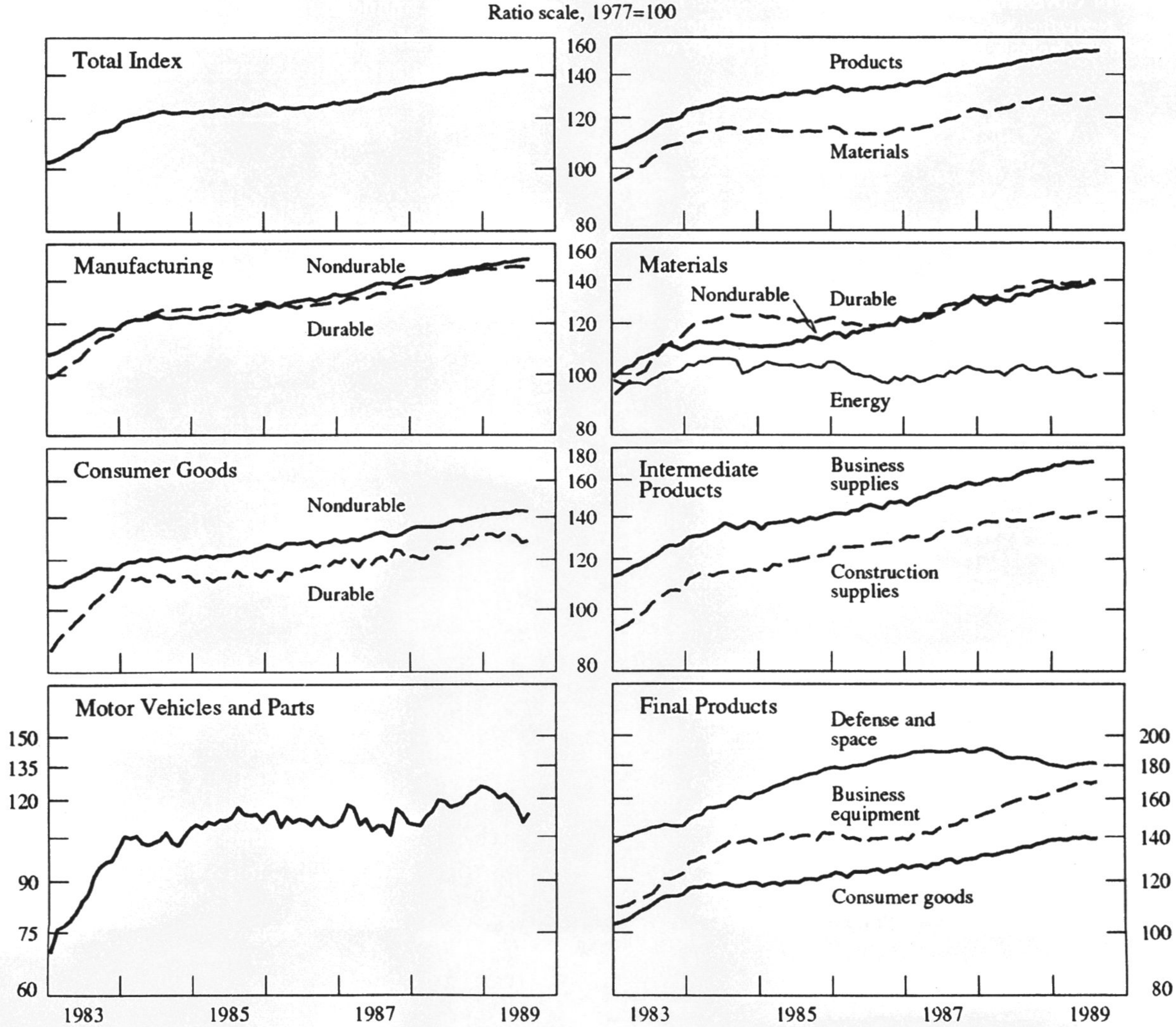
At the same time, I believe that we are engaged in what is, at least potentially, a positive-sum game. Both the borrowing countries and the commercial banks must continue to recognize this fact. It justifies a role for the public sectors of the creditor countries, acting primarily through the international financial institutions. It also imparts to the entire effort a sense of the consequences of failure and an associated sense of urgency.

5. It is important to appreciate that flight capital is difficult to measure and that links between measured capital flight and economic variables that are important to the development process, such as investment, are difficult to establish; see David B. Gordon and Ross Levine, "The Capital Flight 'Problem,' " International Finance Discussion Paper 320 (Board of Governors of the Federal Reserve System, April 1988). Nevertheless, in many developing countries some residents undeniably hold a substantial portion of their wealth abroad.

Industrial Production

Released for publication September 15

Industrial production rose 0.3 percent in August following revised increases of 0.1 percent in July and 0.2 percent in June. Almost all of the August gain is attributable to a pickup in the output of motor vehicles and parts and a rebound in coal mining following the end of most labor disruptions. Excluding motor vehicles, output of both consumer goods and business equipment was sluggish during the summer. At 142.4 percent of the 1977 average, the total index in August was 2.8 percent higher than it was a year earlier. Manufacturing output rose 0.2 percent in August, and capacity utilization in manufacturing, at 84.0 percent, edged down. Detailed data for capacity



All series are seasonally adjusted. Latest series: August.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Aug. 1988 to Aug. 1989
	1989		1989					
	July	Aug.	Apr.	May	June	July	Aug.	
	Major market groups							
Total industrial production	**142.0**	**142.4**	**.7**	**.0**	**.2**	**.1**	**.3**	**2.8**
Products, total	152.0	152.3	.7	.1	.4	−.2	.2	3.4
Final products	150.4	150.8	.9	.2	.3	−.3	.3	3.4
Consumer goods	138.9	139.0	.8	−.3	.3	−.5	.1	3.0
Durable	128.0	129.6	1.6	−.7	−.3	−2.2	1.3	3.1
Nondurable	142.9	142.5	.6	−.1	.5	.1	−.3	2.9
Business equipment	168.9	169.9	.9	.8	.2	−.3	.6	6.0
Defense and space	181.7	181.2	.7	.4	.2	.3	−.3	−2.0
Intermediate products	157.3	157.6	.3	−.1	.5	.2	.2	3.5
Construction supplies	141.0	141.5	.6	.0	.6	.0	.4	2.5
Materials	128.4	128.9	.8	−.3	−.1	.6	.4	1.9
	Major industry groups							
Manufacturing	148.6	148.9	.7	.0	.3	.0	.2	3.4
Durable	146.9	147.5	.7	.1	.1	−.3	.4	3.0
Nondurable	150.9	150.9	.7	−.1	.6	.4	.0	4.0
Mining	101.5	103.9	.9	−.3	−.8	.3	2.3	.1
Utilities	115.0	113.9	−.4	−1.3	−1.4	−.9	−1.0	−3.3

NOTE. Indexes are seasonally adjusted.

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

In market groups, the output of consumer goods was little changed in August with a rebound in the production of durable goods largely offset by a decline in output of nondurables. Automotive products posted significant gains as auto assemblies increased to an annual rate of 6.3 million units from a rate of 6.0 million units in July; production of consumer trucks also rose substantially. In August, production of home goods retraced more than half of July's loss mainly on the strength of a rebound in appliance production. In the nondurable consumer goods sector, small declines were widespread.

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
May	141.6	141.6	−.1	.0
June	141.4	141.9	−.1	.2
July	141.7	142.0	.2	.1
August	...	142.4	...	.3

In August, business equipment rose 0.6 percent with about two-thirds of the gain related to growth in output of motor vehicles. Recently, most other major components of business equipment have slowed noticeably after having posted sizable gains, on balance, during the first half of this year. Output of construction supplies rose again in August but still remains below the recent high in January. Materials production, which weakened earlier this year, increased in each of the past two months. However, most of the August gain was attributable to the rebound in coal mining.

In industry groups, manufacturing output rose 0.2 percent in August as output of durable goods was boosted by strong gains in motor vehicles and steel. Outside manufacturing, production in mining rose 2.3 percent, but output at utilities declined 1.0 percent.

Statements to Congress

Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 19, 1989.

I am pleased to be here today on behalf of the Board to discuss the state of the bank insurance fund and the adequacy of the supervisory framework for banking institutions. It may seem surprising to some that we find ourselves addressing the adequacy of that fund, after having just enacted major and costly thrift legislation that included provisions to strengthen both the bank and the thrift insurance funds. However, it is precisely because of the nature and severity of the problems experienced by thrift institutions, and the fact that the commercial banking system has, itself, gone through an exceptionally difficult period, that it is entirely appropriate that we do so.

The thrift legislation, Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), includes numerous provisions and substantial financial resources that should strengthen both the nation's depository institutions and their federal deposit insurance programs. Only time will tell whether the funding provided is ample or will require future adjustments, but the resources already provided will permit the agencies to take decisive actions toward resolving problems that have already lingered too long. Stronger capital standards for thrift institutions, enhanced enforcement powers, and other actions should also improve the safety and soundness of the depository system, in general. Measures to increase insurance assessments on both thrift institutions and commercial banks should provide much-needed resources to rebuild the insurance funds and to reduce the likelihood that further taxpayer monies will be required to support either the bank or thrift fund. Additional proposals for improvements may emerge from the broad study of the deposit insurance system required by the thrift legislation.

I shall begin my comments with a brief overview of the condition of the commercial banking system and then draw from that assessment to evaluate the relative strength of the bank insurance fund. I will also discuss several elements that the Federal Reserve believes are essential to a sound deposit insurance and supervisory program. While I recognize that the subcommittee is also interested in issues affecting the credit union insurance fund, I will focus my prepared remarks principally on the banking industry, given the long-standing and important responsibilities of the Federal Reserve as a bank supervisor.

Developments Affecting Banking Risks

This decade has been a difficult and challenging one for the U.S. banking system. It began with the collapse of oil prices and back-to-back recessions that inflicted heavy damage on many business sectors and was associated with historically high and volatile interest rates. Increased levels of competition from both foreign banks and domestic nonbank firms, deregulation of interest rates, technological innovations, and a general blurring of distinctions between banking and securities markets have also forced virtually all U.S. banking organizations to respond to new competitive pressures and demands from the market. These, and other, events, together with excesses in both domestic and foreign markets, led, in some cases, to extensive losses in such areas as real estate and foreign lending. The high interest rates, combined with depressed commodity prices, also adversely affected many farming communities and led to record numbers of failures by midwestern banks.

Some of these problems remain. Lower oil prices and overbuilt real estate markets, resulting in part from excessive lending and investment practices, have created substantial problems in the Southwest for both banks and thrift institutions and have been a common factor in the failure of many of the institutions in that region. This sector could still strain the economic recovery of financial institutions in that area for years to come. Resolving the huge volume of assets of foreclosed thrift institutions could put pressure on certain segments of that real estate market for some time.

Elsewhere, real estate markets in the Northeast and in pockets of the Southeast have also shown growing signs of weakness during the past year. This factor, combined with the rapid growth of real estate development lending by banks in those areas, suggests that some new problems will appear there.

Problem loans to heavily indebted foreign countries remain a major area of concern for many of the nation's largest banking organizations, even though their exposures have declined in relative terms. As of March 31, 1989, claims on rescheduling countries of the nine most internationally active U.S. banks represented 101 percent of their primary capital (principally their equity and reserves). This relative exposure is down sharply from the 233 percent at the end of 1982, but is substantial, nonetheless. The improvement reflects, in part, efforts by banking organizations to strengthen their capital and reserve positions. However, some difficulties clearly remain, and we believe it is appropriate for these institutions to continue to take steps to assure that their reserve levels are consistent with the risk exposure in their loan portfolios. In contrast, most regional and superregional banks have virtually eliminated foreign exposure as a material factor affecting their financial health.

Growing exposure to highly leveraged borrowers, including involvement in leveraged buyouts and other highly leveraged financings, also has important implications for the risk profiles of banking institutions. Such transactions can be important vehicles for the necessary restructuring of some companies, and, in this way, may contribute to the operating efficiency and financial performance of U.S. businesses. Nevertheless, the higher debt levels and relatively lower equity cushions that characterize such transactions can also weaken the borrower's ability to withstand financial adversity and, other things being equal, can raise the level of risk in bank loan portfolios. This area is one that warrants particularly close attention by bank managers and supervisors alike.

Ultimately, however, it is the size and number of banks that fail or that require federal assistance that affects the deposit insurance fund, and those figures remain stubbornly high. More than 150 banks have already failed during the first eight months of this year, a pace that is similar to the record number set last year. Although the assets of this year's failed banks are significantly less than those at this time a year ago, at more than $25 billion they are still very large by historical standards.

Despite the picture I have painted, not all of the recent developments have been negative. Most of the largest and most severe problem institutions that loomed over us for months have now been addressed and, barring some further setbacks or shocks, should be resolved. They include what had been the six largest bank holding companies in Texas—each of which had numerous subsidiary banks. With conditions in the Midwest stabilizing and the worst problems in Texas apparently resolved, there is reason to believe that we may have "turned the corner" and might finally begin to see fewer and smaller bank failures in the future.

During the past year, banking industry earnings also rebounded sharply from the net losses of 1987, which were caused when the larger banks created their special foreign debt reserves. As a percent of assets, last year's earnings of the 50 largest banking organizations were near their post-World-War-II highs and have remained strong through the middle of this year. Recent earnings of smaller companies are also generally strong. Capital at major banks has continued to improve, not only in preparation for new risk-based capital standards, but also in recognition by many banks and bank holding companies that their capital ratios had fallen too low. Much of the improvement has come through stronger earnings and lower dividend payout rates, while other gains have come from new equity issues. Higher capital cushions, as recognized by the Congress in passing FIRREA, are critical in enhancing the condition of individual institutions, promoting the stability of the banking system as a whole, and protecting the strength of the deposit insurance funds.

In short, the banking system is basically sound, but there remain some unresolved problems that could continue to put pressure on the deposit insurance system and the supervisory apparatus. These pressures will come from growing competition in capital markets and from continued financial innovations, as well as from persistent asset quality problems.

Strength of the Bank Insurance Fund

I should acknowledge at the outset that the easiest way to evaluate the adequacy of an insurance fund is in hindsight. We can examine the general condition of the banking system, assess trends and risks that have appeared, and compare existing resources and coverage ratios of the fund to those of the past. Except in extreme cases, however, there is no obvious procedure or magic figure that will indicate whether existing resources are adequate to deal with future unpredictable events. That said, I can offer some observations about the relative strength of the bank insurance fund.

The exceptional problems that the Federal Deposit Insurance Corporation has faced this decade have reduced the fund, relative to the size of insured deposits, to a historically low level. At the end of 1988, the fund equaled only 0.80 percent of insured deposits, which was sharply lower than the level the year before and extended the generally steady decline in the coverage ratio that began in the late 1950s. Currently at its lowest point in history, the coverage ratio is also well below the statutory target of 1.25 percent recently set by FIRREA. Even in absolute terms, the fund declined $4.2 billion during 1988 to $14.1 billion, and by year-end was at its lowest level since 1982, when insured deposits were roughly one-third lower. Continued large outlays this year have further reduced the fund's resources. It should be rebuilt as soon as possible, and fortunately, steps are already being taken to do that.

Under FIRREA, deposit insurance premiums for banks are scheduled to rise from the current 8.3 basis points of deposits to 12 basis points in 1990 and then to 15 basis points beginning in 1991. Applying the 1991 rate to midyear 1989 domestic deposits would yield an additional $1.4 billion annually of revenues for the fund, an amount equal to 10 percent of its balance at year-end 1988. Such future increases, matched with what should become declining payout rates, should do much to restore the fund to its traditional levels. It may still, however, be several years before that target is reached.

Meanwhile, we should recognize that recent events have demonstrated the strength of the bank insurance fund. The large number of failures we have witnessed, combined with the unprecedented size of the banks that failed, has tested the ability of both the fund and the bank supervisory system to deal with major problems. Throughout this trying period, the fund balance has remained substantial and capable of handling the difficult problems it has faced.

Deposit Insurance Reforms

While FIRREA takes several major steps toward improving the safety and soundness of the depository system, even its most ardent supporters recognize that it does not address a number of other significant reforms that might also be helpful. The act, therefore, mandated a major study of the deposit insurance system by the Treasury, in consultation with the depository institution regulatory agencies, the Office of Management and Budget, and private experts. This study, along with recommendations for any necessary administrative and legislative actions, is to be submitted to the Congress in early 1991. Concurrently, the General Accounting Office is required to conduct a study of the deposit insurance system.

The Board attaches considerable importance to these studies, and it intends to participate actively in the Treasury's effort. A review, at both a conceptual and practical level, is needed of the consistency of an insurance system that evolved out of the Great Depression, on the one hand, with today's deposit-gathering industry of both small institutions and giant modern financial services organizations that operate across markets and national boundaries, on the other. It will be a difficult task that will require considerable care.

It is obviously premature to judge the conclusions of the study, and I have no wish to do so. Nevertheless, this is a subject to which much thought has already been given, and I would like to discuss some key ideas that should receive attention.

The existence of a federal safety net for depository institutions—consisting of federal deposit insurance, the discount window, and guarantees of the payments mechanism—will inevitably lead some owners and managers of firms that benefit from the safety net to increase their willingness to expose their depositories to excessive risk. The problems raised by such actions are endemic to all insurance programs, public and private, and have been given a descriptive name: moral hazard risk. There are many ways for the insurer to reduce the seriousness of moral hazard risk, and since, as a practical matter, none of the means for controlling this risk is sufficient by itself, several strategies are typically employed.

In the Board's view, two components must be included in a program for controlling moral hazard risk in the deposit insurance system. First, the risk position of the insured institutions must be monitored and measured by the regulator on a timely and accurate basis. For depository institutions, this means that there are no substitutes for good accounting data and frequent on-site examinations of the financial condition of the insured depository. Only with timely and accurate data and the unique insights that can be gained on-site can informed decisions be made as to whether the depository is exposed to excessive risk and what corrective actions are needed. This strategy does not require that the depository be subject to detailed and onerous regulations in virtually every facet of its business. It does require, however, that the supervisor be well informed regarding the financial condition of the insured institution.

Second, owners and managers must be given as much incentive as is possible to control the risk exposure of their businesses. If private individuals have such incentives, then there is far less need and tendency for public supervisors to become regulators and exert hands-on control of a depository institution. This, in turn, provides for maximum flexibility for depositories to respond to a dynamic financial environment while still not imposing unacceptable risks on the safety net.

Strong incentives for owners and managers to control risk are best achieved, we believe, by requiring that those owners who would profit from a depository institution's success have appropriate amounts of their own capital at risk. Capital acts as a buffer against unexpected shocks to a firm and thereby helps to insulate both individual firms and the depository system from risk. But more important for today's discussion, there is no better way to ensure that owners exert discipline on the behavior of their firm than to require that they have a large stake in that enterprise. Indeed, the need for larger cushions to absorb unexpected losses and for increased private incentives to monitor and control risk are the fundamental reasons why increasing the amount of capital in the insured depository institution system has been a major goal of Federal Reserve policy in the 1980s.

Appropriate public policies for controlling moral hazard would not eliminate bank failures nor would they put an end to supervisory mergers and acquisitions. Competitive pressures will continue and will likely increase. Various sectors of our economy and of the world economy will no doubt experience unexpected changes in supply and demand. There will always be some owners and managers whose fraudulent behavior or outright incompetence puts their institutions at peril.

The continuing need to deal with insolvent or nearly insolvent depositories suggests that other policies to control moral hazard and minimize the adverse effects of capital-impairing events may be desirable. One such set of policies, and a set that is to be examined in the Treasury study, are actions to be taken with respect to the recapitalization or closure of insured depositories whose capital is depleted to, or near the point of, insolvency. Surely the thrift debacle has taught us that allowing insolvent institutions to remain open by living off the safety net can easily lead to massive taxpayer costs, not to mention serious misallocations of credit and distorted competitive incentives. It may be that we need to establish a clearer and more automatic set of regulatory actions that will be taken as a depository institution's capital falls below established minimums. These actions should probably be increasingly severe as capital ratios decline, culminating in closure or recapitalization and new ownership and management. The point would be that as private owners take risks and cause their equity in the business to decline, they give up management discretion to the caretakers of the public interest who insure the institution. Such a policy would help to internalize to management the cost of exposing the safety net.

Other policies designed to harness private incentives to control risk also deserve serious consideration. These policies include various proposals for use of subordinated debt to impose greater market-like discipline, and risk-based deposit insurance premiums. With regard to risk-based premiums, without prejudging the issue, I would emphasize that it would be vital to make any such system consistent with the risk-based capital policies adopted by virtually all of the major industrialized countries in 1988.

Supervisory Measures

The implementation of any changes to the deposit insurance program, as well as the day-to-day maintenance of an effective supervisory framework, requires the timely detection of insolvent or near-insolvent institutions. For this reason, the Federal Reserve has long employed a number of techniques to maintain the quality and effectiveness of its supervisory activities, and recently has taken some additional steps to strengthen its supervisory program. Although I have alluded to some of these actions already, I believe it is useful to highlight a few in greater detail.

Capital adequacy. The Federal Reserve and the other U.S. banking agencies, as well, have long stressed the importance of strong capital positions for banking organizations. In establishing capital requirements and assessing capital adequacy, the Federal Reserve has endeavored to utilize asset valuations based upon realistic and reasonably current on-site examiner assessments of the credit quality of bank assets. Equally as important, it has been Federal Reserve policy to exclude or severely limit goodwill and other intangible assets when assessing commercial bank compliance with minimum capital standards.

Since the early 1980s, the banking agencies have employed supervisory guidelines for minimum levels of capital to total assets, and have generally encouraged banking organizations to operate above the minimum levels. Our efforts in this regard have extended beyond the examination process and into the administration of the Bank Holding Company Act and other banking laws. Specifically, we have expected banking organizations undertaking significant expansion to maintain strong capital positions, well above supervisory minimums, without significant reliance on intangibles.

One of the most recent and important steps that we and the other U.S. banking agencies have taken to strengthen bank capital is to adopt the new international risk-based capital standard, which will apply to banks of most major countries. That standard was designed to recognize the different levels of credit risk inherent in various types of bank assets and off-balance-sheet activities and also to lead to a more equitable basis for international competition. The new standard will be fully phased in by the end of 1992 and specifies an interim target for the end of 1990. It stresses the need for an adequate level of "core" shareholder funds, defined as common equity and perpetual preferred stock (net of goodwill), and limits the amount of loan-loss reserves that may be included in the total capital base. Still other risks that can affect a bank's financial health, such as interest rate exposure, are under review and may result in additional measures or refinements to the newly adopted risk-based standard.

Bank capital plays a critical role in protecting the deposit insurance system, both by absorbing losses and by giving bank investors the incentive to operate their institution in a safe and prudent way. These new risk-based standards should assist us in our effort to ensure that the banking system remains adequately capitalized.

On-Site Examinations. The Federal Reserve believes firmly that on-site examinations provide the best way to evaluate the true financial condition, including the asset quality and capital adequacy, of commercial banking organizations. As I have already suggested, only by making timely and realistic assessments of the credit quality of bank assets can a truly accurate measure of bank solvency and capital adequacy be derived. In addition, on-site examinations afford supervisors an ideal opportunity to assess directly the effectiveness of bank management, as well as the quality of the bank's internal operating practices and systems for monitoring and controlling risks.

Although reviewing periodic financial reports is also an important function, on-site examinations remain the cornerstone of our supervisory program. In this regard, it is the Federal Reserve's policy to examine all state member banks and bank holding companies with significant operations annually, either directly or in conjunction with state supervisory agencies. Problem institutions are examined more frequently and are subject to other more rigorous supervisory reviews.

Conditions of the past several years, in both the banking and thrift industries, have imposed significant pressures on our field examination resources. This year, in particular, our involvement in thrift institution examinations and closings has forced us to postpone the regular periodic examinations of some institutions that appear to be healthy and to limit the examination scope of others. While we can make such adjustments temporarily, we cannot do so for extended periods. Such actions would increase the possibility that problems could develop and grow without early detection. In light of these and other developments I have discussed in this statement, it is crucial that we continue to devote adequate resources to on-site examinations and other critical supervisory functions. It is also essential that we take any steps necessary to attract and retain qualified field examiners and supervisory personnel.

Other Supervisory and Regulatory Measures. Earlier this year, the Board reiterated its policy regarding loans to highly leveraged firms. Among other things, that statement stressed the importance of a thorough and independent assessment by the lender and re-emphasized the need to consider the strength of such borrowers under various economic conditions, including the possibility of an economic downturn. The policy also emphasized the need for senior bank management to put in place procedures to monitor the performance of such credits, as well as effective internal controls to limit bank exposures to individual or related borrowers and industries. Our view is that any loan whose repayment is not based upon identifiable sources of cash flow that are realistic in terms of *current*, as opposed to future or expected, economic conditions is speculative and could involve undue risks.

Leveraged buyouts and other highly leveraged financings may offer substantial benefits to the economy, and, when properly structured, should also be sound extensions of credit. However, as I have already mentioned, such credits can involve significant risks, and until we have more experience with these financings, the Federal Reserve plans to monitor these bank exposures carefully. We must obviously remain particularly sensitive to the potential effect of any possible economic slowdown on the ability of highly leveraged borrowers to repay their debts.

A number of other long-standing laws, regulations, and supervisory policies exist to limit bank risk-taking. In particular, the banking agencies enforce numerous statutes and regulations that establish limits, collateral requirements, and appropriate review and approval terms regarding loans to affiliated companies and bank insiders. These areas, where credit judgments might be more readily compromised, are also closely evaluated during on-site examinations. The Federal Reserve has a broad array of enforcement powers, including cease-and-desist authority and civil money penalties, which it has used to address violations of banking laws and regulations and to prevent unsafe and unsound banking practices. Recently enacted provisions of FIRREA should provide additional tools to limit bank risk-taking. Among other things, this legislation contains provisions that call for the implementation of minimum collateral requirements for real estate loans, the establishment of appropriate appraisal standards for real estate loans, the prohibition of the use of brokered deposits by troubled institutions, and the expansion and strengthening of the banking agencies' enforcement authority.

Organizational Structures. The final issue I will mention relates to the structure through which banking organizations should properly conduct any activities that carry risks not traditionally associated with banks, or activities that, as a matter of public policy, should not be supported by the federal safety net. The focus here is not on any specific banking powers, but rather on how best to limit risks to the federal safety net when distinctions between banks and other financial companies are becoming blurred. There are several organizational possibilities: (1) permit the bank to perform the activity directly; (2) permit the bank to perform the activity only indirectly through a subsidiary of the bank; or (3) require the activity to be conducted outside the bank in a separate subsidiary of the bank holding company.

As a rule, the Federal Reserve believes that the third approach provides the greatest protection to any affiliated bank(s) and, in turn, offers the most protection to the deposit insurance fund and to the federal safety net more generally. Isolating such activities in subsidiaries of banks, the second option, seems to offer only limited protection to the bank, since any problems of the subsidiary would be transmitted immediately to the consolidated financial statements of the parent bank. That bank subsidiary structure also seems more vulnerable to legal challenges by creditors of the subsidiary to "pierce the corporate veil" and attach assets of the parent bank.

CONCLUSION

In summary, it is our view that the bank insurance fund has weathered a very difficult period and, while it remains sound, will benefit from the much-needed additional resources provided by FIRREA. Further changes and proposals for strengthening the deposit insurance system may come from the study required by that legislation. In our view, for the system to remain sound it must be governed by an adequate supervisory framework that strikes the proper balance between reasonable prudential rules, such as minimum capital standards, and an adequate on-site supervision and examination program. It is, of course, in the interests of both the Congress and the regulatory agencies to work in a cooperative fashion to establish all of the components necessary to protect the stability of our nation's financial system and the health of our deposit insurance funds. Much progress has been made with the enactment of FIRREA, and we look forward to working with the Congress on further necessary steps in the future. □

Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 26, 1989.

I appreciate the opportunity to appear before this subcommittee to discuss the implications for U.S. financial institutions of plans by the European Community (EC) to complete its internal market at the end of 1992. These plans involve removing remaining internal barriers to the free circulation of goods, services, capital, and people. The actions are intended to exert downward pressures on costs and prices, and as greater competition fosters increased economic efficiency, to raise the level of output within the Community. Residents of other countries, including the United States, have an interest in how these events unfold because of their important trade and financial relations with the Community. A stronger European economy should benefit the United States and other nations that trade with Europe.

The moves to a barrier-free internal market by the European Community will, of course, be felt most profoundly by citizens and businesses of the Community. While the full impact of these actions will not be felt for a number of years, corporations in the Community have been actively engaged in planning the restructuring of their activities in anticipation of the new operating environment.

The current situation is one in which all tariff barriers within the Community have been dismantled for more than two decades. The elimination of intra-Community tariffs has contributed greatly to European economic prosperity, just as the absence of interstate barriers to trade has enhanced U.S. economic welfare. It is impressive that the European countries already have been able to achieve many of these same efficiencies associated with free trade, and will build further on these steps, within the context of sovereignty of the individual nation states.

The 1992 program focuses on removing remaining barriers to intra-Community trade that result from a variety of nontariff barriers, such as differences in national rules or laws regarding product standards. Such differences may effectively prohibit products made in one Community country from being exported to another. To deal with the remaining barriers to trade within the EC the Community has opted to apply the concept of "mutual recognition," whereby member states agree to respect the validity of each others' laws, regulations, and administrative practices that have not been harmonized at the Community level. In essence the member states have pledged not to use differences in national rules to restrict cross-border flows of goods and services.

The philosophy of mutual recognition adopted by the Community has been extended to the banking and financial sector through proposals for the creation of a "European financial area," which refers to both the free movement of capital and the establishment of a framework for a Communitywide market in financial services. Under this system, financial institutions chartered by any individual member nation will be deemed by other member states to be adequately supervised on a consolidated basis by their home country in accordance with requirements set forth in EC directives, and therefore will be permitted to branch freely throughout the Community without the need to seek approval or license from host-country regulatory bodies. The host country will, however, retain the right to establish regulations for such branches that are needed for the implementation of monetary policy, assuming such regulations are applied consistently to all banks operating in that country.

A feature of the new banking framework is that banks permitted by their home country to engage in a list of activities delineated in the Second Banking Directive would be permitted to engage in such activities anywhere in the Community, even if such activities were prohibited to locally chartered banks. For example, a bank permitted to underwrite and deal in corporate securities in its home country would be permitted to do so in any member state within the Community, even if local banks in a host member state were prohibited from such securities activities themselves. This explicit right of expanded activities for nonlocal banks, based on activities permitted in their home country, has no precedent in international banking. It will need to be monitored closely because it may have important implications for the types of European-based financial institutions that will emerge as major competitors with U.S. banks.

The implications for U.S. financial institutions of these important and innovative steps to integrate the financial sector of the European economy would appear to depend on the answers to at least three questions. First, what will be the impact on costs, margins, and profitability of financial institutions operating in the Community? Second, what types of financial institutions will evolve after the emergence of the European financial area as major competitors with U.S. banks in both European and worldwide financial markets, and how will these institutions differ from large U.S. banks? Third, what will happen regarding the right of entry and expansion for foreign-based financial institutions in the new operating environment in Europe?

Before discussing these three issues some background on the current situation and the scope of activities of U.S. banks in the countries of the Community might be helpful. As discussed in detail in the National Treatment Studies submitted to the Congress in 1979, 1984, and 1986, U.S. banks have generally been relatively free to enter and compete in the major European markets and have taken advantage of these opportunities. As shown in the attached table, as of December 1988, U.S. banks operated 149 branches in the countries of the Community with total assets of $130 billion.[1] On that same date, 17 U.S. banking organizations had majority-owned subsidiaries in Europe with total assets of $80 billion. These subsidiaries conduct banking activities and nonbanking activities of a financial nature. The nonbanking activities include underwriting debt securities and, under very narrow limits, equity securities, to the extent permitted by U.S. laws and regulations and where authorized by local law for affiliates of banking organizations. The major determinants of the decisions by U.S. banks to enter and participate in these markets appear to have been threefold: (1) to provide banking services to U.S.-based companies with major European operations; (2) to profit from opportunities where margins on local banking business are attractive, sometimes in an area where they had specialized expertise; and (3) to participate in the Eurocurrency and Eurobond markets that are primarily located in London.

The decision by the European Community to create a European financial area will certainly mean that the financial services sector within Europe will become more competitive, as low-cost producers of banking and other financial services are freer to enter and compete with higher-cost local firms that have operated in protected local markets. One study cited in a report by the Commission of the European Communities (the Cecchini report) used estimates of the costs of providing financial services in the four lowest-cost countries as a rough benchmark for how far intermediation costs might fall following integration, and concluded that intermediation costs might decline on the order of slightly more than 10 percent in the Community after integration. Analysts may disagree with the methodology used in that study, and its quantitative results may be biased by cases in which the estimates of lowest costs contain observations with an element of a cross-subsidy. However, it seems reasonable to conclude that margins and profits in local European banking will be reduced because of greater direct competition or because of potential competition from outside banks who will be free to enter if margins and profits in local markets are particularly attractive.

Some European banks are reacting to these expected developments by mergers, acquisitions, and strategic operating alliances through banking groups, all of which should result in some operating efficiencies. These developments will mean reduced profit margins on certain types of business for European offices of U.S. banks as well as for local banks. While some U.S. banks may compete aggressively in the broader European market, several U.S. banks have already announced their decisions to restructure their activities in that market and, on balance, the expected reduction in profit margins on banking in Europe should result in some further consolidation and retrenchment by U.S. banks in their European operations.

The retrenchment by some U.S. banks in response to lower profit margins may take place over a relatively short period of time. Over the longer run, the reduced margins on banking that are expected to occur in Europe may actually induce some European banking organizations to restructure their activities, and it is indeed possible that some will devote greater resources to expanding their banking activities here in the United States as well as in other markets outside Europe if these markets are perceived to offer better returns. Declining profit margins on financial intermediation that result from greater competition in Europe, while painful to banks and their shareholders, are of direct benefit to the broader market of consumers of banking services and constitute a large part of the expected efficiency gains from the further integration of the European market.

The second issue confronting U.S. financial institutions is the types of indigenous competitors that will emerge within the European Community. Banks in several European countries are permitted wider powers than U.S.-based banks, including the ability to underwrite both debt and equity securities on an unlimited basis directly within the bank without having to establish sep-

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

arate holding-company affiliates whose activities are restricted and separated from the banks by firewalls. The plans by the Community to allow banks established in member states to provide certain services throughout the Community that are permitted in their home country, even if prohibited to domestically chartered banks in a specific host country, should create pressures for some of the more restrictive member states of the Community to liberalize their banking laws and regulations in these areas. This process is well understood by the member states and is referred to as regulatory convergence.

The ultimate result of this process of regulatory convergence is difficult to predict at this stage. To some degree it seems likely that U.S. banks will be confronted with competition from several of the large well-capitalized banks based in Europe that will be able to offer a broader range of financial services to their customers. This structure will differ markedly from our own structure in the United States. We have either prohibited institutions that accept deposits from the public from engaging in certain types of activities, or permitted some of them only through holding company affiliates with firewalls between the banking and nonbanking activities. The reason for the firewalls applied between U.S. banks and their domestic securities affiliates is to ensure that the federal safety net is not extended to these affiliates and that bank holding company affiliates do not have an unfair competitive advantage vis-à-vis their unaffiliated competitors.

Outside the United States there is a different statutory basis for U.S. bank activities. Abroad, U.S. banks are permitted to engage in banking and nonbanking activities, including, as I have already stated, debt underwriting and very limited equity underwriting, through subsidiaries of Edge corporations that are in turn subsidiaries of the bank or through subsidiaries of the parent holding company. Subsidiaries of the bank may engage in nonbanking activities only to the extent that the Board finds the activities to be closely related to banking or other financial activities. This standard imposed by the Edge Act was intended to allow U.S. banks to compete effectively abroad; however, the Board has not allowed U.S. banking organizations to engage in activities abroad that could present undue financial risk or otherwise potentially harm the safety and soundness of the banking institution.

The resolution of this evolving divergence between the United States and Europe regarding permissible activities for banking organizations that operate behind an explicit or implicit taxpayer supported safety net is uncertain. Over the foreseeable future major U.S. banks will be competing on a worldwide basis with large European banks that will be able to conduct a broad-based securities business and will have greater flexibility than U.S. banks to own shares of nonfinancial companies. Until the consequences of this disparity are better understood, we should not lose sight of the fact that our own supervisory policy of separating the deposit side of banking, with its safety net protection, from other kinds of financial businesses with different risks, has served this country well. On the other hand, we must be alert to any long-term competitive difficulties that it may pose for U.S.-based institutions as we consider and debate our own policies for broadening the range of permissible activities for U.S. banks. The Federal Reserve and other banking agencies will monitor the competitive situation carefully, here and abroad, and where necessary will draw upon our contacts with banking authorities in other countries for information.

The third issue for U.S. financial institutions, and the one that has drawn the most attention recently, is the conditions under which banks based in countries outside the Community, including U.S.-chartered banks, will be permitted to enter and expand into that broad market. As background to discussing this complex issue it should be noted that the United States has a policy of national treatment for banking that was established in the International Banking Act of 1978 (IBA). National treatment means providing foreign institutions the same competitive opportunities that are permitted to domestic banking companies.

The United States adopted that policy after careful consideration of various alternatives. We adopted that policy in the belief that it was equitable, that it would serve as a good example to other countries whose banking systems were not as open to foreign banks as our markets, and because we perceived the benefits to our own financial system of a dynamic participation by foreign-based banks.

This last reason, the unilateral benefits we as a nation of consumers of banking services derive from open markets, underlies our policy of not requiring reciprocal foreign treatment for U.S. banks. However, the Treasury, the Federal Reserve, and other federal banking agencies have been sensitive to the need to ensure that U.S. banks receive equitable treatment in foreign markets. The Congress has required that the Treasury, with the cooperation of other agencies, including the Federal Reserve, conduct and publish National Treatment Studies that highlight existing cases in which foreign countries restrain entry and expansion by nonlocal banks including U.S. banks. A new National Treatment Study is under way and will be completed in 1990. That study will contain a chapter analyzing the banking and securities markets in the European Community. Besides the National Treatment Studies, formal and informal contacts between U.S. banking officials and their counterparts in other countries have also been used as a vehicle to highlight problems of entry to local markets.

The results of the approach taken by the United States have generally been successful, both for the operation of our domestic banking and financial markets and for improving access for U.S. banks to foreign markets. U.S. offices of foreign-based banks have brought innovations to our domestic market, including pressures to price loans off market interest rates. Interbank deposit markets and foreign exchange markets in the United States have been deepened by foreign bank participation, and in some areas retail banking has become more competitive because of foreign bank participation.

In recent years a number of industrial countries have followed our example and have liberalized their laws and regulations concerning foreign bank access to their domestic markets. These liberalizations have occurred largely through a recognition of the need to improve their own domestic banking and financial markets, partly in recognition of the success of the U.S. experience. In some cases these liberalizations have followed constructive dialogues with U.S. and other foreign banking agencies.

The European Community has also had a lengthy debate about its treatment of foreign-based banks in the broad financial area that will be created by the measures scheduled to be implemented at the end of 1992. Our best reading of their intention is that the Community plans to adopt a policy of what is usually referred to as "reciprocal" national treatment on a Communitywide basis. Under that policy, countries offering national treatment to all Community-based banks will be offered national treatment for their banks throughout the Community. While less desirable than a policy of pure national treatment without any preconditions, the policy of reciprocal national treatment should not, if implemented fairly, present significant problems for U.S.-based banks because of our longstanding commitment to national treatment for foreign banks in the United States.

As we learned in our experience with the IBA, however, the concept of national treatment does not always provide simple answers to a number of complex policy issues when banking systems and structures differ widely across countries. One example arose when the Congress was confronted with adopting the statutory standard for the IBA for the nonbanking activities of foreign banks with U.S. operations. After a lengthy and complex debate, the Congress permitted nonbanking affiliates of foreign banking organizations to operate in the United States, even though U.S. banks are not permitted to have the same kind of domestic affiliations, to avoid an unintended application of U.S. law on an extraterritorial basis to banks chartered in countries that permit direct ownership by banks of nonfinancial companies.

A second example arose more recently in the requirement in the Primary Dealers Act of 1988 for the Federal Reserve to determine whether foreign countries offered U.S. securities firms the same competitive opportunities in government securities markets as are offered to domestic firms. The staff analysis on which the Board based its decision that U.S. firms are offered the same competitive opportunities in the government securities markets in Japan and the United Kingdom noted explicitly that "the concept of 'same competitive opportunities' does not require that every country adopt a structure for its government securities market that is identical to ours, any more than we should be required to adopt a banking structure identical to theirs.''

One important lesson in both of these cases is that differences in national banking and financial structures can make determinations of national treatment and equal competitive opportunity very complicated. The second, and perhaps even more important lesson, is that different structures in foreign markets should not be used as an excuse for denying foreign banks equal competitive opportunity in a domestic market. In particular, restrictions on types of activities or geographic locations of banking offices adopted by the United States for reasons of public policy, and which apply to U.S. banks as well as to foreign-based banks operating in the United States, constitute national treatment and equal competitive access, and therefore are not reasons to restrict national treatment for U.S. banks abroad.

As a practical matter, major U.S. banking organizations are already well represented in the European Community through branches and subsidiaries, and access of many of them to the entire Community will be grandfathered through their subsidiaries. However, the structure of the ownership of banking in the United States is rapidly changing, and we are seeing the emergence of several active regionally based banking institutions in the list of our largest banks. Many of these institutions do not currently operate subsidiaries in the Community and their future access to that market is an important matter of public concern.

The question of access by foreign banks to the European financial area is coming at a critical time because services, including financial services, are included in the upcoming Uruguay Round of trade negotiations. These negotiations will involve a broad group of developing countries as well as the major industrial nations. We hope to utilize this important opportunity to achieve a liberalization of trade in financial services through a national treatment approach. That goal might be more readily achieved if a major precedent restricting the free flow of service trade were avoided. Because of our longstanding interest and expertise in this area, the Federal Reserve has been involved in developing the U.S. negotiating agenda for the forthcoming meetings on trade in financial services.

A final area that deserves mention is the implications of the plans by the Community for the post-1992 era for banking supervision. Over the last decade and a half bank supervisory issues have become increasingly international in scope. This is certainly appropriate as international banking and financial markets have become more integrated and as large banks conduct an increasing share of their activities in offices outside their home country and in foreign currencies. When possible, regulatory systems need to avoid competitive inequities, and bank supervisors need to be able to share information on a confidential basis. The Basle Committee of Bank Supervisors has performed these functions admirably. The recent agreement on risk-based capital standards achieved by that Committee, and scheduled to be fully implemented by participating countries by the end of 1992, is a major accomplishment in reducing one area of competitive inequity.

The movement toward a European financial area may well mean that additional pressure will be exerted within the Community for further harmonization of bank supervisory and regulatory practices. Decisionmaking in financial services generally may flow increasingly from individual national authorities within the Community to a Community-based body, just as it has in the case of commercial policy. This process appears to be under way already as bank supervisors from Community countries have been meeting regularly for several years. For U.S. bank supervisors, as well as bank supervisors from Japan, Canada, and other non-EC countries, this change may well mean that various issues discussed in the Basle Committee will have already been discussed by an EC body and that there will be a greater unity of positions taken by representatives of EC countries in meetings of the Basle Supervisors Committee.

In summary, the prospects for improved European integration offer potential benefits for non-European nations that trade with the Community as well as for the member states. Whether these potential benefits are realized depends on whether the measures are implemented in a manner that is trade-creating or whether they are instead offset by restrictive measures directed toward firms in countries outside the Community. At present we do not anticipate any problems of access for U.S. banks into the Community, but the Federal Reserve and other agencies will monitor the situation closely. The reduction in profit margins in banking that is expected to occur in Europe will play a very important role in determining the nature of future activities of both foreign and local banks in that market. While I cannot predict exactly which activities will be found to be profitable by U.S. financial firms, I am confident that our financial service firms are capable of being competitive in that new environment. The Federal Reserve, together with the Treasury and the other federal banking agencies, will do our part to help to ensure that unfair impediments to U.S. firms will not occur or persist. □

Announcements

REGULATION Y: AMENDMENT

The Federal Reserve Board announced on September 5, 1989, that it had amended Regulation Y (Bank Holding Companies and Change in Bank Control) to allow bank holding companies to acquire savings associations in accordance with provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

The amendment contains the following provisions:

- It permits acquisitions of healthy as well as failed or failing savings associations.
- It allows bank holding companies to acquire savings associations in any state, without regard to whether the holding company can operate a bank in that state.
- It does not impose operational or branching conditions on the operations of savings associations except for the requirement of the Bank Holding Company Act that they conform their activities to those permissible for bank holding companies.

The amendment is effective October 10, 1989.

MODIFICATIONS TO SECTION 20 ORDERS

The Federal Reserve Board announced on September 21, 1989, modifications in its orders authorizing bank holding company subsidiaries to underwrite and deal in bank-eligible securities consistent with section 20 of the Glass–Steagall Act.

The modifications accomplish the following:

- They raise from 5 to 10 percent the revenue limit on the amount of total revenues a section 20 subsidiary may derive from ineligible securities underwriting and dealing activities.
- They permit underwriting and dealing in securities of affiliates if the securities are rated by a nonaffiliated, nationally recognized rating organization or are issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, or represent interests in such obligations.

CHANGE IN BOARD STAFF

The Board of Governors announced that David J. Stockton has been promoted from Assistant Director to Associate Director in the Division of Research and Statistics, effective September 29, 1989.

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION Y

In light of changed economic and regulatory circumstances, and pursuant to discretionary authority granted under the Financial Institutions Reform, Recovery and Enforcement Act of 1989, the Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y, to reflect its determination that the acquisition and operation of savings associations by bank holding companies is, as a general matter, so closely related to banking as to be a proper incident thereto for purposes of section 4(c)(8) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. 1843(c)(8)). The Board's determination is subject to the condition that the savings association engage only in activities that bank holding companies are otherwise permitted to conduct under section 4 of the BHC Act. Specific proposals by bank holding companies to acquire savings associations would require prior Board approval under section 4(c)(8) of the Act.

Effective October 10, 1989, 12 C.F.R. Part 225 is amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for Part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1843(c)(8), 1844(b), 3106, 3108, 3907, and 3909.

Part 225—Bank Holding Companies and Change in Bank Control

2. In Section 225.25 new paragraph (b)(9) is added to read as follows:

Section 225.25—List of Permissible Nonbanking Activities

* * * * *

(b) * * *

(9) *Operating savings association.* Owning, controlling or operating a savings association, if the savings association engages only in deposit taking activities and lending and other activities that are permissible for bank holding companies under this subpart C.

3. In section 225.2, redesignate paragraphs (l) through (n) as paragraphs (m) through (o) respectively, and add the following as new paragraph (l):

Section 225.2—Definitions

* * * * *

(l) "Savings association" means:

(1) any Federal savings association or Federal savings bank;

(2) any building and loan association, savings and loan association, homestead association, or cooperative bank if such association or cooperative bank is a member of the Savings Association Insurance Fund; and

(3) any savings bank or cooperative which is deemed by the Director of the Office of Thrift Supervision to be a savings association under section 10(l) of the Home Owners Loan Act.

4. In section 225.126, paragraph (h) is removed.

FINAL RULE—AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority, to delegate to the Staff Director of the Division of Banking Supervision and Regulation the authority to approve applications requiring prior approval of the Board if immediate or expeditious action is required to avert failure of a savings association.

Effective September 18, 1989, 12 C.F.R. Part 265 is amended as follows:

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for Part 265 continues to read as follows:

Authority: Section 11(k), 38 Stat. 261 and 80 Stat. 1314; 12 U.S.C. 248(k).

2. Paragraph (c)(3) of § 265.2 is revised to read as follows:

Section 265.2—Specific functions delegated to Board employees and to Federal Reserve Banks

* * * * *

(c) * * *

(30) Under the provisions of sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a) and 1843(c)(8)) and the Change In Bank Control Act (12 U.S.C. 1817(j)) to take actions the Reserve Bank could take under paragraphs (f)(22) and (f)(28) of this section if immediate or expeditious action is required to avert failure of a bank or savings association, or because of an emergency.

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

National City Corporation
Cleveland, Ohio

Order Approving the Acquisition of a Bank Holding Company

National City Corporation, Cleveland, Ohio ("National City"), a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"), has applied for the Board's approval pursuant to section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Crestwood Banking Company, Ltd., Crestwood, Kentucky ("Crestwood"), and thereby indirectly acquire Crestwood State Bank, Crestwood, Kentucky ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 26,842 (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.

National City operates 16 banking subsidiaries located in Ohio, Kentucky, and Indiana. National City is the second largest commercial banking organization in Kentucky, controlling approximately $3.3 billion in deposits, representing 12.2 percent of the total deposits in commercial banking organizations in the state.[2] Crestwood is the 98th largest commercial banking organization in Kentucky, controlling approximately $54.4 million in deposits, representing less than one percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, National City would remain the second largest commercial banking organization in Kentucky, controlling $3.4 billion in deposits, representing 12.4 percent of the total deposits in commercial banking organizations in the state. Consummation of this proposal would not have a significant adverse effect on the concentration of banking resources in the state.

National City and Crestwood compete directly in the Louisville banking market.[3] National City is the second largest of the 15 commercial banking organizations in this market, controlling approximately $2.6 billion in deposits, representing 29.2 percent of the total deposits in commercial banking organizations in the market.

Crestwood is the ninth largest commercial banking organization in the market, controlling approximately $54.4 million in deposits, representing less than one percent of total deposits in commercial banking organizations in the market. Upon consummation of the proposal, National City would remain the second largest commercial banking organization in the market, controlling $2.7 billion in deposits, representing 29.8 percent of the total deposits in commercial banking organizations in the market. The Herfindahl–Hirschman Index ("HHI") for the Louisville banking market would increase by 35 points to 2657.[4]

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1. In connection with this application, National City's subsidiary, First Kentucky National Corporation, Louisville, Kentucky ("First Kentucky"), has formed CSB Acquisition Corporation, Louisville, Kentucky ("CSB"), for the purpose of acquiring Crestwood, and thereby indirectly acquiring Bank. First Kentucky has filed an application to acquire shares of a bank holding company pursuant to section 3(a)(3) of the BHC Act, and CSB has filed an application to become a bank holding company pursuant to section 3(a)(1) of the BHC Act.

2. State banking data and market banking data are as of June 30, 1988.

3. The Louisville banking market is approximated by the Louisville RMA adjusted to include Jefferson and Oldham Counties in Kentucky, and Clark and Floyd Counties in Indiana.

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

Accordingly, based upon a review of all of the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in any relevant market. In addition, the financial and managerial resources of National City, Crestwood, and their respective subsidiaries are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the record of National City's subsidiary banks under the Community Reinvestment Act ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess an institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution," and to "take this record into account in its evaluation of bank holding company applications."[5]

In this regard, the Board has received comments filed by an individual ("Protestant") critical of the CRA performance of National City's subsidiary bank, The First National Bank, Dayton, Ohio ("FNB"). Protestant alleges that FNB has shown a lack of commitment to low- and moderate-income minority neighborhood markets in the Dayton, Ohio area. In particular, Protestant asserts that FNB did a significantly smaller percentage of its mortgage business in low- to moderate-income and minority areas than to other lenders in Montgomery County, Ohio. National City has submitted a detailed response to the comments made by Protestant.[6]

The Board has carefully reviewed the CRA performance record of FNB, as well as Protestant's comments and National City's response to those comments, in light of the CRA, the Board's regulations, and the jointly issued Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("CRA Policy Statement").[7] The CRA Policy Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis, and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

Initially, the Board notes that National City's subsidiary banks have each received satisfactory ratings from their primary regulators in examinations of their CRA performance. In addition, National City has in place the types of programs outlined in the CRA Policy Statement as essential to an effective CRA program. National City has established a Public Policy Committee in order to monitor the CRA initiatives and activities of its subsidiary banks. National City has also adopted a management policy that details the standards and responsibilities of each subsidiary bank to address the CRA. These standards require each of National City's subsidiary banks to maintain its own CRA program and to establish a management public policy committee at the bank and public policy committee for the board of directors. In addition, each bank must designate a CRA officer and assess the credit needs of each community through contacts with local officials and community organizations. Under this policy, the CRA officer of each of National City's subsidiary banks reports to the bank's board of directors, which annually reviews the bank's CRA record and CRA policy statement. Each CRA officer of each of National City's subsidiary banks is supervised by National City's corporate CRA officer, who in turn reports to National City's senior management.

In addition, FNB has a program to help meet the needs of its community as well as monitor the success of its efforts. Coordination and oversight of the CRA program at FNB is provided by the Management Policy Committee, which develops CRA initiatives and goals, and the Public Policy Committee of FNB's board of directors, which monitors and assists in the development of these initiatives, and which reports annually to National City. FNB seeks to ascertain the needs of the community through participation by its employees, officers, and directors in a variety of community organizations and activities. FNB also has a vice-president designated as its CRA officer. The CRA officer is responsible for making calls in the low- to moderate-income areas of Dayton, Ohio, to elected officials, realtors, clergy, and neighborhood leaders.

The CRA program implemented by FNB has a community outreach component that calls for ongoing community contact by departmental staff regarding the needs of the community and the products and services that FNB offers to meet these needs. The outreach component of FNB's CRA program includes advertising in traditional and minority-owned media. FNB has also contracted with a public relations firm which specializes in reaching minority markets in order to ensure that low- and moderate-income and minority areas are aware of the services that FNB offers.

5. 12 U.S.C. § 2903.

6. FNB has met with Protestant in an effort to clarify the issues presented under the CRA, although the parties failed to resolve all of their differences.

7. 54 *Federal Register* 13,742 (1989).

Protestant bases his comments on an analysis of property conveyance information rather than Home Mortgage Disclosure Act ("HMDA") data provided by regulated mortgage lenders.[8] An analysis of HMDA data for FNB for 1987 does not support the allegation that FNB falls significantly below its peers in residential lending to low- and moderate-income areas. While other lenders made 6.0 percent of their mortgage loans to individuals in low- to moderate-income areas in 1987, FNB also made 6.0 percent of its mortgage loans to individuals in low- to moderate-income areas.[9] Similarly, FNB's figure of 2.0 percent for mortgages in minority and integrated areas compares favorably with the 3.0 percent figure for all other lenders. With regard to home improvement loans, other lenders made 15.0 percent of their home improvement loans to individuals in low- to moderate-income areas, while FNB made 33.0 percent of its home improvement loans to individuals in low- to moderate-income areas. Likewise, FNB made 30.0 percent of its home improvement loans to individuals in minority and integrated areas, which greatly exceeds the 12.0 percent figure presented by all other lenders.

FNB has also begun offering FHA and VA government guaranteed mortgages in response to comments from realtors expressing a need for mortgages with lower down-payment requirements. In addition, FNB is an active participant in Small Business Administration loans. Moreover, the types of services and programs that FNB offers appear to be consistent with the purposes of the CRA. Such programs include loans for new home construction and purchase or rehabilitation of existing residences through three loan programs offered in conjunction with the City of Dayton Department of Housing; low interest loans for first time buyers through the Ohio Financing Agency's Series B and Series C First Time Home Buyer Program; and mortgage loans for renters that desire to purchase homes in conjunction with the Dayton Metropolitan Housing Authority. FNB is also active at both the city and county levels through participation in special loan programs with CityWide Development Corporation, which is the economic development arm of Dayton, Ohio, and with County Corp, which is the economic development arm of Montgomery County, Ohio.[10] In addition, FNB has established the First National Bank Community Development Association ("FNBCDA"), which assists in the stabilization and revitalization of low- to moderate-income neighborhoods and minority areas in which FNB operates by providing loan and equity investments for low-income housing revitalization and development. Since its inception in November of 1987, FNBCDA has participated in over $2.8 million of community revitalization projects by assisting in the financing of projects for the purchase, construction, and renovation of housing in low- to moderate-income areas, and for the operation of small businesses.

For the foregoing reasons, and based upon the overall CRA record of National City and of FNB, the compliance of FNB's CRA statement with applicable regulations, and other facts of record, the Board concludes that convenience and needs considerations, including the record of performance under the CRA of National City, FNB and National City's other subsidiary banks, are consistent with approval of this application.

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Security Pacific Corporation
Los Angeles, California

Order Approving the Acquisition of a Bank Holding Company

Security Pacific Corporation, Los Angeles, California ("Security Pacific"), a bank holding company within

8. The Board believes that the use of HMDA data provides a reasonable basis for determining National City's and FNB's lending records under the CRA and permits the Board to compare National City's and FNB's performance to other financial institutions.

9. Because Protestant's allegations relate to mortgage lending in Montgomery County, Ohio, the percentages used here reflect lending patterns in Montgomery County, Ohio, based on all HMDA lenders in Montgomery County, Ohio.

10. Protestant further alleges that FNB's recent community efforts may receive only short term support in order to permit National City to proceed with a series of acquisitions. While some of its programs are new, National City and FNB have had their current CRA programs in place since March 1987, and have taken steps to respond to identified community credit needs. The Board expects that National City will continue to fulfill its responsibilities under the CRA, and notes that, as with other financial institutions, National City's CRA performance will be reviewed in the course of regular examinations.

the meaning of the Bank Holding Company Act (the "BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Southwest Bankcorp, Vista, California ("Southwest"), and thereby to acquire indirectly Southwest's subsidiary bank, Southwest Bank, Vista, California ("Bank").[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (54 *Federal Register* 20,921 (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 BHC Act.[2]

Security Pacific is the third largest commercial banking organization in California, controlling approximately $27.2 billion in deposits, representing 13.8 percent of the total deposits in commercial banks in the state.[3] Southwest is the 45th largest commercial banking organization in California, controlling approximately $289.8 million in deposits, representing less than one percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Security Pacific would remain the third largest commercial banking organization in California, controlling $27.5 billion in deposits, representing 13.9 percent of the total deposits in commercial banks in the state. Consummation of this proposal would have no substantial effect on the concentration of banking resources in the state.

Security Pacific and Southwest compete directly in the following five banking markets in California: Los Angeles, San Diego City, San Diego County, Hemet, and Oceanside.

In the Los Angeles banking market,[4] Security Pacific is the second largest commercial banking organization, controlling approximately $17.9 billion in deposits, representing approximately 20.6 percent of the total deposits in commercial banks in the market. Southwest is the 132nd largest commercial banking organization in the market, controlling approximately $41.7 million in deposits, which represents less than one percent of total deposits in commercial banks in the market. Upon consummation of the proposal, Security Pacific would remain the second largest commercial banking organization in the market, controlling approximately $18.0 billion in deposits, representing approximately 20.7 percent of the total deposits in commercial banks in the market. As a result of this transaction, the Herfindahl–Hirschman Index ("HHI") for the Los Angeles banking market would increase by 2 points to 1130.[5]

In the San Diego City banking market,[6] Security Pacific is the third largest commercial banking organization, controlling approximately $1.4 billion in deposits, representing approximately 12.7 percent of the total deposits in commercial banks in the market. Southwest is the 14th largest commercial banking organization in the market, controlling approximately $117 million in deposits, representing approximately 1.1 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Security Pacific would remain the third largest commercial banking organization in the market, controlling approximately $1.5 billion in deposits, representing approximately 13.8 percent of the total deposits in commercial banks in the market. The HHI for the San Diego City banking market would increase by 27 points to 1112.

In view of these and the other facts of record, the Board has determined that consummation of this proposal would not have a significant adverse effect on competition in the Los Angeles or San Diego City banking markets.

In the San Diego County banking market,[7] Security Pacific is the fourth largest commercial banking orga-

1. Security Pacific plans to merge Southwest into Security Pacific's wholly owned subsidiary, SPC/CBSI Acquisitions, Inc., Los Angeles, California ("SPC/CBSI"), which is applying under section 3(a)(1) of the BHC Act to become a bank holding company. Security Pacific intends that within two weeks of this merger, SPC/CBSI would divest itself of its interest in Bank and cease to be a bank holding company, and Bank would be merged into Security Pacific National Bank, Security Pacific's lead bank.

2. Several insurance trade associations have requested that the Board postpone action on this application pending review by the Board of a petition for enforcement which alleges that Security Pacific, through Security Pacific State Bank, may attempt to engage in general insurance agency activities. Neither Southwest nor Bank engage in any insurance agency activities. Moreover, the issues raised by the petition are currently the subject of litigation (*Independent Insurance Agents of America, Inc. v. Board of Governors of the Federal Reserve System,* No. 89–4030 (2nd Cir. filed March 9, 1989)). Accordingly, the Board has determined that action on this application at this time is appropriate.

3. State banking data and market banking data are as of June 30, 1987.

4. The Los Angeles banking market is approximated by the Los Angeles RMA.

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

6. The San Diego City banking market is approximated by the San Diego RMA.

7. The San Diego County banking market consists of those areas of San Diego County that are not included in either the San Diego RMA or the Oceanside RMA.

nization, controlling approximately $26.8 million in deposits, representing approximately 11.7 percent of the total deposits in commercial banks in the market. Southwest is the third largest commercial banking organization in the market, controlling approximately $31.1 million in deposits, representing approximately 13.7 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Security Pacific would become the largest commercial banking organization, controlling approximately $57.9 million in deposits, representing approximately 25.4 percent of the total deposits in commercial banks in the market. The HHI for the San Diego County banking market would increase by 320 points from 1533 to 1853.

Although consummation of this proposal would eliminate some existing competition in the San Diego County banking market, five other commercial banks would continue to operate in the market. In addition, the Board has considered the presence of thrift institutions in this market. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[8] In the San Diego County market, eleven thrift institutions control approximately 66 percent of total deposits in the market. Based upon the activities and market share of thrift institutions, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of the proposal in this banking market.[9]

In the Hemet banking market,[10] Security Pacific is the largest commercial banking organization, controlling approximately $142.4 million in deposits, representing approximately 29.5 percent of the total deposits in commercial banks in the market. Southwest is the seventh largest commercial banking organization in the market, controlling approximately $16 million in deposits, representing approximately 3.3 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Security Pacific would remain the largest commercial banking organization, controlling approximately $158.4 million in deposits, representing approximately 32.8 percent of the total deposits in commercial banks in the market. The HHI for the Hemet banking market would increase by 196 points from 1953 to 2149. The Board notes that five other commercial banks will remain in the market following consummation of this proposal. In addition, the Board has considered the presence of thrift institutions in this market. In this regard, seventeen thrift institutions in the market control approximately 69.7 percent of the total deposits in the market. Based on these and all of the facts of record, the Board concludes that the thrift institutions operating in this market exert a significant competitive influence that mitigates the anticompetitive effects of the proposal in this banking market.[11]

In the Oceanside banking market,[12] Security Pacific is the fifth largest commercial banking organization, controlling approximately $55.2 million in deposits, representing approximately 10.5 percent of the total deposits in commercial banks in the market. Southwest is the second largest commercial banking organization in the market, controlling approximately $83.6 million in deposits, representing approximately 15.9 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Security Pacific would become the largest commercial banking organization, controlling approximately $138.8 million in deposits, representing approximately 26.4 percent of the total deposits in commercial banks in the market. The HHI for the Oceanside banking market would increase by 336 points from 1312 to 1648. The Board notes that ten other commercial banks will remain in the market following consummation of this proposal. In addition, the Board has considered the presence of thrift institutions in this market. In this regard, seventeen thrift institutions in the market control approximately 60.9 percent of the total deposits in the market. Based on these and all of the facts of record, the Board concludes that the thrift institutions operating in this market exert a significant competitive influence that mitigates the anticompetitive effects of the proposal in this banking market.[13]

For these reasons, and based upon a review of all of the facts of record, the Board concludes that consummation of this proposal would not have a significantly

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

9. If 50 percent of deposits held by thrift institutions in the San Diego County banking market were included in the calculation of market concentration, Security Pacific's *pro forma* market share would be approximately 12.9 percent and, upon consummation of the proposed transaction, the HHI would increase by 82 points to 779.

10. The Hemet banking market is approximated by the Hemet RMA.

11. If 50 percent of deposits held by thrift institutions in the Hemet banking market were included in the calculation of market concentration, Security Pacific's *pro forma* market share would be 15.3 percent. The HHI would increase by 42 points to 734.

12. The Oceanside banking market is approximated by the Oceanside RMA.

13. If 50 percent of deposits held by thrift institutions in the Oceanside banking market were included in the calculation of market concentration, Security Pacific's *pro forma* market share would be approximately 14.7 percent. The HHI would increase by 105 points to 724.

adverse effect on competition in any relevant market. In addition, the financial and managerial resources of Security Pacific, Southwest, and their respective subsidiaries are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the record of Security Pacific's subsidiary banks under the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution, and to take this record into account in its evaluation of bank holding company applications.[14]

In this regard, the Board has received comments filed jointly by the Certified Development Corporation of San Diego, the San Diego Incubator Corporation, the City-County Reinvestment Task Force, and the North County Housing Foundation (collectively "Protestants") critical of the CRA performance of Security Pacific's lead bank, Security Pacific National Bank ("SPNB"). Specifically, Protestants allege that SPNB has failed to meet the credit needs of low- and moderate-income individuals and has only limited involvement in loan programs guaranteed by the Small Business Administration ("SBA").[15] Security Pacific has submitted a detailed response to the comments made by Protestants.[16]

The Board has carefully reviewed the CRA performance record of SPNB, as well as Protestants' comments and Security Pacific's response to those comments, in light of the CRA, the Board's regulations and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[17] The Agency CRA Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

Initially, the Board notes in this case that Security Pacific's subsidiary banks have each received satisfactory ratings from their primary regulators in examinations of their CRA performance. In addition, Security Pacific has in place the types of programs outlined in the Agency CRA Statement as essential to an effective CRA program. In particular, Security Pacific has adopted a management policy ("Policy") that establishes the organization's principles of compliance with the CRA and specifies the responsibilities of each subsidiary bank for implementing the policies of the CRA. The Policy requires each bank to designate a CRA Officer to monitor the bank's compliance with the CRA and to identify and address the credit and banking needs of the communities served by the bank. Each CRA Officer must complete and maintain a community assessment of every community served by the bank. The community assessment is derived from information solicited by bank offices,[18] and community outreach efforts by bank staff members. In addition, each bank is required to develop market and demographic data with respect to banking resources, population trends, income and employment trends, home ownership, and similar information regarding the needs of the community served by the bank. The community outreach program entails constant contact by bank staff with local government officials, community and nonprofit organizations, and local business associations to identify the community's credit and banking needs. Moreover, SPNB publicizes the availability of its services to low- and moderate-income neighborhoods by advertising in various newspapers.

Each CRA Officer reports to the bank's board of directors, which annually reviews the bank's CRA record and CRA Policy Statement. Security Pacific's corporate CRA Officer supervises the bank CRA Officers and reports regularly to corporate senior management.

14. 12 U.S.C. § 2903.

15. In particular, Protestants assert that SPNB's 1987 centralization of community lending functions at its Community Development Loan Center near Los Angeles has made access to such services difficult for San Diego area residents and businesses, and generally has failed to meet expectations generated by SPNB's promotion of these services. Protestants are also concerned that Bank will stop extending credit to small businesses after it is acquired by Security Pacific. Additionally, Protestants claim that SPNB has failed to respond to the San Diego area's growing need for loans to finance the purchase of affordable housing.

16. SPNB has met privately with Protestants in an effort to clarify the issues presented under the CRA. Although the parties were unable to resolve all of their differences, SPNB has offered to continue to work with Protestants to address their concerns.

17. 54 *Federal Register* 13,742 (1989).

18. Each bank CRA Officer compiles information obtained from surveys conducted by staff of each bank office to determine and identify the following characteristics particular to each bank office: 1) community composition; 2) unique community needs, and 3) existing or proposed bank programs and resources that address the needs of low- to moderate-income persons.

In addition to its CRA Officer, SPNB has organized a Community Development Committee ("Committee") to review continuously the efforts to ensure compliance with SPNB's CRA Policy Statement. The Committee reviews the information, opinions and requests received through SPNB's outreach programs and monitors changes in bank products and services. On an ongoing basis, the Committee coordinates bank resources to respond to identified credit needs in housing and other areas.

The Board has carefully reviewed Protestants' allegations that SPNB has consistently rejected financing requests for low-income housing development, has not provided grants or loans to community organizations concerned with housing issues, and falls significantly below its peers in residential lending directed to low- and moderate-income neighborhoods, particularly in the San Diego City banking market.

An analysis of the Home Mortgage Disclosure Act ("HMDA") data for SPNB in the San Diego metropolitan statistical area ("MSA") for the years 1986–1987 does not support the allegation that SPNB falls significantly below its peers in residential lending to low- and moderate-income neighborhoods. While aggregate lenders made 12 percent of their residential mortgage loans to individuals in low- to moderate-income areas in 1987,[19] SPNB made 11 percent of its residential loans to individuals in low- to moderate-income areas. In 1986, both SPNB and aggregate lenders made 13 percent of their residential mortgage loans to low- and moderate-income individuals. Likewise, in 1987 both SPNB and aggregate lenders made 12 percent of their home improvement loans to individuals in low- to moderate-income areas. In 1986, SPNB made 11 percent of its home improvement loans to individuals in low- to moderate-income areas while aggregate lenders made 12 percent of their home improvement loans to low- and moderate-income individuals.

SPNB has also consistently participated in the financing of low-income housing development. Since 1987, SPNB's Community Development Loan Center has provided financing for the rehabilitation or construction of over 2,000 housing units statewide, generally in partnership with government-assisted programs or private nonprofit agencies. SPNB is currently operating under an agreement with the City and County of San Diego and the City of Oceanside to finance the rehabilitation of single and multi-family dwellings as supplemental funding from other sources becomes available. In addition to direct residential lending, SPNB has invested $1 million in the National Equity Fund, a program that utilizes low-income housing tax credits to finance new units. Together with Security Pacific, SPNB has been instrumental in the formation of the California Community Reinvestment Corporation, a 25-bank consortium aiming to create a $100 million revolving loan fund to provide fixed rate, long-term loans for affordable housing projects in California that would accommodate low- and moderate-income persons. SPNB's share of the commitment to the project will total approximately $17 million.

The Board has also carefully reviewed Protestants' comment that SPNB has had only limited involvement in loan programs guaranteed by the SBA. While it has not been a major SBA lender in recent years,[20] SPNB has addressed the credit needs of the small business community through a variety of conventional lending vehicles. Most of SPNB's small business lending is handled through its retail banking division ("Retail Division"), where the majority of the loans made are between $5,000 and $100,000. During the months of June and July of 1989 alone, the Retail Division made an average of $1.15 million in small business loans or lines of credit in San Diego County per month at an average approval rate of 35 percent.

While the Retail Division offers primarily secured and unsecured commercial loans and real estate construction loans, SPNB branch personnel are trained to counsel applicants in the most appropriate credit products. Furthermore, SPNB has promoted these services by participating in conferences and other special events geared to the small business community in Southern California. In looking to future initiatives in this credit area, SPNB has met with the Cal-State Business Development Corporation to explore plans for a state-guaranteed loan program for small businesses, targeting those which are minority-owned. Additionally, Security Pacific has made various commitments to improve its SBA lending in the San Diego area.[21]

For the foregoing reasons, and based upon the overall CRA record of SPNB, the compliance of SPNB's CRA statement with applicable regulations, and other facts of record, the Board concludes that

19. Low- to moderate-income tracts are defined as those tracts where median family income is less than 80 percent of the MSA's.

20. SPNB has stated that the SBA loan market in San Diego is dominated—and is well-served—by small, local lenders who have developed expertise in the origination and sale of SBA loans in secondary markets. Of the top 30 SBA lenders in the area, only sixteenth-ranked Bank of America could be compared to SPNB in terms of asset size and resources.

21. In response to concerns raised by the protest, Security Pacific indicated that it will: 1) establish a Community Development Center ("CDC") in San Diego—to handle SBA and community development-related lending—to be headed by the officer currently in charge of SBA lending at bank: 2) contribute $250,000 towards the creation of a nonprofit CDC to serve the San Diego area, and 3) provide training to branch managers and loan officers on SBA lending. As indicated in the Policy Statement, commitments offered by an applicant to strengthen specific aspects of its record are appropriate when its past performance reveals no serious deficiencies.

convenience and needs considerations, including the record of performance under the CRA of Security Pacific, SPNB, and Security Pacific's other subsidiary banks, are consistent with approval of this application.

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

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

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Bank Merger Act

Manufacturers Hanover Trust Company
New York, New York

Order Approving Acquisition of Certain Assets of a Savings Bank, the Establishment of Branches, and Additional Investment in Bank Premises

Manufacturers Hanover Trust Company, New York, New York ("MHTC"), a state member bank, has applied for the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to purchase certain assets from and assume certain liabilities of eleven branches and one public accommodation office of Goldome, Buffalo, New York. MHTC has also applied to establish branches at the locations of certain of these offices pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321) and to make additional investments in bank premises in excess of the amount of its capital stock, pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371d).

Notice of the proposal, affording an opportunity for interested persons to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)(5)).

MHTC is the fourth largest commercial banking organization in the state of New York, controlling deposits of $23.1 billion, which represents 8.9 percent of total deposits in commercial banking organizations in the state.[1] The Goldome offices MHTC proposes to acquire are located within New York, Nassau, Orange and Suffolk Counties in New York. These offices hold total deposits of $1.15 billion, representing 0.3 percent of total deposits in commercial banks and thrift institutions in the state.[2] Upon consummation of this proposal, MHTC would remain the fourth largest commercial banking organization in the state, controlling approximately 9.3 percent of total deposits in commercial banking organizations in the state.

MHTC and Goldome compete in the Metropolitan New York-New Jersey banking market.[3] MHTC is the fourth largest commercial banking organization in the market, controlling deposits of $22.6 billion, representing approximately 7.4 percent of the total deposits in commercial banking organizations in the market. Goldome is the 20th largest financial institution in the market, controlling deposits of $3.6 billion, representing 1.0 percent of the total deposits in commercial banks and thrift institutions in the market. Upon consummation of this proposal, MHTC would remain the fourth largest commercial banking organization in the market, controlling approximately 7.7 percent of total deposits in commercial banking organizations in the market. The Metropolitan New York-New Jersey banking market is considered to be unconcentrated and would remain so upon consummation of the proposal.[4]

1. Market data are as of June 30, 1987, and state deposit data are as of March 31, 1989.

2. Acquisition of these deposits represents less than one-third of Goldome's assets and liabilities. Moreover, Goldome will continue to operate as a thrift institution after the proposed acquisition. The Board has previously determined that under these circumstances, the proposal may be viewed as the permissible acquisition of certain assets and liabilities of thrift branches rather than the acquisition of a thrift. *See, Citicorp,* 73 FEDERAL RESERVE BULLETIN 669 (1987). Because the deposits of Goldome were insured by the Federal Deposit Insurance Corporation ("FDIC") on the date prior to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"), this transaction does not represent the conversion of a Savings Association Insurance Fund Member to a Bank Insurance Fund Member under the provisions of that Act, and is not, therefore, subject to the moratorium on such conversions contained in that Act. *See* FIRREA, Pub. L. No. 101-73, §§ 206(a)(7) and 208(14).

3. The Metropolitan New York-New Jersey market includes New York City and Nassau, Suffolk, Orange, Putnam, Rockland, 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.

4. 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 less than 1000 is considered unconcentrated. Generally the Justice Department will not challenge a bank merger (in the

The Herfindahl–Hirschman Index ("HHI") of the market would increase by only 2 points to 501. Upon consummation of this proposal, the four-firm concentration ratio for the market would increase 0.2 percent to 38 percent. Based on these and the other facts of record, the Board concludes that consummation of the proposal would not have a significant adverse effect on competition in the relevant banking market.

In evaluating these applications, the Board has carefully considered the financial resources of MHTC and the effect on those resources of the proposed acquisition. The Board has previously stated that it expects banking organizations contemplating expansion proposals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines, without significant reliance on intangibles, particularly goodwill.[5] The Board carefully analyzes the effect of expansion proposals on the preservation or achievement of strong capital levels and has adopted a policy that there should be no significant diminution of financial strength below those levels for the purpose of effecting major expansion.[6]

In evaluating the proposed transaction, the Board has considered the size and structure of the proposed acquisition and the fact that Manufacturers Hanover Corporation ("MHC"), the parent of MHTC, has issued additional capital as part of this proposal commensurate with the cost of the acquisition. As a result, consummation of this proposal would not result in any diminution of MHTC's tangible primary capital ratio. The present proposal will result in a relatively small increase in MHTC's asset size, and MHTC will use the acquired deposits to reduce its short-term liabilities. In addition, the Board has considered several initiatives recently announced by MHC to improve its capital position.

These initiatives include the sale of newly issued common stock of MHC representing approximately 4.9 percent of total common stock to Dai-Ichi Kangyo Bank Ltd., Japan ("Dai-Ichi"), and the sale of 60 percent of The CIT Group, one of MHC's subsidiaries, to Dai-Ichi. MHC has also announced a plan to issue approximately $500 million in new common equity by year-end, and to increase its capital reserves. As a result of these initiatives and the proposed acquisition, MHC's capital and reserves will increase and its assets will decrease significantly. Based on these considerations, the Board concludes that the financial resources of MHTC are consistent with approval of the proposal. Managerial and future prospects considerations are also consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the record of MHTC under the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institutions.[7]

In this regard, the Board has received comments filed jointly by the United Mine Workers of America and the Association of Community Organizations for Reform Now (collectively "Protestants") critical of the CRA performance of MHTC. Specifically, Protestants contend that MHTC has failed to meet the credit needs of low- and moderate-income communities, focusing primarily on Brooklyn, New York.[8] MHTC has submitted a detailed response to the comments made by Protestants.[9]

The Board has carefully reviewed the CRA performance record of MHTC, as well as Protestants' comments and MHTC's response to those comments, in light of the CRA, the Board's regulations and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act (March 21, 1989) ("Agency CRA Statement").[10] The Agency CRA Statement provides guidance regarding

absence of other factors indicating anticompetitive effects) if the post-merger HHI is less than 1000.

5. *The Bank of New York Company, Inc.*, 74 FEDERAL RESERVE BULLETIN 257 (1988); Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (April 24, 1985).

6. Thus, for example, the Board has generally approved proposals involving a decline in capital only where the applicants have promptly restored their capital to pre-acquisition levels following consummation of the proposals and have implemented programs of capital improvement to raise capital significantly above minimum levels. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 726 (1986); *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986). *See also, Security Banks of Montana*, 71 FEDERAL RESERVE BULLETIN 246 (1985).

7. 12 U.S.C. § 2903.

8. In particular, Protestants contend that MHTC has engaged in discriminatory lending practices and procedures; generated an inadequate volume of first mortgage lending and lending for multi-family properties; failed to participate in government-insured mortgage loan programs; and offered inappropriate credit and deposit products as set forth in its CRA Statement that include abnormally high finance charges. Protestants also allege that MHTC's record of branch openings and closings indicates a bias against low- and moderate-income communities.

9. In this regard, MHTC has met privately with Protestants in an effort to clarify the issues presented under the CRA. Although the parties were unable to resolve all their differences, MHTC has offered to continue to work with Protestants to develop initiatives to provide affordable housing in low- and moderate-income communities served by MHTC.

10. 54 *Federal Register* 13,742 (1989).

the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance.

Initially, the Board notes in this case that MHTC has received satisfactory ratings in examination of its CRA performance in its most recent reports of examination. In addition, MHTC has in place the types of programs outlined in the Agency CRA Statement as essential to an effective CRA program. The CRA program implemented by MHTC has a community outreach component that calls for ongoing community contact by departmental staff regarding the needs of the community, including low- and moderate-income neighborhoods, and the products and services that the bank offers to meet these needs. MHTC also uses specialized marketing efforts to ensure that all segments of the community are aware of its services. For example, MHTC regularly uses newspapers and media outlets, including neighborhood weeklies and ethnic publications, to reach all segments of the community.

To promote community input regarding the community's needs and the development of its products and services, MHTC has established a Community Reinvestment Office, which meets with government officials, representatives of local businesses, community organizations and residents to hear their concerns and to provide information regarding MHTC's services. The Community Reinvestment Office also conducts surveys to determine the credit needs of the community and the degree of success that MHTC has achieved in meeting those needs. Staff of MHTC are involved in numerous community organizations and advisory groups throughout its area.

The Community Reinvestment Office is headed by the Community Reinvestment Officer, who is responsible for ensuring ongoing compliance with all CRA regulations and for planning, coordinating, promoting, implementing and monitoring all CRA related programs, including the development and coordination of MHTC's outreach efforts to the communities it serves, especially low- and moderate-income neighborhoods. This officer is assisted in the performance of these functions by various staff units within MHTC. MHTC's Community Reinvestment Officer updates senior management on a weekly basis regarding community banking needs, community development initiatives, proposed consumer banking legislation and opportunities for MHTC to participate in major public/private projects. In addition, MHTC's board of directors annually reviews MHTC's CRA record and CRA statement.

Protestants allege that MHTC has failed to meet the credit needs of the borough of Brooklyn, New York, through an inadequate volume of mortgages and multifamily mortgage loans and an inadequate participation in federal government insured mortgage loan programs.[11] While the Agency CRA Statement identifies these types of loan products and federal government-insured mortgage programs as examples of efforts to meet the credit needs of the community, the Agency CRA Statement makes clear that an institution need not offer every financial service discussed in order to meet its CRA responsibilities.

In this regard, MHTC states that in the years 1986 through 1988, it originated approximately 38,000 personal loans in Brooklyn, totaling approximately $150 million. Approximately 23,000 of these loans, totaling $77 million (or 60 percent of the total for Brooklyn), were in low- and moderate-income neighborhoods. During this same period, MHTC originated 1,281 small business loans in Brooklyn, totaling approximately $290 million. Approximately $153 million of these loans (53 percent of the total for Brooklyn) were made in low- and moderate-income neighborhoods. At year-end 1988, MHTC had approximately 76,000 active credit card account holders in Brooklyn, with a total outstanding balance of $134 million, $52 million of which represented credit extensions to individuals in low- and moderate-income neighborhoods.

In addition, MHTC reports that from 1986 through 1988, it originated $50 million in first mortgages, home equity and home owner loans in Brooklyn, of which $9.5 million was in low- and moderate-income neighborhoods. In 1988, MHTC surveyed the realty and mortgage-related markets to address a perceived need for mortgage lending within its community. As a result of this survey, MHTC has developed marketing strategies and designed several mortgage products to increase its mortgage lending, and, through such products as graduated payment mortgages and high loan to value ratios, to increase its mortgage lending to its low- and moderate-income communities. The Board also notes that MHTC offers both basic checking and low balance savings accounts designed to accommodate customers with limited finances.[12] Moreover, MHTC has participated in a number of programs designed to provide assistance to community development programs, and has made other loans and invest-

11. While the Protestants have focused on MHTC's performance in Brooklyn, the size and service area of MHTC require the Board, under the CRA, to assess the overall involvement of MHTC within its whole community.

12. Basic checking provides up to eight free checks per month and unlimited free automatic teller machine usage for a $5.00 monthly fee and no minimum balance. Additional checks and ATM transactions are $0.75 each. Savings accounts may be maintained with a balance of $1.00.

ments recognized by the Agency CRA Statement as helping to meet the credit needs of the community.[13]

In considering Protestants' allegations, particularly the allegations relating to discriminatory lending practices and patterns and the inappropriateness of MHTC's products and services to its community as reflected in its CRA statement, the most recent CRA examination of MHTC did not reveal any discriminatory lending patterns or practices.[14] Credit applications were evenly distributed throughout the communities, including low- and moderate-income areas. Furthermore, MHTC's CRA Statement was found to be in compliance with applicable regulations.

The Board has also carefully reviewed Protestants' comments that MHTC has a bias in branch openings and closings and that MHTC has closed branches in low- and moderate-income communities while opening branches in high-income communities.

An analysis of the branch closings and openings by MHTC from 1978 through 1989 does not reveal a pattern of disinvestment in low- and moderate-income areas. The record shows that MHTC maintains many branches in low- and moderate-income communities throughout its service areas. MHTC has a written corporate policy which requires substantial financial and public service analysis prior to a decision to close a branch.[15] The record shows that MHTC has closed branches after consideration of their lack of profitability, the presence of other MHTC branches nearby and the availability of other banking alternatives in the community. The Board notes that MHTC's corporate policy on branch closings requires management to notify the public in advance of any proposed closing, and to conduct an analysis of the impact of the branch closing on the local community and efforts that may be made to minimize any adverse impact. MHTC states that on two occasions, presentations by the local community resulted in a postponement or cancellation of the planned closing. The Board also notes that many of the branch closings cited by Protestants constituted elimination of duplicative facilities after an acquisition.

For the foregoing reasons, and based upon the overall CRA record of MHTC, as well as other facts of record, the Board concludes that convenience and needs considerations are consistent with approval of this application.[16]

Bank has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), to establish new branches at the sites of certain of the Goldome branches that are the subject of this proposal. The Board has considered the factors it is required to consider when approving applications for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 322) and finds those factors to be consistent with approval.

MHTC also requests permission under section 24A of the Federal Reserve Act to make an additional investment in bank premises in connection with this proposal. The additional investment will be used to purchase leasehold improvements of the acquired branches. The Board concludes that MHTC's ability to make an additional investment in bank premises is necessary to enable MHTC to acquire the Goldome branches, and is consistent with approval.

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

By order of the Board of Governors, effective September 26, 1989.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

13. For example, during 1987 to 1988, MHTC's Urban Lending Department generated approximately $25.9 million in bridge loans to not-for-profit organizations located in predominately low- and moderate-income neighborhoods. Additionally, MHTC has extended approximately $25 million as part of a two-year revolving credit facility to a Minority Enterprise Small Business Investment Corporation. Finally, MHTC held $950 million in tax-exempt state and municipal bonds at the close of 1988, of which 35.6 percent was composed of obligations issued by New York State and its municipalities.

14. While Protestants alleged discrimination in lending patterns based upon mortgage data obtained under the Home Mortgage Disclosure Act of 1975 (12 U.S.C. § 2801 *et seq.*), an examination of MHTC's personal, credit card, residential finance and small business loans indicates no significant disparities of lending patterns within MHTC's service area.

15. The State of New York requires an analysis of the decision to close a branch; MHTC's policy predates imposition of the state requirement and furnishes substantially similar information.

16. The Board has carefully considered Protestants' requests for a public meeting and a public hearing on this application. Although section 18(c) of the Bank Merger Act does not require a public meeting or formal hearing in this instance, the Board may, in any case, order a public meeting or hearing. 12 C.F.R. 262.3(e). The Board's Rules of Procedure also provide that a public meeting may be held to clarify factual issues related to the record of an applicant in meeting the convenience and needs of its community, or to provide an opportunity for interested persons to provide testimony. 12 C.F.R. 262.25(d). The Board notes that Protestants and MHTC have submitted substantial written material regarding the CRA performance of MHTC and have held a private meeting to discuss these issues. In light of these facts, the Board believes that a public meeting or hearing is not necessary to clarify the record in this case and would not serve any useful purpose, and these requests are, therefore, denied.

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
Bloomfield Hills Bancorp, Bloomfield Hills, Michigan	The Bank of Bloomfield Hills, Bloomfield Hills, Michigan	September 1, 1989
Michigan National Corporation, Farmington Hills, Michigan	Bloomfield Hills Bancorp, Bloomfield Hills, Michigan	September 1, 1989

Section 4

Applicant	Nonbanking Activity/Company	Effective date
Huntington Bancshares Incorporated, Columbus, Ohio	Money Station, Inc., Columbus, Ohio	September 7, 1989

Applications Approved Under Bank Holding Company Act

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Allegiant Bancorp, Inc., Kahoka, Missouri	Allegiant National Bank, Kahoka, Missouri	St. Louis	September 15, 1989
Amboy Bancorp, Inc., Amboy, Illinois	The First National Bank in Amboy, Amboy, Illinois	Chicago	August 25, 1989
Cascade Bancorporation, Inc., Altoona, Iowa	Wabeno Bancorporation, Inc., Altoona, Iowa	Chicago	September 11, 1989
CBS Banc-Corp, Russellville, Alabama	Citizens Bank & Savings Company, Russellville, Alabama	Atlanta	September 6, 1989
Citizens National Bancorporation, Charles City, Iowa	First Clarion Bancorporation, Clarion, Iowa	Chicago	September 1, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Colfax Bancshares, Inc., Colfax, Iowa	The First National Bank in Colfax, Colfax, Iowa	Chicago	September 5, 1989
Colonial Bancshares, Inc., Des Peres, Missouri	Village Bank of St. Louis County, Ellisville, Missouri	St. Louis	September 5, 1989
Dentel Bancorporation, Victor, Iowa	Colfax Bancshares, Inc., Colfax, Iowa	Chicago	September 5, 1989
Employee Stock Ownership Trust of the People's Bank & Trust Company of Pickett County, Byrdstown, Tennessee	Upper Cumberland Bancshares, Inc., Byrdstown, Tennessee	Atlanta	September 13, 1989
Farmers Bancshares of Oberlin, Inc., Oberlin, Kansas	The Farmers National Bank of Oberlin, Oberlin, Kansas	Kansas City	August 29, 1989
Fayette Bancorporation, Marion, Iowa	Maynard Savings Bansharescorp, Maynard, Iowa	Chicago	August 31, 1989
Fidelity Bankshares, Inc., Garden City, Kansas	The Heritage Bank of Olathe, Olathe, Kansas	Kansas City	August 25, 1989
Fifth Third Bancorp, Cincinnati, Ohio	The National Bank and Trust Company of Paris, Paris, Kentucky	Cleveland	September 18, 1989
First Capital Corporation, Overland Park, Kansas	Citizens National Bank, Fort Scott, Kansas	Kansas City	September 14, 1989
First Clayton Bancshares, Inc., Clayton, Georgia	First Clayton Bank & Trust Company, Clayton, Georgia	Atlanta	September 8, 1989
First National Corporation, Grand Forks, North Dakota	First National Bank South, Grand Forks, North Dakota	Minneapolis	August 24, 1989
First National Security Company, DeQueen, Arkansas	First National Bank of DeQueen, DeQueen, Arkansas Citizens National Bank of Nashville, Nashville, Arkansas First National Bank of Howard County, Dierks, Arkansas Bank of Ashdown, N.A., Ashdown, Arkansas	St. Louis	September 6, 1989
First Security Corporation, Norcross, Georgia	First Security National Bank, Norcross, Georgia	Atlanta	September 6, 1989
First State Bancorp, Inc., Harwood Heights, Illinois	Parkway Bank of Schaumburg, Schaumburg, Illinois	Chicago	September 18, 1989
First Universal Bancorporation, Inc., Aurora, Colorado	Pioneer Bancorporation, Inc., Denver, Colorado	Kansas City	August 30, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
FM Bancorp, Inc., Paxton, Illinois	Melvin State Bank, Melvin, Illinois	Chicago	September 20, 1989
Fourth St. Financial Corp., Pekin, Illinois	Herget Financial Corp., Pekin, Illinois	Chicago	September 7, 1989
Greene County Bancshares, Inc., Greeneville, Tennessee	American Fidelity Bank, Alcoa, Tennessee	Atlanta	August 31, 1989
Harmonia Bancorp, Inc., Kenilworth, New Jersey	Harmonia Savings Bank, Kenilworth, New Jersey	New York	September 13, 1989
Henderson Bancorporation, Inc., Henderson, Minnesota	Citizens, Inc., Winsted, Minnesota	Minneapolis	September 20, 1989
HTB, Inc., Osage, Iowa	The Home Trust and Savings Bank, Osage, Iowa	Chicago	September 18, 1989
Huron National Bancorp, Inc., Rogers City, Michigan	Huron National Bank, Rogers City, Michigan	Chicago	September 19, 1989
Indebancorp, Oak Harbor, Ohio	The National Bank of Oak Harbor, Oak Harbor, Ohio	Cleveland	September 18, 1989
International Bancorporation, Bemidji, Minnesota	Pelican Bancshares, Inc., Pelican Rapids, Minnesota	Minneapolis	September 13, 1989
Interstate Bancshares, Inc., Houston, Texas	Interstate Bank North, Houston, Texas	Dallas	September 19, 1989
JSB Bancorp, Jasper, Indiana	Jasper State Bank, Jasper, Indiana	St. Louis	September 18, 1989
Lee National Banc Corp., Lee, Massachusetts	First National Bank of the Berkshires, Lee, Massachusetts	Boston	September 1, 1989
Liberty National Bancorp, Inc., Louisville, Kentucky	Florence Deposit Bank, Florence, Kentucky	St. Louis	September 19, 1989
Lubbock National Bancshares, Inc., Lubbock, Texas	Lubbock National Bank, Lubbock, Texas	Dallas	September 18, 1989
Main Line Bancshares, Inc., Wayne, Pennsylvania	National Bank of the Main Line, Wayne, Pennsylvania	Philadelphia	September 7, 1989
Marine Corporation, Springfield, Illinois	Central Financial Group, Inc., Monticello, Illinois	Chicago	September 19, 1989
Martinius Corporation, Rogers, Minnesota	Almelund Bancshares, Inc., Almelund, Minnesota	Minneapolis	September 8, 1989
Merchants National Corporation, Indianapolis, Indiana	FIRST NATIONAL BANKSHARES, INC., Logansport, Indiana	Chicago	September 20, 1989
Mineral Wells Bancshares, Inc., Mineral Wells, Texas	First State Bank of Mineral Wells, Mineral Wells, Texas	Dallas	September 1, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Multibank Financial Corp., Dedham, Massachusetts	Andover Bancorp, Inc., Andover, Massachusetts The Waltham Corporation, Waltham, Massachusetts First Woburn Bancorp, Inc., Woburn, Massachusetts	Boston	August 24, 1989
NBS Holdings, Inc., Denver, Colorado	Bergen Park National Bank, Evergreen, Colorado Douglas County National Bank, Parker, Colorado	Kansas City	September 12, 1989
Northwest Illinois Bancorp, Inc., Freeport, Illinois	NWIB Acquisition Corporation, Inc., Freeport, Illinois First Galena Bancshares, Inc., Galena, Illinois	Chicago	August 24, 1989
Peoples Financial Corp. of Illinois, Inc., Kewanee, Illinois	Peoples National Bank of Kewanee, Kewanee, Illinois	Chicago	September 15, 1989
Readlyn Bancshares, Inc., St. Paul, Minnesota	Britt Bancshares, Inc., St. Paul, Minnesota	Chicago	September 14, 1989
Reelfoot Bancshares, Inc., Union City, Tennessee	Dixie Bancshares, Inc., Dukedom, Tennessee	St. Louis	August 28, 1989
Reelfoot Bancshares, Inc., Union City, Tennessee	Fulton Bancshares, Inc., Fulton, Kentucky	St. Louis	August 28, 1989
Security Bancorp, Inc., Canton, Georgia	Security State Bank, Canton, Georgia	Atlanta	August 25, 1989
Sheldon Security Bancorporation, Inc., Sheldon, Iowa	Sheldon Security Financial Corporation, Sheldon, Iowa	Chicago	September 14, 1989
Sheldon Security Financial Corporation, Sheldon, Iowa	Security State Bank, Sheldon, Iowa	Chicago	September 14, 1989
Wabeno Bancorporation, Inc., Altoona, Iowa	State Bank of Wabeno, Wabeno, Wisconsin	Chicago	September 11, 1989

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Business Bancorp, San Jose, California	Provident California Business and Industrial Development Corporation, San Francisco, California	San Francisco	September 1, 1989
Merchant House, Santa Ana, California	PNB Financial Group, Newport Beach, California	San Francisco	August 28, 1989

Section 4—Continued

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Norwest Corporation, Minneapolis, Minnesota	Crestwood Financial Corp., Minneapolis, Minnesota Crestwood Capital Corp., Minneapolis, Minnesota	Minneapolis	September 14, 1989

Sections 3 and 4

Applicant	Bank(s)/ Nonbanking Company	Reserve Bank	Effective date
Community First South Dakota Bankshares, Inc., Fargo, North Dakota	Community First Minnesota Bankshares, Inc., Fargo, North Dakota Community First Service Corporation, Fargo, North Dakota	Minneapolis	August 30, 1989
Ventura County National Bancorp, Oxnard, California	Frontier Group, Inc., La Palma, California Frontier Bank, N.A., La Palma, California	San Francisco	September 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
Indian Head Bank and Trust Company, Portsmouth, New Hampshire	Indian Head National Bank of Keene, Keene, New Hampshire Indian Head Bank North, Littleton, New Hampshire Indian Head National Bank, Nashua, New Hampshire Dartmouth National Bank, Hanover, New Hampshire Fleet Bank of New Hampshire, Nashua, New Hampshire	Boston	August 31, 1989
Security Bank and Trust Company, Southgate, Michigan	Trenton Bank and Trust Company, Trenton, Michigan	Chicago	August 30, 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.

CB&T Bancshares, Inc. v. Board of Governors, No. 89–1394 (D.C. Cir., filed June 21, 1989).

MCorp v. Board of Governors, No. 89–2816 (5th Cir., 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).

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).

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).

Consolidated Bancorp v. Board of Governors, No. W-89-CA251 (W.D. Tex., filed September 8, 1989); *Consolidated Bancorp v. Board of Governors,* Adversary Proceeding No. 89–6081 (Bankr. W.D. Tex., filed September 15, 1989).

First Savings Bank v. Federal Reserve System, et al., No. 89–4117, (D.S.D., filed August 31, 1989).

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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FEDERAL FINANCE

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		1989				
	Q3	Q4	Q1	Q2	Apr.	May	June[r]	July[r]	Aug.
Reserves of depository institutions[2]									
1 Total	3.1	−.8	−4.2	−8.7	−7.8	−14.6	−8.0	7.2	1.2
2 Required	2.9	−1.5	−4.4	−7.6	−4.3	−20.0	−5.5	6.0	2.9
3 Nonborrowed	1.3	5.3	.0	−10.2	−17.9	−3.2	−3.4	24.2	1.6
4 Monetary base[3]	6.5	4.8	4.6	1.5	.3	−1.5	3.1	4.0	1.3
Concepts of money, liquid assets, and debt[4]									
5 M1	5.2	2.3	−.4	−5.6	−4.8	−15.1	−4.7	10.9	.6
6 M2	3.8	3.6	1.8	1.2[r]	.9[r]	−3.3[r]	6.2	11.5	7.4
7 M3	5.6	4.8	3.7	2.9[r]	2.4[r]	−1.2[r]	5.7	9.0	2.0
8 L	7.1	5.5[r]	4.8	3.9[r]	4.5	−.3[r]	.9	7.7	n.a.
9 Debt	9.2[r]	8.9[r]	8.4[r]	7.6[r]	7.2	7.3[r]	6.5	5.6	n.a.
Nontransaction components									
10 In M2[5]	3.3	4.1	2.6	3.5[r]	2.8[r]	.7[r]	9.9	11.7	9.6
11 In M3 only[6]	12.3[r]	9.3[r]	10.5[r]	9.2[r]	7.8[r]	6.3[r]	4.0	.2	−16.9
Time and savings deposits									
Commercial banks									
12 Savings[7]	7.9	4.0	−3.7	−14.2	−19.1	−20.4	−6.6	3.5	7.7
13 Small-denomination time[8]	11.6	18.0	22.5	29.0	34.4[r]	28.3	12.0	7.5	7.9
14 Large-denomination time[9,10]	18.2	13.0	18.1	17.7[r]	21.9[r]	10.0[r]	1.8	3.2	−3.8
Thrift institutions									
15 Savings[7]	2.1	−2.5	−7.7	−19.0	−25.6	−26.3	−9.1	−5.6	−1.7
16 Small-denomination time	5.4	6.6	4.3	14.1	17.4	22.5	15.4	9.2	4.0
17 Large-denomination time[9]	3.9	8.0	1.2[r]	5.9	12.5	8.0	1.9	−8.4	−22.5
Debt components[4]									
18 Federal	7.0[r]	7.6[r]	7.7	6.9[r]	5.6[r]	4.2[r]	4.3	−.1	n.a.
19 Nonfederal	9.9[r]	9.2[r]	8.6[r]	7.8	7.7[r]	8.3[r]	7.2	7.3	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.

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						
	June	July	Aug.	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**263,924**	**262,096**	**259,232**	**260,162**	**259,481**	**259,183**	**260,435**	**260,064**	**257,673**	**258,726**
2 U.S. government securities[1]	227,688	222,972	218,753	221,426	219,753	218,596	219,478	219,174	217,744	218,682
3 Bought outright	227,291	222,812	218,753	221,426	219,753	218,596	219,478	219,174	217,744	218,682
4 Held under repurchase agreements	397	160	0	0	0	0	0	0	0	0
5 Federal agency obligations	6,754	6,674	6,609	6,654	6,609	6,609	6,609	6,609	6,609	6,609
6 Bought outright	6,654	6,637	6,609	6,654	6,609	6,609	6,609	6,609	6,609	6,609
7 Held under repurchase agreements	100	37	0	0	0	0	0	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,495	685	685	687	675	643	708	580	925	563
10 Float	1,279	742	568	522	850	789	597	687	424	410
11 Other Federal Reserve assets	26,709	31,024	32,619	30,873	31,595	32,547	33,043	33,013	31,972	32,462
12 Gold stock[2]	11,061	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066
13 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
14 Treasury currency outstanding	19,188	19,245	19,318	19,239	19,253	19,309	19,319	19,314	19,324	19,334
ABSORBING RESERVE FUNDS										
15 Currency in circulation	247,860	249,824	249,102	250,131	248,853	248,701	249,589	249,831	248,984	248,011
16 Treasury cash holdings[2]	488	466	429	464	464	453	435	431	426	422
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	10,072	6,067	5,437	5,155	5,025	5,149	5,542	5,747	4,662	5,680
18 Foreign	251	229	250	210	210	265	255	282	243	208
19 Service-related balances and adjustments	1,924	1,970	1,889	1,673	1,996	1,845	1,977	1,896	1,859	1,845
20 Other	303	262	314	228	318	291	221	261	273	528
21 Other Federal Reserve liabilities and capital	8,101	8,029	7,948	7,915	7,818	8,115	8,618	7,766	7,667	7,687
22 Reserve balances with Federal Reserve Banks[3]	33,692	34,085	32,765	33,207	33,633	33,258	32,702	32,748	32,467	33,262

Factors	End-of-month figures			Wednesday figures						
	1989			1989						
	June	July	Aug.	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**269,037**	**259,145**	**256,914**	**258,897**	**260,027**	**260,626**	**262,392**	**259,473**	**261,421**	**256,932**
24 U.S. government securities[1]	231,767	218,676	217,409	219,810	219,897	219,425	220,789	219,577	219,214	216,339
25 Bought outright	231,767	218,676	217,409	219,810	219,897	219,425	220,789	219,577	219,214	216,339
26 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
27 Federal agency obligations	6,654	6,609	6,609	6,654	6,609	6,609	6,609	6,609	6,609	6,609
28 Bought outright	6,654	6,609	6,609	6,654	6,609	6,609	6,609	6,609	6,609	6,609
29 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	841	594	541	632	622	660	1,278	579	2,902	561
32 Float	−203	351	634	1,233	805	1,134	609	856	448	896
33 Other Federal Reserve assets	29,978	32,915	31,722	30,569	32,094	32,798	33,107	31,853	32,249	32,528
34 Gold stock[2]	11,063	11,066	11,066	11,067	11,067	11,066	11,066	11,066	11,066	11,066
35 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
36 Treasury currency outstanding	19,211	19,309	19,344	19,239	19,253	19,309	19,319	19,314	19,324	19,334
ABSORBING RESERVE FUNDS										
37 Currency in circulation	249,139	248,637	249,245	249,646	248,655	249,181	249,930	249,722	248,641	248,540
38 Treasury cash holdings[2]	474	451	420	464	455	448	431	427	422	420
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	12,153	5,312	6,652	4,984	4,925	4,808	6,185	4,612	5,648	5,714
40 Foreign	275	371	265	242	200	228	179	239	180	207
41 Service-related balances and adjustments	1,616	1,592	1,611	1,588	1,588	1,592	1,592	1,608	1,626	1,611
42 Other	229	236	273	254	483	228	234	308	258	339
43 Other Federal Reserve liabilities and capital	8,178	8,693	7,063	7,655	7,590	8,400	7,615	7,467	7,487	7,465
44 Reserve balances with Federal Reserve Banks[3]	35,765	32,747	30,313	32,887	34,967	34,636	35,129	33,990	36,067	31,555

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. Components may not add to totals because of rounding.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Monthly averages[9]									
	1986	1987	1988	1989						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 Reserve balances with Reserve Banks[2]	37,360	37,673	37,830	32,834	34,623	35,841	33,199	33,852	33,902r	32,826
2 Total vault cash[3]	24,077	26,185	27,197	29,776	27,059	26,746	27,166	27,151	27,851	28,358
3 Vault[4]	22,199	24,449	25,909	27,859	25,589	25,456	25,712	25,735	26,351r	26,736
4 Surplus[5]	1,878	1,736	1,288	1,917	1,470	1,290	1,454	1,416	1,500	1,622
5 Total reserves[6]	59,560	62,123	63,739	60,693	60,212	61,288	58,911	59,587	60,254r	59,562
6 Required reserves	58,191	61,094	62,699	59,539	59,255	60,511	57,881	58,681r	59,288r	58,680
7 Excess reserve balances at Reserve Banks[7]	1,369	1,029	1,040	1,154	957	776	1,031	905	966	881
8 Total borrowings at Reserve Banks	827	777	1,716	1,487	1,813	2,289	1,720	1,490	694	675
9 Seasonal borrowings at Reserve Banks	38	93	130	97	139	213	345	431	497	490
10 Extended credit at Reserve Banks[8]	303	483	1,244	1,050	1,334	1,707	1,197	917	106	41
	Biweekly averages of daily figures for weeks ending									
	1989									
	May 17	May 31	June 14	June 28	July 12	July 26	Aug. 9r	Aug. 23r	Sept. 6	Sept. 20
11 Reserve balances with Reserve Banks[2]	33,864	31,964	34,608	32,950	34,866	33,410	32,969	32,599	33,064	34,410
12 Total vault cash[3]	26,644	27,701	26,607	27,630	27,607	27,948	28,166	28,852	27,710	28,095
13 Vault[4]	25,352	26,071	25,301	26,104	26,191	26,432	26,513	27,212	26,154	26,669
14 Surplus[5]	1,292	1,631	1,306	1,526	1,416	1,517	1,654	1,640	1,556	1,426
15 Total reserves[6]	59,216	58,034	59,909	59,054	61,057	59,842	59,481	59,810	59,218	61,079
16 Required reserves	58,357	56,877	59,012	58,154	60,067	58,807	58,766	58,859	58,271	60,000
17 Excess reserve balances at Reserve Banks[7]	859	1,158	897	901	990	1,035	715	951	947	1,079
18 Total borrowings at Reserve Banks	1,739	1,649	2,126	965	717	681	676	753	538	613
19 Seasonal borrowings at Reserve Banks	336	373	388	467	483	509	497	489	485	438
20 Extended credit at Reserve Banks[8]	1,206	1,148	1,657	287	146	90	55	44	22	21

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.

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								
	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Nov. 7
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	69,451	65,767	62,866	66,221	71,087	68,324	67,062	68,826	75,509
2 For all other maturities	9,714	9,443	9,450	8,919	9,090	8,970	9,116	9,587	9,855
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	29,922	26,636	27,000	25,144	28,535	29,991	30,448	27,666	30,134
4 For all other maturities	6,581	6,895	6,273	6,081	6,340	6,386	5,512	5,717	5,909
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	15,072	14,596	13,683	12,927	13,238	13,880	13,871	13,982	13,782
6 For all other maturities	11,524	13,136	13,293	12,723	12,699	12,221	12,740	12,743	12,756
All other customers									
7 For one day or under continuing contract	27,761	27,123	27,616	27,876	26,825	28,236	27,945	29,260	27,481
8 For all other maturities	9,691	10,429	10,341	9,629	10,089	9,594	10,022	10,847	10,572
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	34,356	37,066	37,013	39,869	37,509	38,388	34,037	36,653	38,783
10 To all other specified customers[2]	13,677	14,421	13,079	13,513	14,007	15,296	14,675	13,523	14,176

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.

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 9/28/89	Effective date	Previous rate	On 9/28/89	Effective date	Previous rate	On 9/28/89	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	9.35	9/21/89	9.35	9/7/89
New York		2/24/89			2/24/89			9/21/89		9/7/89
Philadelphia		2/24/89			2/24/89			9/21/89		9/7/89
Cleveland		2/24/89			2/24/89			9/21/89		9/7/89
Richmond		2/24/89			2/24/89			9/21/89		9/7/89
Atlanta		2/24/89			2/24/89			9/21/89		9/7/89
Chicago		2/24/89			2/24/89			9/21/89		9/7/89
St. Louis		2/24/89			2/24/89			9/21/89		9/7/89
Minneapolis		2/24/89			2/24/89			9/21/89		9/7/89
Kansas City		2/24/89			2/24/89			9/21/89		9/7/89
Dallas		2/27/89			2/27/89			9/21/89		9/7/89
San Francisco	7	2/24/89	6½	7	2/24/89	6½	9.35	9/21/89	9.35	9/7/89

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.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979—July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1980—July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1984—Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985—May 20	7½–8	7½
24	7½	7½
1986—Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
July 11	6	6
Aug. 21	5½–6	5½
22	5½	5½
1987—Sept. 4	5½–6	6
11	6	6
1988—Aug. 9	6–6½	6½
11	6½	6½
1989—Feb. 24	6½–7	7
27	7	7
In effect Sept. 28, 1989	7	7

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.

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.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May	June	July
U.S. Treasury Securities										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	22,604	18,983	8,223	0	0	0	3,077	311	0	0
2 Gross sales	2,502	6,051	587	154	3,688	0	0	321	571	5,517
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,000	9,029	2,200	600	1,600	0	0	1,200	1,200	2,400
Others within 1 year										
5 Gross purchases	190	3,659	2,176	0	0	0	172	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	620	5,418	2,646	1,657	2,863	1,828	1,749
8 Exchange	−20,180	−20,388	−24,588	−2,703	−2,308	−2,322	−110	−3,628	−1,434	−1,073
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	1,436	0	0	0
11 Gross sales	0	452	800	3	225	0	0	75	0	13
12 Maturity shift	−17,058	−17,975	−17,720	−541	−5,319	−2,646	−1,532	−2,036	−1,828	−1,584
13 Exchange	16,985	18,938	22,515	2,492	2,008	2,322	0	3,328	1,434	787
5 to 10 years										
14 Gross purchases	236	2,441	1,579	0	0	0	287	0	0	0
15 Gross sales	0	0	175	20	0	0	0	0	0	9
16 Maturity shift	−1,620	−3,529	−5,946	−79	−100	0	−125	258	0	−165
17 Exchange	2,050	950	1,797	212	200	0	110	200	0	286
Over 10 years										
18 Gross purchases	158	1,858	1,398	0	0	0	284	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	−188	0	0	0	0	−1,086	0	0
21 Exchange	1,150	500	275	0	100	0	0	100	0	0
All maturities										
22 Gross purchases	24,081	37,170	18,863	0	0	0	5,255	311	0	0
23 Gross sales	2,502	6,803	1,562	177	3,913	0	0	396	571	5,539
24 Redemptions	1,000	9,099	2,200	600	1,600	0	0	1,200	1,200	2,400
Matched transactions										
25 Gross sales	927,999	950,923	1,168,484	94,204	110,393	83,677	77,349	123,029	128,139	123,373
26 Gross purchases	927,247	950,935	1,168,142	94,252	112,472	82,821	78,259	113,041	138,141	118,221
Repurchase agreements[2]										
27 Gross purchases	170,431	314,621	152,613	17,208	0	0	22,244	31,419	6,203	4,961
28 Gross sales	160,268	324,666	151,497	21,969	0	0	12,547	41,117	6,203	4,961
29 Net change in U.S. government securities	29,988	11,234	15,872	−5,489	−3,434	−856	15,863	−20,971	8,232	−13,091
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	148	40	0	125	0	0	45
Repurchase agreements[2]										
33 Gross purchases	31,142	80,353	57,259	8,980	0	0	7,207	12,732	1,666	1,137
34 Gross sales	30,521	81,350	56,471	11,081	0	0	3,366	16,573	1,666	1,137
35 Net change in federal agency obligations	222	−1,274	198	−2,249	−40	0	3,716	−3,841	0	−45
36 **Total net change in System Open Market Account**	**30,212**	**9,961**	**16,070**	**−7,738**	**−3,474**	**−856**	**19,579**	**−24,812**	**8,232**	**−13,136**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1989					1989		
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	June	July	Aug.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,066	11,066	11,066	11,066	11,066	11,063	11,066	11,066
2 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
3 Coin	446	453	461	461	450	445	450	445
Loans								
4 To depository institutions	660	1,278	579	2,902	561	840	594	542
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	6,609	6,609	6,609	6,609	6,609	6,655	6,609	6,609
8 Held under repurchase agreements	0	0	0	0	0	0	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	96,712	98,076	97,013	96,651	93,776	109,031	95,962	94,846
10 Notes	92,300	92,300	91,950	91,950	91,950	92,322	92,300	91,951
11 Bonds	30,414	30,414	30,614	30,614	30,614	30,414	30,414	30,613
12 Total bought outright[1]	219,425	220,789	219,577	219,214	216,339	231,767	218,676	217,409
13 Held under repurchase agreements	0	0	0	0	0	0	0	0
14 Total U.S. Treasury securities	219,425	220,789	219,577	219,214	216,339	231,767	218,676	217,409
15 Total loans and securities	**226,694**	**228,676**	**226,764**	**228,725**	**223,509**	**239,263**	**225,879**	**224,560**
16 Items in process of collection	7,595	5,951	7,349	5,815	6,266	6,550	4,409	6,206
17 Bank premises	768	768	769	769	769	767	768	776
Other assets								
18 Denominated in foreign currencies[3]	21,529	21,580	21,873	21,947	22,065	19,213	21,529	21,292
19 All other[4]	10,501	10,759	9,211	9,532	9,693	10,001	10,618	9,655
20 Total assets	**287,117**	**287,772**	**286,012**	**286,834**	**282,336**	**295,816**	**283,237**	**282,515**
LIABILITIES								
21 Federal Reserve notes	230,765	231,494	231,295	230,200	230,075	230,847	230,229	230,766
Deposits								
22 To depository institutions	36,228	36,721	35,598	37,694	33,166	37,381	34,339	31,924
23 U.S. Treasury—General account	4,808	6,185	4,612	5,648	5,714	12,153	5,312	6,652
24 Foreign—Official accounts	228	179	239	180	207	275	371	264
25 Other	228	234	308	258	339	228	236	275
26 Total deposits	**41,491**	**43,319**	**40,756**	**43,780**	**39,426**	**50,040**	**40,258**	**39,116**
27 Deferred credit items	6,461	5,343	6,494	5,367	5,370	6,751	4,057	5,572
28 Other liabilities and accrued dividends[5]	2,800	2,900	2,780	2,775	2,744	3,272	2,841	3,072
29 Total liabilities	**281,517**	**283,056**	**281,325**	**282,122**	**277,615**	**290,911**	**277,384**	**278,524**
CAPITAL ACCOUNTS								
30 Capital paid in	2,156	2,159	2,159	2,159	2,161	2,146	2,156	2,162
31 Surplus	2,112	2,112	2,112	2,112	2,112	2,117	2,112	1,809
32 Other capital accounts	1,332	445	416	440	448	649	1,585	22
33 Total liabilities and capital accounts	**287,117**	**287,772**	**286,012**	**286,834**	**282,336**	**295,816**	**283,237**	**282,515**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	238,158	239,294	241,481	240,939	242,745	362,000	236,847	242,857
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	275,083	275,542	276,293	276,848	276,738	272,983	274,736	276,492
36 LESS: Held by bank	44,318	44,048	44,997	46,648	46,663	42,135	44,507	45,727
37 Federal Reserve notes, net	230,765	231,494	231,295	230,200	230,075	230,847	230,229	230,766
Collateral held against notes net:								
38 Gold certificate account	11,066	11,066	11,066	11,066	11,066	11,063	11,066	11,066
39 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	211,181	211,910	211,711	210,616	210,492	211,266	210,645	211,182
42 Total collateral	**230,765**	**231,494**	**231,295**	**230,200**	**230,075**	**230,847**	**230,229**	**230,766**

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover. Components may not add to totals because of rounding.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within 90 days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings[1]

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1989					1989		
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	June 30	July 31	Aug. 31
1 Loans—Total	660	1,278	579	2,902	561	1,495	594	541
2 Within 15 days	355	949	369	2,827	468	1,339	415	354
3 16 days to 90 days	305	330	210	75	93	156	179	187
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	219,425	220,789	219,577	219,214	216,339	231,767	218,676	217,409
10 Within 15 days[2]	13,287	10,180	10,108	10,547	9,316	8,812	9,144	2,459
11 16 days to 90 days	46,723	49,338	45,468	49,056	49,957	56,198	48,395	50,331
12 91 days to 1 year	67,903	69,758	72,573	68,184	65,639	74,546	69,625	73,431
13 Over 1 year to 5 years	51,583	51,583	51,777	51,777	51,777	52,393	51,583	51,537
14 Over 5 years to 10 years	13,623	13,623	13,145	13,145	13,145	13,512	13,623	13,145
15 Over 10 years	26,306	26,306	26,506	26,506	26,506	26,306	26,306	26,506
16 Federal agency obligations—Total	6,609	6,609	6,609	6,609	6,609	6,654	6,609	6,609
17 Within 15 days[2]	0	0	86	420	334	152	101	334
18 16 days to 90 days	721	810	724	390	472	642	721	472
19 91 days to 1 year	1,433	1,344	1,344	1,344	1,359	1,289	1,332	1,359
20 Over 1 year to 5 years	3,249	3,249	3,264	3,264	3,242	3,386	3,249	3,242
21 Over 5 years to 10 years	1,016	1,016	1,001	1,001	1,012	996	1,016	1,012
22 Over 10 years	189	189	189	189	189	189	189	189

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

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

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

Billions of dollars, averages of daily figures

Item	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves**[3]	**48.49**	**58.14**	**58.69**	**60.71**	**60.37**	**60.26**	**59.85**	**59.46**	**58.74**	**58.35**	**58.70**	**58.76**
2 Nonborrowed reserves	47.17	57.31	57.92	58.99	58.71	58.77	58.04	57.17	57.02	56.86	58.00[r]	58.08
3 Nonborrowed reserves plus extended credit[4]	47.67	57.62	58.40	60.23	59.75	59.82	59.38	58.88	58.22	57.78	58.11	58.12
4 Required reserves	47.44	56.77	57.66	59.67	59.23	59.11	58.90	58.69	57.71	57.44	57.73	57.87
5 Monetary base[5]	219.51	241.45	257.99	275.50	276.78	277.55	278.61	278.67	278.33	279.06	279.98	280.29
	Not seasonally adjusted											
6 **Total reserves**[3]	**49.59**	**59.46**	**60.06**	**62.21**	**62.07**	**59.37**	**58.94**	**60.01**	**57.72**	**58.41**	**58.95**[r]	**58.30**
7 Nonborrowed reserves	48.27	58.64	59.28	60.50	60.40	57.88	57.13	57.72	56.00	56.92	58.26	57.62
8 Nonborrowed reserves plus extended credit[4]	48.77	58.94	59.76	61.74	61.45	58.93	58.46	59.43	57.20	57.84	58.37	57.67
9 Required reserves	48.53	58.09	59.03	61.17	60.92	58.22	57.98	59.23	56.69	57.51	57.99	57.42
10 Monetary base[5]	222.73	245.25	262.08	279.71	277.92	274.36	275.62	278.11	277.49	280.18	282.07	281.09
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves**[3]	**48.14**	**59.56**	**62.12**	**63.74**	**63.47**	**60.69**	**60.21**	**61.29**	**58.91**	**59.59**	**60.25**[r]	**59.56**
12 Nonborrowed reserves	46.82	58.73	61.35	62.02	61.81	59.21	58.40	59.00	57.19	58.10	59.56	58.89
13 Nonborrowed reserves plus extended credit[4]	47.32	59.04	61.83	63.27	62.85	60.26	59.73	60.71	58.39	59.01	59.67	58.93
14 Required reserves	47.08	58.19	61.09	62.70	62.32	59.54	59.25	60.51	57.88	58.68	59.29	58.68
15 Monetary base[5]	223.53	247.71	266.16	283.18	281.31	277.66	278.94	281.52	280.54	283.27	285.36	284.23

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.

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 May	1989 June	1989 July	1989 Aug.
	Seasonally adjusted							
1 M1	620.5	725.9	752.3	790.3	773.3	770.3	777.2r	777.7
2 M2	2,567.4	2,811.2	2,909.9	3,069.5r	3,072.1r	3,088.0r	3,117.5r	3,136.6
3 M3	3,201.7	3,494.9	3,677.6	3,915.4r	3,954.5r	3,973.3r	4,003.0r	4,009.6
4 L	3,830.6	4,137.1	4,340.2	4,676.1r	4,742.8r	4,746.5r	4,776.9	n.a.
5 Debt	6,741.5r	7,597.0r	8,316.1r	9,081.1r	9,380.8r	9,431.6r	9,475.4	n.a.
M1 components								
6 Currency[3]	167.8	180.5	196.4	211.8	216.4	217.4	218.0	218.5
7 Travelers checks[4]	5.9	6.5	7.1	7.6	7.3	7.2	7.1	7.2
8 Demand deposits[5]	267.3	303.2	288.3	288.6	278.2	275.0	278.9r	277.3
9 Other checkable deposits[6]	179.5	235.8	260.4	282.3	271.3	270.7	273.2	274.7
Nontransactions components								
10 In M2[7]	1,946.9	2,085.3	2,157.6r	2,279.3r	2,298.8r	2,317.7r	2,340.2r	2,358.9
11 In M3 only[8]	634.3	683.7	767.7r	845.9r	882.4r	885.4r	885.5r	873.0
Savings deposits[9]								
12 Commercial Banks	125.0	155.8	178.5	192.5	182.4	181.4	181.9	183.1
13 Thrift institutions	176.6	215.2	237.8	238.8	222.3	220.6	219.6	219.3
Small-denomination time deposits[10]								
14 Commercial Banks	383.3	364.6	385.3	443.1	496.9	501.9	505.0	508.3
15 Thrift institutions	499.2	489.3	528.8	582.2	608.8	616.6	621.3	623.4
Money market mutual funds								
16 General purpose and broker-dealer	176.5	208.0	221.1	239.4	258.9	265.1	274.6	285.5
17 Institution-only	64.5	84.4	89.6	87.6	91.6	95.1	98.2	100.6
Large-denomination time deposits[11]								
18 Commercial Banks[12]	285.1	288.8	325.4	364.9	395.8r	396.4r	397.4r	396.2
19 Thrift institutions	151.5	150.1	162.0	172.9	176.3r	176.6r	175.4	172.1
Debt components								
20 Federal debt	1,585.8r	1,805.8	1,957.4r	2,113.5r	2,176.5r	2,184.3r	2,184.0	n.a.
21 Nonfederal debt	5,155.7r	5,791.2r	6,358.6r	6,967.6r	7,204.3r	7,247.3r	7,291.4	n.a.
	Not seasonally adjusted							
22 M1	633.5	740.4	766.4	804.4	767.1	773.8	781.8	777.7
23 M2	2,576.2	2,821.1	2,918.7	3,077.2r	3,062.6r	3,090.8r	3,125.3r	3,137.6
24 M3	3,213.3	3,507.4	3,688.6r	3,925.2r	3,944.3r	3,973.9r	4,004.7r	4,011.3
25 L	3,843.7	4,152.0	4,354.6r	4,689.6r	4,731.4r	4,747.5r	4,768.2	n.a.
26 Debt	6,730.9r	7,580.7r	8,297.6r	9,066.4r	9,337.2r	9,390.8r	9,438.7	n.a.
M1 components								
27 Currency[3]	170.2	183.0	199.3	214.9	216.6	218.5	219.7	219.4
28 Travelers checks[4]	5.5	6.0	6.5	6.9	7.1	7.5	8.1	8.1
29 Demand deposits[5]	276.9	314.0	298.6	298.8	273.3	276.4	281.5r	276.5
30 Other checkable deposits[6]	180.9	237.4	262.0	283.7	270.1	271.4	272.5	273.7
Nontransactions components								
31 M2[7]	1,942.7	2,080.7	2,152.3	2,272.9r	2,295.5r	2,317.0r	2,343.5r	2,359.9
32 M3 only[8]	637.1	686.3	769.9r	848.0r	881.7r	883.1r	879.4r	873.7
Money market deposit accounts								
33 Commercial Banks	332.8	379.6	358.8	352.5	327.0	328.1	330.9	336.0
34 Thrift institutions	180.7	192.9	167.5	150.3	130.0	128.8	129.0	129.7
Savings deposits[9]								
35 Commercial Banks	123.7	154.2	176.6	190.3	183.6	183.2	184.3	184.1
36 Thrift institutions	174.8	212.7	234.8	235.6	223.7	223.3	223.2	221.1
Small-denomination time deposits[10]								
37 Commercial Banks	384.0	365.3	386.1	444.1	493.2	499.6	504.4	507.9
38 Thrift institutions	499.9	489.8	529.1	582.4	605.7	612.8	619.8r	620.9
Money market mutual funds								
39 General purpose and broker-dealer	176.5	208.0	221.1	239.4	258.9	265.1	274.6	285.5
40 Institution-only	64.5	84.4	89.6	87.6	91.6	95.1	98.2	100.6
Large-denomination time deposits[11]								
41 Commercial Banks[12]	285.4	289.1	325.8	365.6	394.6r	394.9r	394.7r	396.9
42 Thrift institutions	151.8	150.7	163.0	174.1	175.2	174.8	173.3	171.3
Debt components								
43 Federal debt	1,583.7	1,803.9	1,955.6	2,111.8	2,159.5	2,165.1r	2,163.6	n.a.
44 Nonfederal debt	5,147.1r	5,776.8r	6,342.0r	6,954.6r	7,177.7r	7,225.7r	7,275.0	n.a.

For notes see following page.

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.

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	1989					
				Jan.	Feb.	Mar.	Apr.	May	June
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	188,346.0	217,116.2	226,888.4	252,226.7	255,774.3	249,088.3	245,230.1	266,468.1	284,129.2
2 Major New York City banks	91,397.3	104,496.3	107,547.3	109,875.9	121,770.1	111,387.4	107,808.9	120,984.1	129,166.6
3 Other banks	96,948.8	112,619.8	119,341.2	142,350.8	134,004.2	137,700.9	137,421.3	145,483.9	154,962.7
4 ATS-NOW accounts[4]	2,182.5	2,402.7	2,757.7	2,976.2	3,054.9	3,264.9	2,986.4	3,406.5	3,696.5
5 Savings deposits[5]	403.5	526.5	583.0	647.4	649.2	675.2	585.5	647.2	640.0
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	556.5	612.1	641.2	716.3	734.4	721.0	697.5	767.1	824.0
7 Major New York City banks	2,498.2	2,670.6	2,903.5	3,113.7	3,618.0	3,393.0	3,092.2	3,342.1	3,588.5
8 Other banks	321.2	357.0	376.8	449.3	425.9	440.4	433.9	467.5	501.8
9 ATS-NOW accounts[4]	15.6	13.8	14.7	15.6	16.0	17.1	15.7	18.2	19.8
10 Savings deposits[5]	3.0	3.1	3.1	3.5	3.5	3.6	3.2	3.6	3.6
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	188,506.7	217,125.1	227,010.7	257,649.6	231,347.8	264,581.6	238,265.6	274,861.8	295,522.8
12 Major New York City banks	91,500.1	104,518.8	107,565.0	112,480.2	110,047.2	120,202.2	105,461.7	121,507.2	134,020.7
13 Other banks	97,006.7	112,606.2	119,445.7	145,169.4	121,300.6	144,379.4	132,803.9	153,354.6	161,502.1
14 ATS-NOW accounts[4]	2,184.6	2,404.8	2,754.7	3,245.1	2,762.1	3,228.6	3,205.2	3,325.2	3,770.8
15 MMDA[6]	1,609.4	1,954.2	2,430.1	3,072.5	2,622.4	2,636.7	2,700.2	2,910.5	3,136.0
16 Savings deposits[5]	404.1	526.8	578.0	668.7	573.3	649.6	649.6	637.9	641.4
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	556.7	612.3	641.7	713.7	683.1	782.3	676.6	805.9	855.6
18 Major New York City banks	2,499.1	2,674.9	2,901.4	2,998.6	3,255.7	3,603.3	3,017.6	3,482.5	3,795.0
19 Other banks	321.2	356.9	377.1	448.7	397.8	473.6	418.7	500.9	520.9
20 ATS-NOW accounts[4]	15.6	13.8	14.7	16.7	14.5	16.9	16.3	18.0	20.3
21 MMDA[6]	4.5	5.3	6.9	8.9	7.8	7.8	8.1	9.0	9.7
22 Savings deposits[5]	3.0	3.1	3.1	3.6	3.1	3.5	3.5	3.5	3.6

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.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July	1989 Aug.
	Seasonally adjusted											
1 **Total loans and securities**[2]	**2,381.5**	**2,401.4**	**2,410.2**	**2,417.2**	**2,422.8**	**2,451.9**	**2,464.9**	**2,470.9**	**2,486.3**	**2,496.8**	**2,518.1**	**2,534.4**
2 U.S. government securities	353.1	355.6	358.8	361.4	360.4	361.8	368.8	370.7	373.5	373.8	374.4	376.6
3 Other securities	195.2	196.8	195.9	194.0	189.6	190.4	189.7	187.2	186.4	185.7	184.6	182.8
4 Total loans and leases[2]	1,833.2	1,848.9	1,855.6	1,861.9	1,872.9	1,899.7	1,906.5	1,913.1	1,926.5	1,937.3	1,959.1	1,974.9
5 Commercial and industrial	598.1	601.6	601.8	601.9	606.6	619.0	617.8	620.6	626.3	624.9	632.1r	637.3
6 Bankers acceptances held[3]	4.1	4.1	4.3	4.1	4.4	4.2	4.0	4.1	4.2	4.2	4.1	4.5
7 Other commercial and industrial	594.0	597.5	597.4	597.8	602.2	614.8	613.7	616.6	622.1	620.7	628.1	632.8
8 U.S. addressees[4]	587.2	590.9	591.3	591.8	596.6	609.9	608.3	611.7	616.6	615.2	622.2	627.1
9 Non-U.S. addressees[4]	6.9	6.5	6.1	5.9	5.7	4.9	5.4	4.8	5.4	5.5	5.9	5.7
10 Real estate	650.3	659.8	665.3	672.0	678.9	685.6	691.8	699.5	705.5	712.0	719.9r	729.0
11 Individual	350.2	351.6	353.0	355.5	357.9	358.9	360.6	362.9	365.4	366.0	367.0	369.3
12 Security	36.5	38.5	38.2	38.5	37.7	44.7	43.6	40.0	38.0	41.1	40.3	39.6
13 Nonbank financial institutions	30.7	30.4	30.2	30.0	30.3	30.6	29.7	29.2	29.0	30.6	31.7	32.0
14 Agricultural	29.6	29.8	30.3	30.7	30.7	30.7	30.7	30.4	30.3	30.3	30.4	30.4
15 State and political subdivisions	48.0	48.5	47.7	46.8	44.4	44.5	44.6	44.6	44.6	44.4r	44.2r	43.9
16 Foreign banks	7.2	7.6	8.1	7.6	7.8	8.5	8.2	8.3	9.4	9.3	8.9	9.3
17 Foreign official institutions	5.0	4.9	4.9	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3
18 Lease financing receivables	28.5	28.9	29.1	29.2	29.4	29.6	29.6	29.8	30.0	29.9	30.3	30.3
19 All other loans	49.1	47.5	47.0	44.8	44.4	42.7	45.2	42.9	43.1	43.9r	49.7	49.6
	Not seasonally adjusted											
20 **Total loans and securities**[2]	**2,378.9**	**2,392.6**	**2,409.2**	**2,429.6**	**2,430.7**	**2,453.6**	**2,462.8**	**2,473.9**	**2,487.4**	**2,500.9**	**2,511.8r**	**2,526.9**
21 U.S. government securities	352.9	352.6	357.5	361.6	362.2	366.3	370.2	370.9	372.6	372.6	373.1	376.8
22 Other securities	195.0	195.6	196.0	193.7	191.7	190.1	188.9	187.2	186.8	186.0	184.1	183.1
23 Total loans and leases[2]	1,831.0	1,844.4	1,855.7	1,874.2	1,876.9	1,897.2	1,903.7	1,915.9	1,928.0	1,942.3	1,954.6	1,966.9
24 Commercial and industrial	593.3	597.0	599.3	605.0	605.8	618.3	621.1	625.2	630.0	629.0	631.0	632.7
25 Bankers acceptances held[3]	4.2	4.2	4.3	4.1	4.1	4.1	4.0	4.0	4.3	4.4	4.2	4.6
26 Other commercial and industrial	589.1	592.8	595.0	600.9	601.7	614.2	617.1	621.3	625.8	624.6	626.8	628.0
27 U.S. addressees[4]	582.5	586.6	588.9	594.8	596.4	608.9	611.8	616.0	620.2	619.0	621.2	622.6
28 Non-U.S. addressees[4]	6.6	6.2	6.1	6.1	5.3	5.3	5.3	5.3	5.5	5.6	5.6	5.5
29 Real estate	651.9	660.7	667.2	673.3	678.9	683.6	689.2	697.4	704.1	712.1	720.6r	730.4
30 Individual	351.8	352.6	354.1	359.4	360.7	358.2	357.7	360.3	363.2	364.5	365.9	369.3
31 Security	35.1	36.9	37.6	38.9	38.2	43.8	44.1	42.0	38.9	42.8	39.9	38.3
32 Nonbank financial institutions	30.7	30.1	30.3	31.1	30.7	30.0	29.1	29.0	29.2	30.8	31.7	31.9
33 Agricultural	30.5	30.6	30.5	30.5	30.1	29.8	29.6	29.6	30.1	30.7	31.1	31.2
34 State and political subdivisions	47.3	48.0	47.1	46.6	45.8	45.5	45.1	44.8	44.5	44.1r	43.6r	43.4
35 Foreign banks	7.4	7.6	8.2	7.9	8.1	8.5	8.0	8.0	9.0	9.1	9.0	9.1
36 Foreign official institutions	5.0	4.9	4.9	4.9	4.8	4.8	4.8	4.9	4.9	4.7	4.5	4.3
37 Lease financing receivables	28.4	28.7	28.9	29.4	29.7	29.7	29.7	29.8	30.0	30.0	30.2	30.2
38 All other loans	49.6	47.3	47.5	47.3	44.0	45.0	45.4	44.7	44.2	44.6r	47.1	46.1

1. Data have been revised because of benchmarking beginning January 1984. 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.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1988				1989							
	Sept.r	Oct.r	Nov.r	Dec.	Jan.r	Feb.	Mar.r	Apr.r	May	June	July	Aug.
Seasonally adjusted												
1 Total nondeposit funds[2]	210.3	211.3	217.8	215.2r	208.1	211.2r	211.9	205.8	209.8r	227.0r	228.2r	229.6
2 Net balances due to related foreign offices[3]	8.2	5.6	9.3	6.8r	8.1	10.7	8.1	3.0	−.1	7.9	11.1	9.3
3 Borrowings from other than commercial banks in United States[4]	202.0	205.6	208.4	208.4r	200.0	200.5r	203.8	202.8	209.9r	219.1r	217.1r	220.3
4 Domestically chartered banks	166.1	167.4	169.1	169.4r	163.0	161.3r	165.8	164.2	169.2r	179.1r	175.3r	178.0
5 Foreign-related banks	36.0	38.2	39.3	39.0	37.0	39.2	38.1	38.7	40.7	40.0	41.8	42.3
Not seasonally adjusted												
6 Total nondeposit funds[2]	206.8	205.2	214.5	209.5r	207.2	216.1r	217.6	208.5	217.5r	230.1r	224.0r	228.4
7 Net balances due to related foreign offices[3]	9.3	5.3	10.4	9.2	7.8	10.5r	7.1	.9	2.6	8.1	8.1	8.9
8 Domestically chartered banks	−15.6	−20.4	−19.1	−20.7	−20.4	−17.9	−19.7	−23.0	−22.0r	−18.5	−16.6	−15.4
9 Foreign-related banks	24.9	25.7	29.5	29.9	28.2	28.3	26.8	23.8	24.6	26.6	24.7	24.3
10 Borrowings from other than commercial banks in United States[4]	197.6	200.0	204.1	200.3r	199.5	205.6r	210.5	207.6	214.9r	222.0r	215.8r	219.4
11 Domestically chartered banks	162.3	163.2	167.8	163.3r	161.3	165.1r	170.9	168.1	173.8r	180.4r	173.4r	177.5
12 Federal funds and security RP borrowings[5]	157.9	159.1	163.2	159.8r	157.9	161.9r	167.4	163.8	170.0r	177.0r	170.8r	174.9
13 Other[6]	4.4	4.1	4.6	3.5	3.4	3.2	3.5	4.3	3.7	3.4	2.7	2.6
14 Foreign-related banks[6]	35.3	36.8	36.3	37.0	38.1	40.5	39.6	39.5	41.1	41.6	42.4	42.0
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	419.7	423.2	424.5	429.2	434.9	440.3	446.7	452.7	456.8	458.8	461.6	460.5
16 Not seasonally adjusted	421.7	424.7	425.6	429.8	434.5	440.2	448.2	450.6	455.5	457.3	458.9	461.2
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	23.5	27.2	23.0	24.9	20.3	20.3	20.3	20.9	27.1	27.4	22.7	22.9
18 Not seasonally adjusted	24.6	27.7	16.3	22.9	25.0	25.9	18.1	20.2	34.3	26.2	23.0	15.8

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.

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

Billions of dollars

Account	1988			1989							
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,551.6	2,591.6	2,601.6	2,587.0	2,624.0	2,627.1	2,623.0	2,659.8	2,660.7	2,677.1	2,692.5
2 Investment securities	524.8	532.9	533.5	533.5	535.8	539.1	538.3	541.1	541.6	538.3	542.8
3 U.S. government securities	334.1	341.5	345.3	347.3	351.3	355.5	356.6	359.1	362.2	360.3	365.3
4 Other	190.7	191.4	188.2	186.2	184.5	183.6	181.7	182.0	179.4	178.1	177.5
5 Trading account assets	24.9	24.8	19.2	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7
6 Total loans	2,002.0	2,033.9	2,048.9	2,032.1	2,068.0	2,066.2	2,066.8	2,099.5	2,100.9	2,119.0	2,131.0
7 Interbank loans	161.3	170.3	165.7	159.9	173.2	154.9	150.7	160.5	155.0	162.4	162.9
8 Loans excluding interbank	1,840.7	1,863.6	1,883.2	1,872.2	1,894.9	1,911.3	1,916.2	1,939.0	1,945.9	1,956.6	1,968.1
9 Commercial and industrial	595.0	601.3	608.8	604.6	617.6	622.9	627.3	631.1	628.3	635.3	631.9
10 Real estate	661.8	669.6	676.3	679.7	684.1	692.6	699.4	706.7	715.1	722.8	733.9
11 Individual	353.3	355.3	361.4	360.8	358.3	358.1	361.8	363.8	366.0	366.2	371.4
12 All other	230.6	237.5	236.6	227.0	234.8	237.7	227.7	237.4	236.6	232.3	231.0
13 Total cash assets	209.9	237.5	246.3	216.1	227.4	211.5	215.8	248.3	214.2	211.7	212.0
14 Reserves with Federal Reserve Banks	31.7	33.8	34.5	31.5	27.7	30.9	33.4	27.8	27.9	30.6	28.7
15 Cash in vault	26.3	28.7	30.3	27.5	26.6	26.8	26.9	27.9	27.6	27.4	28.5
16 Cash items in process of collection	72.9	89.8	92.3	76.4	89.1	75.9	78.8	107.6	78.7	75.2	77.4
17 Demand balances at U.S. depository institutions	29.4	32.4	34.4	28.7	33.3	28.8	28.5	34.9	29.6	28.8	29.7
18 Other cash assets	49.6	52.8	54.8	52.0	50.7	49.0	48.3	50.2	50.5	49.7	47.6
19 Other assets	200.3	200.7	200.0	194.6	191.4	194.1	200.7	206.8	198.7	201.1	199.6
20 Total assets/total liabilities and capital	**2,961.8**	**3,029.7**	**3,047.9**	**2,997.8**	**3,042.8**	**3,032.7**	**3,039.5**	**3,114.9**	**3,073.6**	**3,090.0**	**3,104.0**
21 Deposits	2,072.2	2,125.8	2,145.7	2,097.1	2,125.2	2,123.7	2,134.2	2,182.6	2,138.2	2,152.0	2,166.7
22 Transaction deposits	587.8	628.6	642.7	586.6	602.6	583.2	594.5	628.5	580.5	579.4	583.4
23 Savings deposits	537.8	541.1	535.6	528.8	527.3	523.2	512.0	509.7	507.4	514.0	518.9
24 Time deposits	946.7	956.1	967.5	981.7	995.3	1,017.3	1,027.6	1,044.3	1,050.2	1,058.6	1,064.3
25 Borrowings	482.6	479.0	473.1	493.6	502.9	483.6	486.7	510.6	512.7	510.2	504.6
26 Other liabilities	214.5	229.0	233.7	209.1	216.5	223.9	217.4	218.6	218.4	223.1	226.3
27 Residual (assets less liabilities)	192.5	195.9	195.3	198.0	198.2	201.4	201.2	203.2	204.4	204.7	206.5
MEMO											
28 U.S. government securities (including trading account)	354.0	361.0	359.4	364.4	366.2	372.1	369.5	372.3	374.4	373.5	377.5
29 Other securities (including trading account)	195.7	196.7	193.4	190.5	189.7	188.8	186.6	188.0	185.4	184.6	184.0
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,353.9	2,389.8	2,391.9	2,385.1	2,405.9	2,407.8	2,407.8	2,446.0	2,439.9	2,452.1	2,467.5
31 Investment securities	499.3	507.1	507.2	507.0	509.0	513.1	513.8	516.1	517.3	514.2	519.4
32 U.S. government securities	322.8	329.9	333.2	334.5	338.1	342.7	344.1	345.9	349.5	347.8	353.5
33 Other	176.5	177.1	174.0	172.6	171.0	170.4	169.7	170.2	167.8	166.5	165.9
34 Trading account assets	24.9	24.8	19.2	21.5	20.1	21.8	17.8	19.2	18.2	19.8	18.7
35 Total loans	1,829.8	1,858.0	1,865.4	1,856.6	1,876.8	1,872.8	1,876.2	1,910.6	1,904.5	1,918.1	1,929.4
36 Interbank loans	131.3	139.7	133.1	131.4	138.9	122.3	120.2	131.5	119.3	126.4	127.0
37 Loans excluding interbank	1,698.5	1,718.3	1,732.3	1,725.2	1,737.8	1,750.5	1,756.0	1,779.2	1,785.1	1,791.7	1,802.5
38 Commercial and industrial	492.7	498.7	500.6	498.9	503.4	506.1	511.3	515.5	511.6	515.6	512.8
39 Real estate	641.3	647.7	654.3	657.7	661.7	669.8	676.0	683.2	691.6	698.2	708.7
40 Individual	353.0	354.9	361.1	360.5	358.0	357.7	361.4	363.5	365.6	365.8	371.1
41 All other	211.6	217.0	216.3	208.1	214.7	216.9	207.3	217.0	216.3	212.0	209.9
42 Total cash assets	190.2	216.6	223.1	193.5	206.4	191.4	195.3	227.0	192.3	190.1	191.7
43 Reserves with Federal Reserve Banks	29.9	32.6	33.1	30.1	26.6	29.5	30.7	26.7	26.6	29.6	27.0
44 Cash in vault	26.2	28.6	30.3	27.4	26.6	26.8	26.8	27.9	27.6	27.4	28.5
45 Cash items in process of collection	72.2	89.0	91.4	75.6	88.1	75.1	77.9	106.6	77.7	74.4	76.5
46 Demand balances at U.S. depository institutions	27.4	30.5	32.4	26.8	31.2	26.6	26.8	32.9	27.5	27.0	28.0
47 Other cash assets	34.4	35.8	35.9	33.6	33.9	33.4	33.1	33.0	32.9	31.7	31.7
48 Other assets	130.4	132.2	135.6	128.1	129.6	130.6	134.6	133.6	131.6	128.4	127.5
49 Total assets/liabilities and capital	**2,674.5**	**2,738.6**	**2,750.5**	**2,706.7**	**2,741.8**	**2,729.9**	**2,737.7**	**2,806.6**	**2,763.9**	**2,770.6**	**2,786.7**
50 Deposits	2,004.0	2,056.3	2,073.0	2,026.1	2,052.7	2,047.4	2,056.2	2,103.0	2,058.8	2,071.3	2,086.9
51 Transaction deposits	578.2	618.7	632.9	577.4	593.5	574.1	584.8	618.7	571.2	570.2	574.7
52 Savings deposits	535.2	538.6	533.1	526.4	524.8	520.7	509.4	507.1	504.8	511.3	516.2
53 Time deposits	890.7	899.0	907.0	922.3	934.4	952.6	961.9	977.2	982.9	989.9	995.9
54 Borrowings	365.2	366.1	363.7	377.1	378.7	362.8	368.2	383.0	387.3	380.2	375.5
55 Other liabilities	116.3	123.8	122.0	109.0	115.8	121.7	115.6	120.9	116.9	117.8	121.3
56 Residual (assets less liabilities)	189.0	192.4	191.8	194.5	194.6	197.9	197.7	199.7	200.8	201.2	203.0
MEMO											
57 Real estate loans, revolving	38.5	39.7	40.1	40.7	41.7	42.5	43.4	44.3	45.3	45.7	46.4
58 Real estate loans, other	602.7	608.0	614.2	617.0	620.0	627.3	632.6	638.9	646.2	652.5	662.3

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.

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

Millions of dollars, Wednesday figures

Account	1989 July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
1 Cash and balances due from depository institutions	121,701r	116,684r	105,640r	105,373r	116,622	105,132	110,552	103,862	104,327
2 **Total loans, leases, and securities, net**	**1,224,805r**	**1,217,343r**	**1,207,932r**	**1,216,221r**	**1,221,397**	**1,221,639**	**1,227,388**	**1,224,550**	**1,221,338**
3 U.S. Treasury and government agency	141,500	140,479	140,334	142,712	142,505	143,438	145,010	145,437	143,693
4 Trading account	13,152	13,389	12,688	13,224	12,858	13,809	15,086	13,949	12,200
5 Investment account	128,348	127,090	127,646	129,488	129,647	129,629	129,924	131,488	131,492
6 Mortgage-backed securities[3]	57,608r	57,759r	58,666r	60,530r	61,084	61,207	62,495	63,872	63,810
All other maturing in									
7 One year or less	21,105r	20,894	20,718	20,472	20,348	20,474	20,272	20,357	20,445
8 Over one through five years	40,694	39,733	39,624	39,545	38,601	38,456	38,767	38,316	37,643
9 Over five years	8,941r	8,704r	8,638r	8,942r	9,614	9,492	8,389	8,943	9,594
10 Other securities	71,156	71,083	71,242	71,457	70,423	70,582	70,353	70,281	70,660
11 Trading account	1,151	1,033	1,075	1,232	1,165	1,252	983	845	856
12 Investment account	70,004	70,050	70,166	70,225	69,258	69,330	69,370	69,436	69,804
13 States and political subdivisions, by maturity	43,132	43,172	43,286	43,243	41,720	41,680	41,586	41,588	41,562
14 One year or less	4,525	4,666	4,740	4,830	4,785	4,770	4,806	4,842	4,874
15 Over one year	38,607	38,505	38,546	38,412	36,935	36,909	36,780	36,747	36,689
16 Other bonds, corporate stocks, and securities	26,872	26,878	26,880	26,982	27,537	27,650	27,784	27,848	28,242
17 Other trading account assets	5,281r	5,002r	5,479r	5,374r	4,829	5,021	5,502	5,436	5,676
18 Federal funds sold[4]	78,924	72,247	61,897	63,826r	65,779	66,918	68,100	65,350	63,106
19 To commercial banks	53,455	49,264	41,507	44,925r	45,851	46,915	48,776	46,290	45,418
20 To nonbank brokers and dealers in securities	19,174	16,261	14,695	12,721	13,496	14,683	13,674	12,531	12,179
21 To others	6,295	6,721	5,695	6,179	6,432	5,319	5,649	6,529	5,509
22 Other loans and leases, gross	965,444r	965,614r	966,202r	969,876r	974,851	972,573	975,322	974,975	974,970
23 Other loans, gross	940,664r	940,854r	941,362r	945,018r	950,063	947,818	950,440	950,129	950,104
24 Commercial and industrial	316,299r	315,226r	315,690r	319,050r	317,974	317,917	316,778	317,048	317,039
25 Bankers acceptances and commercial paper	1,892	1,667	1,755	1,761	1,934	2,006	2,099	2,077	2,212
26 All other	314,408r	313,560r	313,934r	317,289r	316,040	315,912	314,679	314,971	314,828
27 U.S. addressees	312,532r	311,841r	312,171r	315,679r	314,349	314,287	312,987	313,350	313,240
28 Non-U.S. addressees	1,875	1,719	1,763	1,610r	1,691	1,624	1,692	1,620	1,587
29 Real estate loans	332,033	333,122r	334,097	335,239r	336,446	337,199	338,620	339,564	340,861
30 Revolving, home equity	24,496	24,561	24,679	24,750	24,860	24,980	25,156	25,272	25,426
31 All other	307,537	308,561	309,418	310,489r	311,586	312,218	313,464	314,292	315,434
32 To individuals for personal expenditures	169,605r	169,932r	169,989r	169,977r	170,177	170,456	171,055	170,952	171,605
33 To depository and financial institutions	46,614	46,829	47,758	47,214r	49,431	48,301	48,344	47,770	46,905
34 Commercial banks in the United States	19,398	20,088	20,869	21,212	21,412	21,630	21,679	21,818	20,754
35 Banks in foreign countries	5,006	4,452	4,414	4,192	5,486	4,539	4,320	4,415	4,336
36 Nonbank depository and other financial institutions	22,209	22,289	22,474	21,810r	22,533	22,132	22,345	21,538	21,815
37 For purchasing and carrying securities	16,382	17,449	15,962	16,360	16,900	16,281	17,113	17,368	16,284
38 To finance agricultural production	5,869	5,972	5,975	5,941r	5,966	5,948	5,947	5,908	5,874
39 To states and political subdivisions	26,747r	26,634r	26,653r	26,670r	26,603	26,514	26,569	26,520	26,514
40 To foreign governments and official institutions	1,845	2,000	1,888	1,640	1,547	1,513	1,651	1,594	1,586
41 All other	25,270r	23,688	23,351r	22,927r	25,019	23,688	24,363	23,406	23,435
42 Lease financing receivables	24,780	24,760	24,839	24,858	24,788	24,755	24,881	24,846	24,866
43 LESS: Unearned income	4,836	4,849	4,935	4,944	4,866	4,881	4,891	4,888	4,907
44 Loan and lease reserve[5]	32,663	32,232	32,285	32,081	32,124	32,011	32,008	32,041	31,861
45 Other loans and leases, net	927,944r	928,532r	928,981r	932,851r	937,861	935,681	938,423	938,045	938,202
46 All other assets	135,440r	128,558r	128,359r	124,321r	127,762	128,157	124,832	122,542	121,826
47 **Total assets**	**1,481,946r**	**1,462,586r**	**1,441,931r**	**1,445,915r**	**1,465,781**	**1,454,929**	**1,462,772**	**1,450,953**	**1,447,491**
48 Demand deposits	255,510r	224,153r	222,143r	215,829r	234,220	216,323	227,076	208,475	214,942
49 Individuals, partnerships, and corporations	203,368r	180,007r	177,271r	172,221r	185,703	174,799	182,376	166,657	172,076
50 States and political subdivisions	7,372r	5,747r	5,724	5,862	6,961	5,056	5,645	5,655	5,182
51 U.S. government	2,058	3,071	4,410	3,046	1,869	1,709	3,570	3,040	3,083
52 Depository institutions in the United States	22,548r	19,998	19,117	19,246	21,916	19,140	20,082	18,635	19,474
53 Banks in foreign countries	7,857	6,622	6,966	6,380r	6,403	5,749	5,770	5,640	6,113
54 Foreign governments and official institutions	835	955	832	809	804	763	726	818	677
55 Certified and officers' checks	11,471	7,753	7,822	8,265	10,563	9,106	8,908	8,030	8,336
56 Transaction balances other than demand deposits	76,578r	74,574r	73,877	72,952r	75,887	76,135	75,664	73,866	73,459
57 Nontransaction balances	682,256r	682,640r	681,556r	681,893r	685,266	686,070	686,376	687,216	686,806
58 Individuals, partnerships, and corporations	642,756r	642,976r	642,294r	642,526r	646,160	646,634	646,955	647,159	647,296
59 States and political subdivisions	30,082	30,348r	30,010	30,110	29,903	30,193	30,251	30,809	30,511
60 U.S. government	917	933	925	928	934	1,012	1,005	1,001	755
61 Depository institutions in the United States	7,881r	7,754r	7,693r	7,692r	7,620	7,578	7,516	7,601	7,596
62 Foreign governments, official institutions, and banks	620	629	634	637	649	654	650	645	648
63 Liabilities for borrowed money	280,388	293,606	276,542	286,563	283,179	288,189	286,603	291,647	282,523
64 Borrowings from Federal Reserve Banks	0	0	25	0	0	700	0	2,269	0
65 Treasury tax-and-loan notes	11,939	13,430	13,493	16,136	10,107	4,173	14,254	14,152	15,812
66 All other liabilities for borrowed money[6]	268,448	280,176	263,023	270,427	273,071	283,316	272,349	275,227	266,711
67 Other liabilities and subordinated notes and debentures	86,143	86,224r	86,583	87,679	85,791	86,435	85,087	87,556	87,627
68 **Total liabilities**	**1,380,874r**	**1,361,198r**	**1,340,700r**	**1,344,917r**	**1,364,343**	**1,353,152**	**1,360,807**	**1,348,760**	**1,345,358**
69 Residual (total assets minus total liabilities)[7]	101,071r	101,388r	101,231r	100,998r	101,438	101,776	101,965	102,193	102,134
MEMO									
70 Total loans and leases (gross) and investments adjusted[8]	1,189,451r	1,185,072r	1,182,776r	1,187,109r	1,191,124	1,189,985	1,193,831	1,193,371	1,191,933
71 Total loans and leases (gross) adjusted[8]	971,514r	968,508r	965,722r	967,565r	973,366	970,944	972,966	972,217	971,903
72 Time deposits in amounts of $100,000 or more	217,202r	218,934	218,144	217,953r	218,326	219,244	219,039	219,940	219,567
73 U.S. Treasury securities maturing in one year or less	18,455	18,765	18,906	18,367	17,656	17,976	16,785	16,918	16,697
74 Loans sold outright to affiliates—total[9]	1,625	1,639	1,686	1,670	1,585	1,643	1,679	1,698	1,702
75 Commercial and industrial	1,306	1,308	1,347	1,332	1,244	1,302	1,342	1,371	1,374
76 Other	319	330	338	338	341	341	337	327	328
77 Nontransaction savings deposits (including MMDAs)	251,749r	250,062r	249,919r	250,090r	252,725	253,359	254,008	253,496	253,369

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.

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

Millions of dollars, Wednesday figures

Account	1989								
	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
1 Cash balances due from depository institutions	27,588	27,373	22,860	24,436	26,886	23,211	26,743	24,124	20,658
2 **Total loans, leases, and securities, net[2]**	**215,920**	**219,167**	**212,997**	**213,080**	**212,828**	**214,544**	**213,553**	**216,228**	**213,405**
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	15,326	15,024	15,642	15,658	15,762	15,862	15,715	15,687	15,670
6 Mortgage-backed securities[4]	7,422	7,444	7,971	8,112	8,213	8,324	8,183	8,102	8,136
All other maturing in									
7 One year or less	2,818	2,808	2,984	2,871	2,864	2,930	2,866	2,914	2,865
8 Over one through five years	3,514	3,203	3,130	3,109	3,110	3,088	3,245	3,247	3,246
9 Over five years	1,572	1,569	1,558	1,565	1,575	1,520	1,421	1,424	1,424
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	17,292	17,359	17,508	17,518	16,636	16,687	16,706	16,762	17,014
13 States and political subdivisions, by maturity	11,269	11,331	11,408	11,364	10,116	10,082	10,037	10,035	10,084
14 One year or less	806	905	974	1,055	1,051	1,031	1,090	1,103	1,130
15 Over one year	10,463	10,426	10,433	10,309	9,066	9,050	8,947	8,932	8,954
16 Other bonds, corporate stocks, and securities	6,023	6,028	6,100	6,154	6,520	6,605	6,670	6,726	6,930
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	23,518	25,070	19,114	17,313	17,160	19,397	18,539	21,023	18,644
19 To commercial banks	10,330	12,986	9,491	9,478	9,206	12,082	10,965	13,879	11,004
20 To nonbank brokers and dealers in securities	9,606	7,909	6,926	4,474	4,462	4,733	4,642	4,408	4,573
21 To others	3,583	4,175	2,696	3,361	3,492	2,581	2,932	2,735	3,067
22 Other loans and leases, gross	173,840	175,515	174,636	176,522	177,060	176,440	176,447	176,609	175,931
23 Other loans, gross	168,134	169,819	168,910	170,806	171,403	170,815	170,801	170,973	170,304
24 Commercial and industrial	56,214	56,581	57,339	59,348	58,910	58,547	58,350	58,894	58,351
25 Bankers acceptances and commercial paper	353	380	416	376	506	485	551	526	555
26 All other	55,861	56,201	56,924	58,972	58,404	58,062	57,799	58,368	57,796
27 U.S. addressees	55,172	55,625	56,336	58,458	57,831	57,528	57,219	57,860	57,280
28 Non-U.S. addressees	689	576	588	514	573	534	580	508	516
29 Real estate loans	54,292	54,741	55,101	55,590	55,632	55,942	56,312	56,748	57,306
30 Revolving, home equity	3,540	3,553	3,563	3,577	3,596	3,610	3,622	3,635	3,655
31 All other	50,751	51,188	51,538	52,013	52,036	52,332	52,690	53,113	53,651
32 To individuals for personal expenditures	19,650	19,623	19,741	19,607	19,649	19,716	19,819	19,912	19,883
33 To depository and financial institutions	19,920	19,695	19,555	18,882	20,291	19,263	18,600	18,157	17,583
34 Commercial banks in the United States	8,425	8,750	8,480	8,314	8,446	8,852	8,464	8,234	7,520
35 Banks in foreign countries	3,499	2,945	2,881	2,713	3,960	3,077	2,818	2,810	2,814
36 Nonbank depository and other financial institutions	7,996	8,000	8,194	7,855	7,885	7,334	7,318	7,113	7,250
37 For purchasing and carrying securities	6,396	7,210	5,738	5,964	5,873	6,013	6,349	6,468	6,239
38 To finance agricultural production	155	162	163	156	149	153	136	141	144
39 To states and political subdivisions	5,976	5,881	5,879	5,855	5,852	5,837	5,940	5,934	5,919
40 To foreign governments and official institutions	506	664	561	485	395	372	513	452	456
41 All other	5,025	5,261	4,833	4,918	4,653	4,972	4,782	4,266	4,421
42 Lease financing receivables	5,707	5,696	5,725	5,717	5,657	5,625	5,646	5,636	5,627
43 Less: Unearned income	1,657	1,663	1,754	1,787	1,719	1,734	1,744	1,737	1,749
44 Loan and lease reserve	12,399	12,138	12,149	12,145	12,071	12,108	12,110	12,115	12,106
45 Other loans and leases, net[6]	159,784	161,714	160,733	162,591	163,269	162,598	162,593	162,757	162,076
46 All other assets[7]	62,477	55,016	55,649	53,357	51,511	54,699	52,942	50,012	49,638
47 **Total assets**	**305,985**	**301,557**	**291,506**	**290,873**	**291,225**	**292,454**	**293,238**	**290,364**	**283,701**
Deposits									
48 Demand deposits	61,690	51,370	52,175	49,420	54,126	49,537	51,908	47,267	47,605
49 Individuals, partnerships, and corporations	42,822	36,560	36,974	34,630	37,002	35,062	37,633	32,948	32,976
50 States and political subdivisions	1,742	705	717	552	894	617	695	530	423
51 U.S. government	242	606	771	581	226	216	780	594	594
52 Depository institutions in the United States	4,847	4,827	4,669	4,767	5,615	4,926	4,078	5,041	5,281
53 Banks in foreign countries	6,352	5,325	5,559	5,120	5,129	4,527	4,587	4,423	4,944
54 Foreign governments and official institutions	683	798	689	653	637	625	582	651	472
55 Certified and officers' checks	5,002	2,549	2,795	3,116	4,622	3,565	3,553	3,078	2,915
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,467	8,352	8,215	8,164	8,407	8,271	8,175	8,013	8,095
57 Nontransaction balances	115,221	114,540	113,768	113,469	113,833	113,232	113,407	113,045	113,216
58 Individuals, partnerships, and corporations	105,074	104,126	103,441	103,095	103,590	102,943	103,125	102,597	102,889
59 States and political subdivisions	7,745	7,986	7,805	7,840	7,708	7,736	7,733	7,853	7,775
60 U.S. government	32	31	32	30	30	30	30	30	33
61 Depository institutions in the United States	2,123	2,142	2,243	2,254	2,253	2,257	2,255	2,300	2,264
62 Foreign governments, official institutions, and banks	247	254	247	250	251	266	263	265	254
63 Liabilities for borrowed money	62,795	67,984	58,638	61,644	57,522	63,750	62,808	64,406	58,444
64 Borrowings from Federal Reserve Banks	0	0	0	0	0	700	0	1,700	0
65 Treasury tax-and-loan notes	2,588	3,130	3,045	3,926	2,882	1,172	3,564	3,277	3,876
66 All other liabilities for borrowed money[8]	60,207	64,854	55,592	57,718	54,639	61,877	59,244	59,428	54,568
67 Other liabilities and subordinated notes and debentures	29,262	30,673	30,216	29,707	28,515	28,742	27,951	28,528	27,726
68 **Total liabilities**	**277,435**	**272,920**	**263,013**	**262,404**	**262,402**	**263,532**	**264,248**	**261,258**	**255,085**
69 Residual (total assets minus total liabilities)[9]	28,550	28,637	28,494	28,469	28,824	28,922	28,989	29,105	28,616
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	211,222	211,231	208,929	209,219	208,967	207,452	207,978	207,966	208,736
71 Total loans and leases (gross) adjusted[10]	178,604	178,848	175,778	176,043	176,568	174,902	175,557	175,518	176,051
72 Time deposits in amounts of $100,000 or more	43,737	43,612	42,952	42,351	42,204	42,856	42,770	42,556	42,365
73 U.S. Treasury securities maturing in one year or less	3,103	2,821	3,183	2,758	2,742	2,821	2,826	2,835	2,788

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.

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

Millions of dollars, Wednesday figures

Account	1989								
	July 5r	July 12r	July 19r	July 26r	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
1 Cash and due from depository institutions	10,832	11,764	11,274	11,954	11,571	12,477	12,368	12,433	11,320
2 Total loans and securities	132,356	132,149	132,943	138,519	136,085	137,544	137,463	137,693	138,401
3 U.S. Treasury and government agency securities	8,664	8,556	8,664	8,425	7,936	8,089	8,428	8,226	7,911
4 Other securities	5,944	5,930	5,922	6,018	6,047	6,088	5,759	5,815	5,899
5 Federal funds sold[2]	3,960	6,535	4,673	7,868	5,970	6,506	4,492	6,781	7,769
6 To commercial banks in the United States	2,743	5,402	3,630	6,685	4,658	5,338	2,962	5,707	6,630
7 To others	1,217	1,133	1,043	1,183	1,312	1,168	1,530	1,074	1,139
8 Other loans, gross	113,788	111,128	113,684	116,208	116,132	116,861	118,784	116,871	116,822
9 Commercial and industrial	72,120	70,320	71,758	73,992	73,476	73,372	74,607	73,298	73,193
10 Bankers acceptances and commercial paper	1,761	1,664	1,733	1,712	1,533	1,832	1,850	1,794	1,781
11 All other	70,359	68,656	70,025	72,280	71,943	71,540	72,757	71,504	71,412
12 U.S. addressees	68,458	66,699	68,080	70,385	70,079	69,695	70,885	69,644	69,590
13 Non-U.S. addressees	1,901	1,957	1,945	1,895	1,864	1,845	1,872	1,860	1,822
14 Loans secured by real estate[3]	15,389	15,458	15,666	15,734	15,604	16,142	16,326	16,573	16,552
15 To financial institutions	21,801	21,252	21,929	22,265	22,584	22,656	23,022	22,539	22,914
16 Commercial banks in the United States	16,639	16,350	16,932	17,103	17,233	17,254	17,276	16,812	17,115
17 Banks in foreign countries	1,521	1,235	1,274	1,422	1,409	1,314	1,594	1,590	1,657
18 Nonbank financial institutions	3,641	3,667	3,723	3,740	3,942	4,088	4,152	4,137	4,142
19 To foreign governments and official institutions	629	630	629	633	632	623	639	636	629
20 For purchasing and carrying securities	2,160	1,799	1,902	1,830	2,168	2,050	2,404	2,203	1,775
21 All other[3]	1,689	1,669	1,800	1,754	1,668	2,018	1,786	1,622	1,759
22 Other assets (claims on nonrelated parties)	32,869	33,859	33,552	35,179	35,273	35,767	35,171	35,166	35,828
23 Net due from related institutions	17,602	15,407	16,494	16,124	14,310	12,951	15,459	14,038	13,046
24 Total assets	193,660	193,182	194,264	201,778	197,240	198,736	200,460	199,330	198,597
25 Deposits or credit balances due to other than directly related institutions	49,260	49,295	50,229	50,535	49,792	50,161	51,042	49,959	49,768
26 Transaction accounts and credit balances[4]	3,438	3,340	3,323	3,397	3,535	3,151	3,753	3,383	3,235
27 Individuals, partnerships, and corporations	2,168	2,053	2,090	2,090	2,182	1,994	2,177	2,119	2,020
28 Other	1,270	1,287	1,233	1,307	1,353	1,157	1,576	1,264	1,215
29 Nontransaction accounts[5]	45,822	45,955	46,906	47,138	46,257	47,010	47,289	46,576	46,533
30 Individuals, partnerships, and corporations	38,254	38,108	38,336	39,077	38,749	38,939	38,750	38,716	38,583
31 Other	7,568	7,847	8,570	8,061	7,508	8,071	8,539	7,860	7,950
32 Borrowings from other than directly related institutions	86,942	81,584	84,520	85,487	88,163	85,625	87,961	87,881	84,538
33 Federal funds purchased[6]	42,290	36,447	38,285	39,069	42,046	37,070	38,044	38,992	35,462
34 From commercial banks in the United States	23,565	21,640	18,653	19,644	21,884	18,945	19,941	20,380	18,200
35 From others	18,725	14,807	19,632	19,425	20,162	18,125	18,103	18,612	17,262
36 Other liabilities for borrowed money	44,652	45,137	46,235	46,418	46,117	48,555	49,917	48,889	49,076
37 To commercial banks in the United States	30,000	29,298	30,197	30,132	29,547	32,742	33,666	33,634	33,570
38 To others	14,652	15,839	16,038	16,286	16,570	15,813	16,251	15,255	15,506
39 Other liabilities to nonrelated parties	33,367	34,239	34,803	36,307	36,632	37,815	36,536	36,331	37,139
40 Net due to related institutions	24,091	28,065	24,713	29,449	22,653	25,133	24,918	25,159	27,153
41 Total liabilities	193,660	193,182	194,264	201,778	197,240	198,736	200,460	199,330	198,597
MEMO									
42 Total loans (gross) and securities adjusted[7]	112,974	110,397	112,381	114,731	114,194	114,952	117,225	115,174	114,656
43 Total loans (gross) adjusted[7]	98,366	95,911	97,795	100,288	100,211	100,775	103,038	101,133	100,846

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.

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

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

Type of holder	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Mar.	1988 June	1988 Sept.	1988 Dec.	1989 Mar.	1989 June
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**302.7**	**321.0**	**363.6**	**343.5**	**328.6**	**346.5**	**337.8**	**354.7**	**330.4**	**329.3**
2 Financial business	31.7	32.3	41.4	36.3	33.9	37.2	34.8	38.6	36.3	33.0
3 Nonfinancial business	166.3	178.5	202.0	191.9	184.1	194.3	190.3	201.2	182.2	185.9
4 Consumer	81.5	85.5	91.1	90.0	86.9	89.8	87.8	88.3	87.4	86.6
5 Foreign	3.6	3.5	3.3	3.4	3.5	3.4	3.2	3.7	3.7	2.9
6 Other	19.7	21.2	25.8	21.9	20.3	21.9	21.7	22.8	20.7	21.0
	Weekly reporting banks									
7 **All holders—Individuals, partnerships, and corporations**	**157.1**	**168.6**	**195.1**	**183.8**	**181.8**	**191.5**	**185.3**	**198.3**	**181.9**	**182.2**
8 Financial business	25.3	25.9	32.5	28.6	27.0	30.0	27.2	30.5	27.2	25.4
9 Nonfinancial business	87.1	94.5	106.4	100.0	98.2	103.1	101.5	108.7	98.6	99.8
10 Consumer	30.5	33.2	37.5	39.1	41.7	42.3	41.8	42.6	41.1	42.4
11 Foreign	3.4	3.1	3.3	3.3	3.4	3.4	3.1	3.6	3.3	2.9
12 Other	10.9	12.0	15.4	12.7	11.4	12.8	11.7	12.9	11.7	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.

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.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June	1989 July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**237,586**	**298,779**	**329,991**	**357,129**	**455,017**	**487,771**	**492,821**	**494,292**	**497,369**	**503,445**	**506,095**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	56,485	78,443	101,072	101,958	159,947	173,944	172,950	170,549	167,795	167,681	179,354
3 Bank-related (not seasonally adjusted)[3]	2,035	1,602	2,265	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	110,543	135,320	151,820	173,939	192,442	201,997	205,374	207,231	206,497	211,020	205,847
5 Bank-related (not seasonally adjusted)[3]	42,105	44,778	40,860	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	70,558	85,016	77,099	81,232	102,628	111,830	114,497	116,512	123,077	124,744	121,217
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**78,364**	**68,413**	**64,974**	**70,565**	**66,631**	**62,812**	**62,458**	**64,357**	**62,396**	**64,182**	**65,558**
Holder											
8 Accepting banks	9,811	11,197	13,423	10,943	9,086	9,401	8,336	9,616	8,908	9,333	9,370
9 Own bills	8,621	9,471	11,707	9,464	8,022	8,497	7,642	8,107	8,115	8,399	8,279
10 Bills bought	1,191	1,726	1,716	1,479	1,064	904	693	1,509	794	934	1,076
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	1,579	1,544	1,400	1,374	1,177	1,026
13 Others	67,881	56,279	50,234	58,658	56,052	51,832	52,579	53,340	52,113r	53,672	55,163
Basis											
14 Imports into United States	17,845	15,147	14,670	16,483	14,984	15,588	14,755	15,234	14,900	15,477	15,231
15 Exports from United States	16,305	13,204	12,960	15,227	14,410	13,927	13,581	14,371	14,452	15,040	15,288
16 All other	44,214	40,062	37,344	38,855	37,237	33,297	34,122	34,752	33,044	33,666	35,040

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
						June	11.07
1989—Feb. 10	11.00					July	10.98
24	11.50					Aug.	10.50
June 5	11.00					Sept.	10.50
July 31	10.50						

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

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				
				May	June	July	Aug.	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
MONEY MARKET RATES												
1 Federal funds[1,2]	6.80	6.66	7.57	9.81	9.53	9.24	8.99	9.14	8.95	8.98	9.04	9.01
2 Discount window borrowing[1,2,3]	6.32	5.66	6.20	7.00	7.00	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	9.58	9.34	8.95	8.79	8.86	8.57	8.77	8.87	8.85
4 3-month	6.49	6.82	7.66	9.47	9.11	8.68	8.57	8.59	8.30	8.50	8.66	8.66
5 6-month	6.39	6.85	7.68	9.29	8.80	8.35	8.32	8.27	7.99	8.20	8.40	8.46
Finance paper, directly placed[4,5]												
6 1-month	6.57	6.61	7.44	9.48	9.24	8.80	8.67	8.75	8.43	8.65	8.75	8.75
7 3-month	6.38	6.54	7.38	9.27	8.77	8.32	8.20	8.19	8.03	8.13	8.14	8.34
8 6-month	6.31	6.37	7.14	8.97	8.22	7.80	7.49	7.70	7.38	7.44	7.49	7.56
Bankers acceptances[5,6]												
9 3-month	6.38	6.75	7.56	9.35	8.97	8.54	8.47	8.46	8.15	8.41	8.57	8.58
10 6-month	6.28	6.78	7.60	9.15	8.66	8.19	8.22	8.09	7.86	8.13	8.32	8.36
Certificates of deposit, secondary market[7]												
11 1-month	6.61	6.75	7.59	9.61	9.35	8.96	8.77	8.89	8.55	8.74	8.87	8.83
12 3-month	6.51	6.87	7.73	9.59	9.20	8.76	8.64	8.69	8.35	8.56	8.76	8.76
13 6-month	6.50	7.01	7.91	9.60	9.09	8.59	8.56	8.52	8.21	8.43	8.67	8.73
14 Eurodollar deposits, 3-month[8]	6.70	7.07	7.85	9.66	9.28	8.85	8.71	8.84	8.48	8.54	8.75	8.83
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	5.97	5.78	6.67	8.43	8.15	7.88	7.90	7.98	7.71	7.92	7.95	7.98
16 6-month	6.02	6.03	6.91	8.41	7.93	7.61	7.74	7.62	7.45	7.66	7.82	7.92
17 1-year	6.07	6.33	7.13	8.31	7.84	7.36	7.61	7.35	7.20	7.56	7.72	7.78
Auction average[10]												
18 3-month	5.98	5.82	6.68	8.40	8.22	7.92	7.91	8.09	7.65	7.94	8.01	7.99
19 6-month	6.03	6.05	6.92	8.39	8.00	7.63	7.72	7.73	7.35	7.70	7.83	7.85
20 1-year	6.07[r]	6.33	7.17	8.44	8.18	7.58	7.45	n.a.	7.22	n.a.	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	8.98	8.44	7.89	8.18	7.86	7.73	8.12	8.30	8.36
22 2-year	6.86	7.42	8.10	9.02	8.41	7.82	8.14	7.75	7.61	8.01	8.26	8.36
23 3-year	7.06	7.68	8.26	8.98	8.37	7.83	8.13	7.77	7.66	8.01	8.23	8.33
24 5-year	7.30	7.94	8.47	8.91	8.29	7.83	8.09	7.75	7.64	7.99	8.20	8.26
25 7-year	7.54	8.23	8.71	8.88	8.31	7.94	8.11	7.86	7.72	8.00	8.20	8.27
26 10-year	7.67	8.39	8.85	8.86	8.28	8.02	8.11	7.97	7.82	8.04	8.18	8.23
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	8.83	8.27	8.08	8.12	8.08	7.91	8.10	8.17	8.19
Composite[13]												
29 Over 10 years (long-term)	8.14	8.64	8.98	8.95	8.40	8.19	8.26	8.17	7.99	8.22	8.32	8.35
State and local notes and bonds												
Moody's series[14]												
30 Aaa	6.95	7.14	7.36	7.22	6.79	6.69	6.67	6.60	6.72	6.66	6.66	6.66
31 Baa	7.76	8.17	7.83	7.66	7.27	7.17	7.03	7.20	6.90	7.00	7.10	7.07
32 *Bond Buyer* series[15]	7.32	7.63	7.68	7.25	7.02	6.96	7.06	6.95	6.86	7.02	7.09	7.15
Corporate bonds												
Seasoned issues[16]												
33 All industries	9.71	9.91	10.18	9.97	9.50	9.34	9.36	9.32	9.24	9.30	9.38	9.43
34 Aaa	9.02	9.38	9.71	9.59	9.10	8.93	8.96	8.91	8.81	8.92	8.99	9.02
35 Aa	9.47	9.68	9.94	9.77	9.29	9.14	9.14	9.10	9.02	9.09	9.17	9.21
36 A	9.95	9.99	10.24	10.01	9.59	9.42	9.45	9.41	9.34	9.38	9.46	9.54
37 Baa	10.39	10.58	10.83	10.48	10.03	9.87	9.88	9.86	9.77	9.82	9.90	9.92
38 A-rated, recently offered utility bonds[17]	9.61	9.95	n.a.	n.a.	n.a.	n.a.	n.a.	9.45	9.54	9.56	9.55	9.58
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	8.76	8.37	9.23	9.32	8.96	8.81	8.75	8.69	8.69	8.69	8.87	8.61
40 Common stocks	3.48	3.08	3.64	3.52	3.44	3.38	3.28	3.31	3.28	3.27	3.28	3.30

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.

1.36 STOCK MARKET Selected Statistics

Indicator	1986	1987	1988	1988	1989							
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	136.03	161.78	149.97	155.35	160.35	165.08	164.56	169.38	175.30	180.76	185.15	192.93
2 Industrial	155.85	195.31	180.83	187.75	194.62	200.00	197.58	204.81	211.81	216.75	221.74	231.32
3 Transportation	119.87	140.39	134.01	144.06	153.09	162.66	153.85	164.32	169.05	173.47	179.32	197.53
4 Utility	71.36	74.29	72.22	74.81	75.87	77.84	87.16	79.69	84.21	87.95	90.40	92.90
5 Finance	147.19	146.48	127.41	128.83	132.26	137.19	146.14	143.26	146.82	154.08	157.78	164.86
6 Standard & Poor's Corporation (1941–43 = 10)[1]	236.39	287.00	265.88	276.51	285.41	294.01	292.71	302.25	313.93	323.73	331.92	346.61
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	264.91	316.78	295.08	298.59	316.14	323.97	327.47	336.82	349.50	362.73	368.52	379.28
Volume of trading (thousands of shares)												
8 New York Stock Exchange	141,020	188,922	161,386	135,233	168,204	169,223	159,024	161,863	171,495	180,680	162,501	171,683
9 American Stock Exchange	11,846	13,832	9,955	11,227	10,797	11,780	11,395	11,529	11,699	13,519	11,702r	14,538
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**36,840**	**31,990**	**32,740**	**32,740**	**32,530**	**31,480**	**32,130**	**32,610**	**33,140**	**34,730**	**34,360**	**33,940**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,880	4,750	5,660	5,660	5,790	5,605	5,345	5,450	5,250	6,900	5,420	5,580
12 Cash-account	19,000	15,640	16,595	16,595	15,705	16,195	16,045	16,125	15,965	19,080	16,345	16,015

	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.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1986	1987	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June
						SAIF-insured institutions						
1 **Assets**	**1,163,851**	**1,250,855**	**1,323,840**	**1,332,878**	**1,332,905**	**1,350,500**	**1,337,380r**	**1,339,119r**	**1,340,711r**	**1,345,453r**	**1,346,638r**	**1,339,256**
2 Mortgages	697,451	721,593	754,389	760,790	763,001	764,513	767,191r	767,529r	769,393r	773,367r	774,344r	773,025
3 Mortgage-backed securities	158,193	201,828	211,195	211,833	212,512	214,587	211,337	213,119	215,172r	216,170r	216,280r	211,194
4 Contra-assets to mortgage assets[1]	41,799	42,344	38,500	38,297	37,739	37,950	37,177r	37,038r	37,873r	37,810r	37,512r	37,508
5 Commercial loans	23,683	23,163	24,782	25,413	25,513	33,689	33,046r	33,045r	32,938r	32,884r	33,074r	33,137
6 Consumer loans	51,622	57,902	61,558	61,053	61,504	61,922	62,090r	62,083r	61,471r	61,758r	61,884r	60,744
7 Contra-assets to non-mortgage loans[2]	3,041	3,467	3,074	2,932	2,959	3,056	2,937r	3,014	3,165r	2,905r	2,923	3,151
8 Cash and investment securities	164,844	169,717	183,178	184,637	179,830	186,986	178,771r	177,158r	177,151r	175,922r	174,308r	175,232
9 Other[3]	112,898	122,462	130,313	130,388	131,243	129,610	125,059r	126,237r	125,644r	126,067r	127,183r	126,583
10 **Liabilities and net worth**	**1,163,851**	**1,250,855**	**1,323,840**	**1,332,878**	**1,332,905**	**1,350,500**	**1,337,380r**	**1,339,119r**	**1,340,711r**	**1,345,453r**	**1,346,638r**	**1,339,256**
11 Savings capital	890,664	932,616	973,742	976,163	971,497	971,700	963,820r	957,358r	956,661r	954,495r	955,566r	960,084
12 Borrowed money	196,929	249,917	273,665	278,301	281,088	299,400r	299,418r	305,676r	312,986r	318,662r	318,362r	312,036
13 FHLBB	100,025	116,363	123,436	124,368	127,548	134,168	135,712	140,089	146,007	147,993	146,513	144,224
14 Other	96,904	133,554	150,229	153,933	153,540	165,232r	163,706r	165,587r	166,979r	170,669r	171,849r	167,812
15 Other	23,975	21,941	26,021	27,558	29,178	24,216	29,741r	31,759r	29,597r	31,662r	33,613r	29,988
16 Net worth	52,282	46,382	50,412	50,855	51,143	55,185	58,847r	58,920r	57,430r	56,189r	54,649r	53,374
						SAIF-insured federal savings banks						
17 **Assets**	**210,562**	**284,270**	**367,928**	**369,682**	**374,930**	**425,983**	**423,895**	**432,690**	**443,196**	**455,195**	**469,973**	
18 Mortgages	113,638	161,926	207,952	207,207	210,732	227,869	231,664	235,391	241,313	246,716	253,842	
19 Mortgage-backed securities	29,766	45,826	56,399	56,630	57,815	64,957	62,770	65,896	68,053	69,935	73,930	
20 Contra-assets to mortgage assets[1]	n.a.	9,100	10,982	10,894	10,901	13,140	12,266	12,672	13,168	13,027	13,237	
21 Commercial loans	n.a.	6,504	8,694	8,880	9,041	16,731	16,171	16,320	16,319	16,508	16,943	
22 Consumer loans	13,180	17,696	22,420	22,421	22,679	24,222	25,050	25,991	26,148	26,725	27,995	
23 Contra-assets to non-mortgage loans[2]	n.a.	678	785	789	803	889	812	856	935	828	901	
24 Finance leases plus interest	n.a.	591	804	804	831	880	905	946	965	998	1,072	n.a.
25 Cash and investment	n.a.	35,347	48,984	48,818	48,028	61,029	57,454	57,989	59,042	61,330	62,083	
26 Other	19,034	24,069	34,442	29,178	29,942	35,428	33,974	34,646	36,313	37,367	38,052	
27 **Liabilities and net worth**	**210,562**	**284,270**	**367,928**	**369,682**	**374,930**	**425,983**	**423,895**	**432,690**	**443,196**	**455,195**	**469,973**	
28 Savings capital	157,872	203,196	261,862	262,922	263,984	298,197	298,530	301,778	307,588	315,725	324,372	
29 Borrowed money	37,329	60,716	80,674	80,779	83,628	99,286	98,304	102,902	107,179	109,997	114,847	
30 FHLBB	19,897	29,617	37,245	37,510	39,630	46,265	46,470	48,951	51,531	53,513	55,457	
31 Other	17,432	31,099	43,429	43,269	43,998	53,021	51,834	53,951	55,648	56,484	59,390	
32 Other	4,263	5,324	7,374	7,667	8,319	8,075	8,275	8,885	8,608	9,311	10,185	
33 Net worth	11,098	15,034	17,886	18,194	18,882	20,235	21,633	22,142	23,218	23,340	23,896	
						Savings banks						
34 **Assets**	**236,866**	**259,643**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**	**255,226**	**255,006**	**257,531**	
Loans												
35 Mortgage	118,323	138,494	143,626	145,398	146,501	147,597	144,998	145,426	145,174	145,699	144,687	
36 Other	35,167	33,871	32,879	33,234	33,791	31,269	32,450	32,369	33,194	32,329	34,464	
Securities												
37 U.S. government	14,209	13,510	11,182	10,896	10,804	11,457	10,485	10,315	10,318	10,391	10,154	
38 Mortgage-backed securities	25,836	32,772	29,190	29,893	29,372	29,751	29,258	29,085	29,373	29,572	30,275	
39 State and local government	2,185	2,003	1,878	1,872	1,887	1,848	1,835	1,829	1,814	1,798	1,984	
40 Corporate and other	20,459	18,772	17,234	16,886	16,773	17,822	15,964	15,812	15,984	15,588	15,763	
41 Cash	6,894	5,864	5,463	4,825	5,093	7,050	5,532	5,465	5,972	6,068	5,591	
42 Other assets	13,793	14,357	14,058	14,123	14,316	14,567	13,797	13,864	13,397	13,561	14,613	n.a.
43 **Liabilities**	**236,866**	**259,643**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**	**255,226**	**255,006**	**257,531**	
44 Deposits	192,194	201,497	197,665	197,925	199,092	202,058	195,452	195,308	199,399	199,538	199,790	
45 Regular[4]	186,345	196,037	192,228	192,663	194,095	196,407	190,378	190,422	194,276	194,059	194,636	
46 Ordinary savings	37,717	41,959	39,618	39,375	39,482	39,750	38,221	38,049	38,070	36,801	36,661	
47 Time	100,809	112,429	116,387	117,712	119,026	121,148	118,612	119,109	123,162	125,378	126,185	
48 Other	5,849	5,460	5,427	5,262	4,997	5,651	5,074	4,886	7,206	5,479	5,154	
49 Other liabilities	25,274	35,720	35,001	35,997	36,012	36,169	33,782	33,642	30,500	30,020	33,084	
50 General reserve accounts	18,105	20,633	20,151	20,324	20,462	20,337	20,138	20,336	20,338	20,254	19,874	

1.37—Continued

Account	1986	1987	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June
	Credit unions[5]											
51 **Total assets/liabilities and capital**	**147,726**		**174,649**	**174,722**	**174,406**	**174,593**	**175,027**	**176,270**	**178,175**	**177,417**	**178,812**	**180,664**
52 Federal	95,483		113,383	113,474	113,717	114,566	114,909	115,543	117,555	115,416	116,705	117,632
53 State	52,243		61,266	61,248	61,135	60,027	60,118	60,727	60,620	62,001	62,107	63,032
54 Loans outstanding	86,137	n.a.	110,939	111,624	112,452	113,191	114,012	113,880	114,572	115,249	116,947	119,101
55 Federal	55,304		72,200	72,551	73,100	73,766	74,083	73,917	74,395	75,003	76,052	77,729
56 State	30,833		38,739	39,073	39,352	39,425	39,927	39,963	40,177	40,246	40,895	41,372
57 Savings	134,327		157,944	160,174	159,021	159,010	159,106	161,073	164,322	161,388	162,134	164,415
58 Federal	87,954		103,698	104,184	103,223	104,431	104,629	105,262	107,368	105,208	105,787	106,984
59 State	46,373		54,246	55,990	55,798	54,579	54,477	55,811	56,954	56,180	56,347	57,431
	Life insurance companies											
60 **Assets**	**937,551**	**1,044,459**	**1,131,179**	**1,139,490**	**1,144,854**	**1,157,140**	**1,167,184**	**1,173,325**	**1,184,963**	**1,193,032**		
Securities												
61 Government	84,640	84,426	87,588	88,883	89,510	88,167	88,747	88,168	88,941	87,938		
62 United States[6]	59,033	57,078	59,874	60,621	61,108	60,685	61,042	60,800	61,175	60,220		
63 State and local	11,659	10,681	11,054	11,069	11,189	11,126	11,036	10,736	10,848	11,068		
64 Foreign[7]	13,948	16,667	16,660	17,193	17,213	16,356	16,669	16,632	16,918	16,650		
65 Business	492,807	569,199	630,086	633,390	638,350	644,894	655,149	659,826	665,843	673,826	n.a.	n.a.
66 Bonds	401,943	472,684	525,336	527,419	532,197	538,053	545,970	550,630	556,396	563,453		
67 Stocks	90,864	96,515	104,750	105,971	106,153	106,841	109,179	109,196	109,447	110,373		
68 Mortgages	193,842	203,545	225,627	227,342	229,234	232,639	233,334	233,827	234,910	236,439		
69 Real estate	31,615	34,172	35,892	36,892	36,673	37,972	38,112	38,690	38,942	39,071		
70 Policy loans	54,055	53,626	53,149	53,157	53,148	53,020	53,210	53,265	53,364	53,536		
71 Other assets	80,592	89,586	98,837	99,826	94,116	95,518	98,632	99,550	102,963	102,222		

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."

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 1989 Mar.	Apr.	May	June	July	Aug.
U.S. budget[1]									
1 Receipts, total	769,091	854,143	908,953	68,276	128,952	71,115	108,317	66,255	76,257
2 On-budget	568,862	640,741	667,462	44,677	99,679	49,493	84,110	45,737	57,253
3 Off-budget	200,228	213,402	241,491	23,598	29,273	21,622	24,206	20,518	19,004
4 Outlays, total	990,258	1,003,830	1,064,044	104,055	88,381	96,581	100,528	84,494	98,407
5 On-budget	806,760	809,998	861,352	85,191	71,798	77,851	83,994	66,688	79,314
6 Off-budget	183,498	193,832	202,691	18,864	16,582	18,730	16,534	17,806	19,092
7 Surplus, or deficit (−), total	−221,167	−149,687	−155,090	−35,779	40,572	−25,466	7,789	−18,239	−22,150
8 On-budget	−237,898	−169,257	−193,890	−40,513	27,881	−28,358	116	−20,951	−22,062
9 Off-budget	16,731	19,570	38,800	4,735	12,691	2,891	7,673	2,712	−88
Source of financing (total)									
10 Borrowing from the public	236,187	150,070	162,062	13,405	−1,291	10,214	1,098	−3,962	35,854
11 Operating cash (decrease, or increase (−))	−14,324	−5,052	−7,963	10,154	−38,788	21,396	−11,649	21,564	−3,235
12 Other[2]	−696	4,669	991	12,221	−493	−6,144	2,762	636	−10,469
MEMO									
13 Treasury operating balance (level, end of period)	31,384	36,436	44,398	14,672	53,461	32,065	43,713	22,149	25,384
14 Federal Reserve Banks	7,514	9,120	13,024	4,462	22,952	5,289	12,154	5,312	6,652
15 Tax and loan accounts	23,870	27,316	31,375	10,211	30,508	26,776	31,560	16,837	18,732

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

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

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

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

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year 1987 H2	1988 H1	1988 H2	1989 H1	1989 June	1989 July	1989 Aug.
RECEIPTS									
1 **All sources**	**854,143**	**908,954**	**421,712**	**476,115**	**449,821**	**528,007**	**108,317**	**66,255**	**76,257**
2 Individual income taxes, net	392,557	401,181	192,575	207,659	200,299	233,568	49,876	29,377	36,932
3 Withheld	322,463	341,435	170,203	169,300	179,600	174,230	33,338	28,343	34,200
4 Presidential Election Campaign Fund	33	33	4	28	4	28	4	1	1
5 Nonwithheld	142,957	132,199	31,223	101,614	29,880	121,563	18,509	2,424	4,076
6 Refunds	72,896	72,487	8,853	63,283	9,187	62,255	1,975	1,392	1,345
Corporation income taxes									
7 Gross receipts	102,859	109,683	52,821	58,002	56,409	61,585	21,418	2,921	2,872
8 Refunds	18,933	15,487	7,119	8,706	7,384	7,812	849	880	909
9 Social insurance taxes and contributions, net	303,318	334,335	143,755	181,058	157,603	200,127	31,276	27,941	28,470
10 Employment taxes and contributions[2]	273,028	305,093	130,388	164,412	144,983	184,569	30,572	25,979	24,127
11 Self-employment taxes and contributions[3]	13,987	17,691	1,889	14,839	3,032	16,371	2,389	0	−733
12 Unemployment insurance	25,575	24,584	10,977	14,363	10,359	13,279	294	1,614	3,983
13 Other net receipts[4]	4,715	4,659	2,390	2,284	2,262	2,277	410	348	360
14 Excise taxes	32,457	35,540	17,680	16,440	19,434	17,371	2,987	2,779	2,965
15 Customs deposits	15,085	16,198	7,993	7,913	8,535	8,350	1,482	1,495	1,774
16 Estate and gift taxes	7,493	7,594	3,610	3,863	4,054	4,583	736	689	753
17 Miscellaneous receipts[5]	19,307	19,909	10,399	9,950	10,873	10,235	1,389	1,933	3,399
OUTLAYS									
18 **All types**	**1,003,830**	**1,064,055**	**532,839**	**513,210**	**553,217**	**565,958**	**100,528**	**84,494**	**98,407**
19 National defense	281,999	290,361	146,995	143,080	150,496	148,098	29,037	21,220	26,018
20 International affairs	11,649	10,471	4,487	7,150	2,636	6,605	867	347	848
21 General science, space, and technology	9,216	10,841	5,469	5,361	5,852	6,238	1,171	1,000	1,202
22 Energy	4,115	2,297	1,468	555	1,966	2,221	509	106	287
23 Natural resources and environment	13,363	14,606	7,590	6,776	8,330	7,022	1,419	1,164	1,264
24 Agriculture	26,606	17,210	14,640	7,872	7,725	9,619	504	499	−274
25 Commerce and housing credit	6,182	18,808	3,852	5,951	20,274	4,129	973	1,494	2,070
26 Transportation	26,222	27,272	14,096	12,700	14,922	13,023	2,397	2,294	2,623
27 Community and regional development	5,051	5,294	2,075	2,765	2,690	1,833	563	535	649
28 Education, training, employment, and social services	29,724	31,938	15,592	15,451	16,152	18,096	2,654	2,637	3,493
29 Health	39,968	44,490	20,750	22,643	23,360	24,078	4,270	4,124	4,520
30 Social security and medicare	282,472	297,828	158,469	135,322	149,508	162,195	30,430	26,142	27,625
31 Income security	123,250	129,332	61,201	65,555	64,978	70,937	9,826	10,264	11,176
32 Veterans benefits and services	26,782	29,428	14,956	13,241	15,797	14,891	3,590	1,196	2,246
33 Administration of justice	7,548	9,223	4,291	4,761	4,778	5,233	851	847	860
34 General government	5,948	7,658	3,560	4,337	5,137	3,858	1,140	−53	785
35 General-purpose fiscal assistance	1,621	1,816	1,175	448	0	0	n.a.	n.a.	n.a.
36 Net interest[6]	138,570	151,748	71,933	76,098	78,317	86,009	13,376	14,003	16,011
37 Undistributed offsetting receipts[7]	−36,455	−36,967	−17,684	−17,766	−18,771	−18,131	−3,050	−3,325	−2,998

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*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1987			1988				1989	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**2,313.1**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**	**2,614.6**	**2,707.3**	**2,763.6**	n.a.
2 Public debt securities	2,309.3	2,350.3	2,431.7	2,487.6	2,547.7	2,602.2	2,684.4	2,740.9	2,799.9
3 Held by public	1,871.1	1,893.1	1,954.1	1,996.7	2,013.4	2,051.7	2,095.2	2,133.4	2,142.1
4 Held by agencies	438.1	457.2	477.6	490.8	534.2	550.4	589.2	607.5	n.a.
5 Agency securities	3.8	4.0	3.5	5.6	7.4	12.4	22.9	22.7	n.a.
6 Held by public	2.8	3.0	2.7	5.1	7.0	12.2	22.6	22.3	n.a.
7 Held by agencies	1.0	1.0	.8	.6	.5	.2	.3	.4	n.a.
8 **Debt subject to statutory limit**	**2,295.0**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**	**2,586.9**	**2,669.1**	**2,725.6**	**2,784.6**
9 Public debt securities	2,293.7	2,334.7	2,416.3	2,472.1	2,532.1	2,586.7	2,668.9	2,725.5	2,784.3
10 Other debt[1]	1.3	1.3	1.1	.5	.1	.1	.2	.2	.2
11 MEMO: Statutory debt limit	2,320.0	2,800.0	2,800.0	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		1989	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**1,945.9**	**2,214.8**	**2,431.7**	**2,684.4**	**2,602.2**	**2,684.4**	**2,740.9**	**2,799.9**
By type								
2 Interest-bearing debt	1,943.4	2,212.0	2,428.9	2,663.1	2,599.9	2,663.1	2,738.3	2,797.4
3 Marketable	1,437.7	1,619.0	1,724.7	1,821.3	1,802.9	1,821.3	1,871.7	1,877.3
4 Bills	399.9	426.7	389.5	414.0	398.5	414.0	417.0	397.1
5 Notes	812.5	927.5	1,037.9	1,083.6	1,089.6	1,083.6	1,121.4	1,137.2
6 Bonds	211.1	249.8	282.5	308.9	299.9	308.9	318.4	328.0
7 Nonmarketable[1]	505.7	593.1	704.2	841.8	797.0	841.8	866.6	920.1
8 State and local government series	87.5	110.5	139.3	151.5	147.6	151.5	154.4	156.0
9 Foreign issues[2]	7.5	4.7	4.0	6.6	6.3	6.6	6.7	6.2
10 Government	7.5	4.7	4.0	6.6	6.3	6.6	6.7	6.2
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	78.1	90.6	99.2	107.6	106.2	107.6	110.4	112.3
13 Government account series[3]	332.2	386.9	461.3	575.6	536.5	575.6	594.7	645.2
14 Non-interest-bearing debt	2.5	2.8	2.8	21.3	2.3	21.3	2.6	2.5
By holder[4]								
15 U.S. government agencies and trust funds	348.9	403.1	477.6	589.2	550.4	589.2	607.5	
16 Federal Reserve Banks	181.3	211.3	222.6	238.4	229.2	238.4	228.6	
17 Private investors	1,417.2	1,602.0	1,745.2	1,852.8	1,819.0	1,852.8	1,900.2	
18 Commercial banks	198.2	203.5	201.2	195.0	203.0	195.0	n.a.	
19 Money market funds	25.1	28.0	14.3	18.8	10.8	18.8	n.a.	
20 Insurance companies	78.5	105.6	120.6	n.a.	135.0	n.a.	n.a.	
21 Other companies	59.0	68.8	84.6	86.1	86.0	86.1	n.a.	n.a.
22 State and local Treasurys	226.7	262.8	282.6	n.a.	287.0	n.a.	n.a.	
Individuals								
23 Savings bonds	79.8	92.3	101.1	109.6	107.8	109.6	112.2	
24 Other securities	75.0	70.5	72.3	77.8	76.7	77.8	n.a.	
25 Foreign and international[5]	212.5	251.6	287.3	349.5	333.3	349.5	363.1	
26 Other miscellaneous investors[6]	462.4	518.9	581.2	n.a.	579.4	n.a.	n.a.	

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

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

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

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

	Item	1986	1987	1988	1989 June[r]	1989 July	1989 Aug.	1989 July 26	1989 Aug. 2	1989 Aug. 9	1989 Aug. 16	1989 Aug. 23	1989 Aug. 30
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**95,444**	**110,050**	**101,623**	**129,278**	**114,088[r]**	**119,895**	**104,347**	**145,649**	**143,096**	**144,012**	**107,355**	**75,186**
	By maturity												
2	Bills	34,247	37,924	29,387	30,772	29,002	30,998	27,649	36,086	32,046	38,808	27,320	21,298
3	Other within 1 year	2,115	3,271	3,426	3,391	2,697	2,665	1,747	3,722	2,301	3,167	2,293	2,506
4	1–5 years	24,667	27,918	27,777	34,861	31,584[r]	36,322	29,682	38,283	44,954	41,428	37,646	23,293
5	5–10 years	20,455	24,014	24,939	35,669	33,578	31,428	29,775	42,417	42,940	33,861	24,882	19,250
6	Over 10 years	13,961	16,923	16,093	24,585	17,227	18,482	15,494	25,141	20,855	26,748	15,214	8,839
	By type of customer												
7	U.S. government securities dealers	3,669	2,936	2,761	3,198	3,093	3,823	3,369	4,190	3,606	6,833	3,290	1,934
8	U.S. government securities brokers	49,558	61,539	59,844	78,116	66,756[r]	71,928	61,919	84,570	87,017	85,478	64,316	45,950
9	All others[3]	42,217	45,575	39,019	47,964	44,238[r]	44,145	39,058	56,889	52,472	51,702	39,749	27,303
10	Federal agency securities	16,747	18,084	15,903	19,891	20,855[r]	19,023	17,906	21,099	23,080	20,746	14,337	17,169
11	Certificates of deposit	4,355	4,112	3,369	2,939	3,020	2,466	2,334	3,089	2,354	2,829	2,525	2,242
12	Bankers acceptances	3,272	2,965	2,316	2,508	2,592	1,909	2,280	2,577	1,977	1,950	1,569	1,870
13	Commercial paper	16,660	17,135	22,927	32,185	33,548	31,004	29,607	33,162	28,003	32,628	33,680	28,075
	Futures contracts[4]												
14	Treasury bills	3,311	3,233	2,627	1,852	1,600	1,696	2,299	1,928	1,999	2,650	1,519	523
15	Treasury coupons	7,175	8,963	9,695	12,837	9,012[r]	10,520	7,366[r]	12,359	10,277	12,717	11,542	6,724
16	Federal agency securities	16	5	1	3	21	8	28	37	0	20	0	0
	Forward transactions[5]												
17	U.S. Treasury securities	1,876	2,029	2,095	1,526	1,654[r]	3,004	1,837	1,726	3,049	1,739	6,202	1,930
18	Federal agency securities	7,830	9,290	8,008	9,829	10,262[r]	12,068	8,458[r]	8,758	14,619	16,234	10,760	7,866

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

	Item	1986	1987	1988	1989 June	1989 July^{r}	1989 Aug.	1989 Aug. 2	1989 Aug. 9	1989 Aug. 16	1989 Aug. 23	1989 Aug. 30
						Positions						
	Net immediate[2]											
1	**U.S. Treasury securities**	**12,912**	**−6,216**	**−22,765**	**−6,292**^{r}	**−171**	**3,940**	**−1,087**	**−8,146**	**4,864**	**5,825**	**14,629**
2	Bills	12,761	4,317	2,238	368^{r}	1,329	10,490	834	83	10,320	14,070	19,490
3	Other within 1 year	3,705	1,557	−2,236	−435	−849	−838	−1,372	−712	−725	−911	−915
4	1–5 years	9,146	649	−3,020	4,650^{r}	11,643	8,029	12,945	9,803	8,884	5,208	7,342
5	5–10 years	−9,505	−6,564	−9,663	−5,052^{r}	−7,693	−8,763	−10,313	−11,387	−8,843	−7,964	−6,454
6	Over 10 years	−3,197	−6,174	−10,084	−5,822	−4,600	−4,978	−3,181	−5,933	−4,773	−4,578	−4,834
7	Federal agency securities	32,984	31,911	28,230	29,467^{r}	31,289	35,288	35,063	35,907	38,979	33,615	33,459
8	Certificates of deposit	10,485	8,188	7,300	6,037	7,029	6,727	6,617	6,875	6,296	6,433	7,353
9	Bankers acceptances	5,526	3,660	2,486	2,357	2,122	1,875	2,084	2,179	1,670	1,654	1,941
10	Commercial paper	8,089	7,496	6,152	8,830	9,895	7,490	11,643	8,594	6,445	6,510	6,793
	Futures positions											
11	Treasury bills	−18,059	−3,373	−2,210	−4,741^{r}	−5,792	−5,372	−5,400	−5,997	−5,554	−5,170	−4,724
12	Treasury coupons	3,473	5,988	6,224	−2,311^{r}	−3,273	−2,661	−4,526	−3,223	−3,012	−1,756	−2,230
13	Federal agency securities	−153	−95	0	14	51	7	48	15	17	0	0
	Forward positions											
14	U.S. Treasury securities	−2,144	−1,211	346	−1,885	−1,334	−1,470	−1,036	−1,197	−1,410	−2,048	−1,448
15	Federal agency securities	−11,840	−18,817	−16,348	−20,199^{r}	−19,556	−20,643	−19,968	−20,561	−24,089	−19,763	−19,168
						Financing[3]						
	Reverse repurchase agreements[4]											
16	Overnight and continuing	98,913	126,709	136,327	166,152	164,417	155,036	171,910	167,902	165,846	156,449	154,204
17	Term	108,607	148,288	177,477	243,026	231,321	213,866	239,207	238,307	215,004	217,656	217,133
	Repurchase agreements[5]											
18	Overnight and continuing	141,823	170,763	172,695	229,554	227,095	216,145	227,671	222,246	235,355	226,947	218,650
19	Term	102,397	121,270	137,056	189,841	195,700	182,019	212,919	210,570	185,537	180,727	175,285

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1985	1986	1987	1988	1989				
					Mar.	Apr.	May	June	July
1 **Federal and federally sponsored agencies**	**293,905**	**307,361**	**341,386**	**381,498**	**397,318**	**402,764**	**407,323**	**403,749r**	n.a.
2 Federal agencies	36,390	36,958	37,981	35,668	36,348	36,402	36,275	36,404r	36,453
3 Defense Department[1]	71	33	13	8	8	7	7	7	7
4 Export-Import Bank[2,3]	15,678	14,211	11,978	11,033	11,007	11,007	11,007	11,014r	11,014
5 Federal Housing Administration[4]	115	138	183	150	172	182	196	218	245
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	1,615	0	0	0	0	0	0
7 Postal Service[6]	1,940	3,104	6,103	6,142	6,742	6,742	6,445	6,445	6,445
8 Tennessee Valley Authority	16,347	17,222	18,089	18,335	18,419	18,464	18,620	18,720	18,742
9 United States Railway Association[6]	74	85	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	257,515	270,553	303,405	345,830	360,970	366,362	371,048	367,345	n.a.
11 Federal Home Loan Banks	74,447	88,752	115,725	135,834	149,950	154,146	156,354	153,892	151,487
12 Federal Home Loan Mortgage Corporation	11,926	13,589	17,645	22,797	23,392	22,676	21,620	22,156	25,690
13 Federal National Mortgage Association	93,896	93,563	97,057	105,459	104,666	104,675	105,404	106,308	109,926
14 Farm Credit Banks[8]	68,851	62,478	55,275	53,127	52,069	51,678	53,375	52,387	53,158
15 Student Loan Marketing Association[9]	8,395	12,171	16,503	22,073	23,753	25,361	26,469	24,256	n.a.
16 Financing Corporation[10]	n.a.	n.a.	1,200	5,850	6,450	6,980	6,980	7,500	7,500
17 Farm Credit Financial Assistance Corporation[11]	n.a.	n.a.	n.a.	690	690	846	846	846	n.a.
MEMO									
18 **Federal Financing Bank debt**[12]	**153,373**	**157,510**	**152,417**	**142,850**	**141,864**	**141,162**	**140,220**	**139,568**	**138,814**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,670	14,205	11,972	11,027	11,001	11,001	11,001	11,008r	11,008
20 Postal Service[6]	1,690	2,854	5,853	5,892	6,492	6,492	6,195	6,195	6,195
21 Student Loan Marketing Association	5,000	4,970	4,940	4,910	4,910	4,910	4,910	4,910	4,910
22 Tennessee Valley Authority	14,622	15,797	16,709	16,955	17,039	17,084	17,240	17,340	17,362
23 United States Railway Association[6]	74	85	0	0	0	0	0	0	0
Other Lending[13]									
24 Farmers Home Administration	64,234	65,374	59,674	58,496	57,841	57,086	56,311	55,586	54,911
25 Rural Electrification Administration	20,654	21,680	21,191	19,246	19,195	19,230	19,236	19,236	19,257
26 Other	31,429	32,545	32,078	26,324	25,386	25,359	25,327	25,293r	25,171

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.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1989							
				Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
1 **All issues, new and refunding**[1]	**147,011**	**102,407**	**114,522**	**6,640**	**8,054**	**8,626**	**7,464**	**7,435**	**13,775**	**8,735**	**8,710**
Type of issue											
2 General obligation	46,346	30,589	30,312	1,784	3,955	2,185	2,301	2,342	4,960	3,789	2,079
3 Revenue	100,664	71,818	84,210	4,856	4,099	6,441	5,163	5,093	8,815	4,946	6,631
Type of issuer											
4 State	14,474	10,102	8,830	280	1,896	256	1,407	392	1,989	970	918
5 Special district and statutory authority[2]	89,997	65,460	74,409	4,882	3,832	5,962	4,238	4,979	8,033	4,868	6,212
6 Municipalities, counties, and townships	42,541	26,845	31,193	1,478	2,326	2,408	1,819	2,064	3,753	2,897	1,580
7 **Issues for new capital, total**	**83,492**	**56,789**	**79,665**	**4,141**	**5,222**	**6,486**	**6,061**	**5,938**	**10,078**	**6,816**	**5,658**
Use of proceeds											
8 Education	12,307	9,524	15,021	827	826	1,055	1,225	1,024	2,678	998	1,171
9 Transportation	7,246	3,677	6,825	344	382	445	743	748	576	500	555
10 Utilities and conservation	14,594	7,912	8,496	1,335	847	901	759	467	1,058	551	712
11 Social welfare	11,353	11,106	19,027	509	743	1,329	1,048	1,376	1,509	1,632	1,149
12 Industrial aid	6,190	7,474	5,624	293	250	253	374	361	329	440	408
13 Other purposes	31,802	18,020	24,672	834	2,174	2,503	1,912	1,962	3,928	2,695	1,663

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						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues**[1]	**424,737[r]**	**392,156**	**408,978[r]**	**12,389**	**15,494[r]**	**14,693**	**26,188[r]**	**14,384**	**21,090[r]**	**23,905**	**15,430**
2 **Bonds**[2]	**356,304[r]**	**325,648**	**351,177[r]**	**10,338**	**14,243**	**12,158**	**25,577**	**13,396**	**19,489[r]**	**21,085**	**12,075**
Type of offering											
3 Public, domestic	232,742[r]	209,279	200,299[r]	10,203	11,383	9,964	22,995	11,471	17,583[r]	18,177[r]	10,700
4 Private placement, domestic[3]	80,760	92,070	127,700	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Sold abroad	42,801[r]	24,299	23,178	135	2,860	2,194	2,582	1,925	1,906[r]	2,903[r]	1,500
Industry group											
6 Manufacturing	90,788[r]	61,666	69,708	1,485	1,660	1,319	7,456	1,457	7,716	3,273	2,659
7 Commercial and miscellaneous	41,909[r]	49,327	61,985[r]	748	2,047	1,118	882	843	2,162[r]	1,628	1,204
8 Transportation	10,423[r]	11,974	9,975	0	0	102	0	100	150	480	0
9 Public utility	30,973[r]	23,004	19,318	264	665	670	153	1,695	385	2,936	1,173
10 Communication	16,441[r]	7,340	5,901	158	0	230	63	453	122	4	300
11 Real estate and financial	165,770[r]	172,343	184,286	7,683	9,871	8,719[r]	17,023	8,848	8,956[r]	12,764	6,739
12 **Stocks**[3]	**68,433**	**66,508**	**57,802**	**2,051**	**1,251[r]**	**2,535**	**611[r]**	**988**	**1,601[r]**	**2,820[r]**	**3,355**
Type											
13 Preferred	11,514	10,123	6,544	495	275	975	0[r]	495	325[r]	330[r]	920
14 Common	50,316	43,225	35,911	1,556	976[r]	1,561[r]	611	493	1,276	2,485[r]	2,435
15 Private placement[3]	6,603	13,157	15,346	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	15,027	13,880	7,608	425	33	833[r]	127	135	330[r]	626[r]	594
17 Commercial and miscellaneous	10,617	12,888	8,449	89	32	270	26[r]	280	115	508[r]	438
18 Transportation	2,427	2,439	1,535	0	220	0	53	169	39	0	0
19 Public utility	4,020	4,322	1,898	20	50[r]	11	108	0	192	125	25
20 Communication	1,825	1,458	515	59	5	19	0	93	224	25	29
21 Real estate and financial	34,517	31,521	37,798	1,459	911	1,402	297	310	702	1,536[r]	2,269

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.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1987	1988	1988	1989						
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July
INVESTMENT COMPANIES[1]										
1 **Sales of own shares**[2]	**381,260**	**271,237**	**25,780**	**29,014**	**22,741**	**23,149**	**25,496**	**24,661**	**25,817**	**25,495**
2 Redemptions of own shares[3]	314,252	267,451	25,976	24,494	22,252	24,135	26,183	22,483	22,562	20,206
3 Net sales	67,008	3,786	−196	4,520	489	−986	−687	2,178	3,255	5,289
4 **Assets**[4]	**453,842**	**472,297**	**472,297**	**487,204**	**482,697**	**483,067**	**497,329**	**509,781**	**515,814**	**535,922**
5 Cash position[5]	38,006	45,090	45,090	49,661	47,908	46,262	48,788	49,177	48,428	48,549
6 Other	415,836	427,207	427,207	437,543	434,789	436,805	448,541	460,604	467,386	487,373

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	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
1 Corporate profits with inventory valuation and capital consumption adjustment	282.1	298.7	328.6	313.0	308.2	318.1	325.3	330.9	340.2	316.3	307.8
2 Profits before tax	221.6	266.7	306.8	281.0	276.2	288.8	305.3	314.4	318.8	318.0	296.0
3 Profits tax liability	106.3	124.7	137.9	132.7	127.3	129.0	138.4	141.2	143.2	144.4	134.9
4 Profits after tax	115.3	142.0	168.9	148.3	148.9	159.9	166.9	173.2	175.6	173.6	161.1
5 Dividends	91.3	98.7	110.4	100.0	102.8	105.7	108.6	112.2	115.2	118.5	120.9
6 Undistributed profits	24.0	43.3	58.5	48.3	46.1	54.2	58.3	61.1	60.4	55.1	40.2
7 Inventory valuation	6.7	−18.9	−25.0	−19.4	−20.4	−20.7	−28.8	−30.4	−20.1	−38.3	−21.0
8 Capital consumption adjustment	53.8	50.9	46.8	51.5	52.4	49.9	48.9	46.9	41.5	36.6	32.3

▲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[r]	1988[r]	1989[1r]	1988[r]				1989[r]			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**389.67**	**430.76**	**473.65**	**413.34**	**427.54**	**435.61**	**442.11**	**459.47**	**470.86**	**481.24**	**483.04**
Manufacturing											
2 Durable goods industries	71.01	78.30	82.23	75.28	77.38	79.15	80.56	81.26	82.97	82.51	82.17
3 Nondurable goods industries	74.88	88.01	99.67	82.69	85.24	89.62	92.76	93.96	98.57	102.90	103.27
Nonmanufacturing											
4 Mining	11.39	12.66	12.22	12.61	13.15	12.53	12.38	12.15	12.70	12.34	11.70
Transportation											
5 Railroad	5.92	7.06	7.85	6.96	6.99	6.84	7.45	8.02	7.37	7.24	8.75
6 Air	6.53	7.28	9.53	6.33	6.91	8.09	7.69	7.04	9.49	11.30	10.31
7 Other	6.40	7.00	7.37	7.06	7.05	7.08	6.89	8.07	7.40	7.22	6.79
Public utilities											
8 Electric	31.63	32.03	34.65	30.80	31.11	32.07	33.69	33.69	35.34	34.96	34.61
9 Gas and other	13.25	14.64	16.11	14.25	14.49	14.61	15.04	17.12	16.67	15.58	15.08
10 Commercial and other[2]	168.65	183.76	204.02	177.37	185.21	185.61	185.65	198.15	200.36	207.18	210.36

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[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	1986	1987	1988	1989				
				Mar.	Apr.	May	June	July
1 **Total**	**172,060**	**205,810**	**234,529**	**240,186**	**244,882**	**245,861**	**249,322**	**251,126**
Retail financing of installment sales								
2 Automotive	26,015	35,782	36,548	37,696	38,415	38,816	39,042	39,183
3 Equipment	23,112	25,170	28,298	28,207	28,790	27,638	27,773	28,128
4 Pools of securitized assets[2]	n.a.	n.a.	n.a.	855	817	846	807	769
Wholesale								
5 Automotive	23,010	30,507	33,300	33,528	34,383	34,534	34,021	33,233
6 Equipment	5,348	5,600	5,983	6,088	6,153	6,096	6,165	6,244
7 All other	7,033	8,342	9,341	9,682	9,852	9,929	9,862	10,001
8 Pools of securitized assets[2]	n.a.	n.a.	n.a.	0	0	0	0	0
Leasing								
9 Automotive	19,827	21,952	24,673	25,584	25,544	26,011	26,515	26,701
10 Equipment	38,179	43,335	57,455	59,484	60,246	61,022	63,370	64,086
11 Pools of securitized assets[2]	n.a.	n.a.	n.a.	756	733	824	796	887
12 Loans on commercial accounts receivable and factored commercial accounts receivable	15,978	18,078	17,796	17,794	18,677	18,772	19,302	19,989
13 All other business credit	13,557	17,043	21,134	20,512	21,272	21,371	21,669	21,904
	Net change							
14 **Total**	**15,763**	**33,750**	**28,719**	**2,808**	**4,696**	**978**	**3,462**	**1,803**
Retail financing of installment sales								
15 Automotive	5,355	9,767	766	394	720	401	226	141
16 Equipment	629	2,058	3,128	−178	583	−1,152	135	354
17 Pools of securitized assets[2]	n.a.	n.a.	n.a.	173	−38	29	−39	−38
Wholesale								
18 Automotive	−978	7,497	2,793	−858	856	151	−513	−788
19 Equipment	780	252	383	−105	65	−56	69	79
20 All other	224	1,309	999	114	170	78	−68	139
21 Pools of securitized assets[2]	n.a.	n.a.	n.a.	0	0	0	0	0
Leasing								
22 Automotive	3,552	2,125	2,721	736	−40	467	504	187
23 Equipment	3,411	5,156	14,120	1,439	762	776	2,348	716
24 Pools of securitized assets[2]	n.a.	n.a.	n.a.	57	−23	91	−28	91
25 Loans on commercial accounts receivable and factored commercial accounts receivable	213	2,100	−282	390	883	95	530	687
26 All other business credit	2,576	3,486	4,091	645	760	100	298	235

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.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1986	1987	1988	1989						
				Feb.	Mar.	Apr.	May	June	July	Aug.
	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	153.7	159.7	169.2	151.8	150.5	174.5	161.0
2 Amount of loan (thousands of dollars)	86.2	100.5	110.5	111.8	117.7	124.5	112.3	111.0	125.3	119.5
3 Loan/price ratio (percent)	75.2	75.2	75.5	73.5	74.4	75.0	75.3	75.2	73.8	75.6
4 Maturity (years)	26.6	27.8	28.0	28.3	27.7	28.4	28.3	27.8	28.6	28.3
5 Fees and charges (percent of loan amount)[2]	2.48	2.26	2.19	2.14	2.11	1.70	2.12	1.91	2.42	2.32
6 Contract rate (percent per year)	9.82	8.94	8.81	9.46	9.63	9.88	9.82	10.09	10.06	9.84
Yield (percent per year)										
7 FHLBB series[3]	10.26	9.31	9.18	9.82	9.99	10.17	10.18	10.42	10.48	10.23
8 HUD series[4]	10.07	10.17	10.30	10.75	10.93	10.84	10.43	10.04	9.70	10.05
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	9.91	10.16	10.49	10.88	11.16	10.88	10.55	10.08	9.61	9.95
10 GNMA securities[6]	9.30	9.43	9.83	10.07	10.38	10.36	10.11	9.75	9.55	9.48
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	98,048	95,030	101,329	101,922	101,991	102,191	102,564	103,309	104,421	105,896
12 FHA/VA-insured	29,683	21,660	19,762	19,275	19,337	19,607	19,612	19,586	19,630	19,589
13 Conventional	68,365	73,370	81,567	82,647	82,654	82,584	82,952	83,723	84,791	86,307
Mortgage transactions (during period)										
14 Purchases	30,826	20,531	23,110	905	1,469	1,163	1,419	1,862	2,091	2,724
Mortgage commitments[7]										
15 Contracted (during period)	32,987	25,415	23,435	3,557	1,771	1,118	1,626	2,573	2,513	2,842
16 Outstanding (end of period)	3,386	4,886	2,148	4,520	4,807	4,661	4,673	5,236	5,648	5,755
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	13,517	12,802	15,105	18,473	18,714	18,918	19,443	n.a.	n.a.	n.a.
18 FHA/VA	746	686	620	594	593	599	586	n.a.	n.a.	n.a.
19 Conventional	12,771	12,116	14,485	17,880	18,121r	18,320	18,857	19,535	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	103,474	76,845	44,077	5,088	6,373	5,861	5,141	n.a.	n.a.	n.a.
21 Sales	100,236	75,082	39,780	4,385	6,037	5,554	4,474	6,551r	5,180	6,360
Mortgage commitments[9]										
22 Contracted (during period)	110,855	71,467	66,026	8,411	11,227	4,196	5,186	n.a.	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.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder, and type of property	1986	1987	1988[r]	1988			1989	
				Q2	Q3	Q4[r]	Q1	Q2[p]
1 **All holders**	**2,618,324[r]**	**2,977,293[r]**	**3,268,285**	**3,120,536[r]**	**3,189,132[r]**	**3,268,285**	**3,328,824**	**3,391,259**
2 1- to 4-family	1,719,673[r]	1,959,607[r]	2,189,475	2,070,829[r]	2,134,225[r]	2,189,475	2,230,006	2,281,317
3 Multifamily	247,831	273,954[r]	290,355	280,239[r]	284,675[r]	290,355	296,139	297,860
4 Commercial	555,039	654,863[r]	701,652	681,660[r]	683,207[r]	701,652	716,695	725,341
5 Farm	95,781	88,869[r]	86,803	87,808[r]	87,025[r]	86,803	85,984	86,741
6 Selected financial institutions	1,507,944[r]	1,704,560[r]	1,874,967	1,791,714[r]	1,833,800[r]	1,874,967	1,905,052	1,932,154
7 Commercial banks[2]	502,534	591,369[r]	669,160	629,617[r]	650,799[r]	669,160	688,662	715,049
8 1- to 4-family	235,814	276,270[r]	314,283	296,265[r]	307,041[r]	314,283	324,681	338,872
9 Multifamily	31,173	33,330[r]	34,131	34,225[r]	33,960[r]	34,131	34,172	34,954
10 Commercial	222,799	267,340[r]	305,242	283,942[r]	294,398[r]	305,242	313,941	324,878
11 Farm	12,748	14,429[r]	15,504	15,185[r]	15,400[r]	15,504	15,868	16,345
12 Savings institutions[3]	777,967[r]	860,467[r]	929,647	898,742[r]	914,280[r]	929,647	936,091	933,694
13 1- to 4-family	559,067[r]	602,408[r]	678,263	638,638[r]	665,294[r]	678,263	682,658	684,828
14 Multifamily	97,059	106,359	111,302	107,482[r]	109,287[r]	111,302	112,507	110,009
15 Commercial	121,236	150,943	139,416	151,870[r]	139,029[r]	139,416	140,255	138,201
16 Farm	605	...	...	...	...	...	...	...
17 Life insurance companies	193,842	212,375	232,639	220,870	225,627	232,639	234,910	236,160
18 1- to 4-family	12,827	13,226	15,284	14,172	14,917	15,284	12,690	12,745
19 Multifamily	20,952	22,524	23,562	23,021	23,139	23,562	24,636	25,103
20 Commercial	149,111	166,722	184,124	174,086	178,166	184,124	188,073	188,756
21 Farm	10,952	9,903	9,669	9,591	9,405	9,669	9,511	9,556
22 Finance companies[4]	33,601	40,349	43,521	42,485[r]	43,094[r]	43,521	45,389	47,251
23 Federal and related agencies	203,800	192,721	200,570	199,474	198,027	200,570	199,847	201,909
24 Government National Mortgage Association	889	444	26	42	64	26	26	24
25 1- to 4-family	47	25	26	24	51	26	26	24
26 Multifamily	842	419	...	18	13	...	...	...
27 Farmers Home Administration[5]	48,421	43,051	42,018	42,767	41,836	42,018	41,780	40,711
28 1- to 4-family	21,625	18,169	18,347	18,248	18,268	18,347	18,347	18,391
29 Multifamily	7,608	8,044	8,513	8,213	8,349	8,513	8,615	8,778
30 Commercial	8,446	6,603	5,343	6,288	5,300	5,343	5,101	3,885
31 Farm	10,742	10,235	9,815	10,018	9,919	9,815	9,717	9,657
32 Federal Housing and Veterans Administration	5,047	5,574	5,973	5,673	5,666	5,973	6,075	6,424
33 1- to 4-family	2,386	2,557	2,672	2,564	2,432	2,672	2,550	2,827
34 Multifamily	2,661	3,017	3,301	3,109	3,234	3,301	3,525	3,597
35 Federal National Mortgage Association	97,895	96,649	103,013	102,368	102,453	103,013	101,991	103,309
36 1- to 4-family	90,718	89,666	95,833	95,404	95,417	95,833	94,727	95,714
37 Multifamily	7,177	6,983	7,180	6,964	7,036	7,180	7,264	7,595
38 Federal Land Banks	39,984	34,131	32,115	33,048	32,566	32,115	31,261	31,467
39 1- to 4-family	2,353	2,008	1,890	1,945	1,917	1,890	1,839	1,851
40 Farm	37,631	32,123	30,225	31,103	30,649	30,225	29,422	29,616
41 Federal Home Loan Mortgage Corporation	11,564	12,872	17,425	15,576	15,442	17,425	18,714	19,974
42 1- to 4-family	10,010	11,430	15,077	13,631	13,322	15,077	16,192	17,305
43 Multifamily	1,554	1,442	2,348	1,945	2,120	2,348	2,522	2,669
44 Mortgage pools or trusts[6]	565,428	718,297	810,887	754,045	782,802	810,887	839,684	861,827
45 Government National Mortgage Association	262,697	317,555	340,527	322,616	333,177	340,527	348,622	353,154
46 1- to 4-family	256,920	309,806	331,257	314,728	324,573	331,257	337,563	341,951
47 Multifamily	5,777	7,749	9,270	7,888	8,604	9,270	11,059	11,203
48 Federal Home Loan Mortgage Corporation	171,372	212,634	226,406	216,155	220,684	226,406	234,695	242,789
49 1- to 4-family	166,667	205,977	219,988	209,702	214,195	219,988	228,389	236,404
50 Multifamily	4,705	6,657	6,418	6,453	6,489	6,418	6,306	6,385
51 Federal National Mortgage Association	97,174	139,960	178,250	157,438	167,170	178,250	188,071	196,501
52 1- to 4-family	95,791	137,988	172,331	153,253	162,228	172,331	181,352	188,774
53 Multifamily	1,383	1,972	5,919	4,185	4,942	5,919	6,719	7,727
54 Farmers Home Administration[5]	348	245	104	106	106	104	96	85
55 1- to 4-family	142	121	26	23	27	26	24	23
56 Multifamily	...	...	...	...	...	...	...	...
57 Commercial	132	63	38	41	38	38	34	26
58 Farm	74	61	40	42	41	40	38	36
59 Individuals and others[7]	341,152[r]	361,715[r]	381,861[r]	375,303[r]	374,503[r]	381,861[r]	384,241	395,369
60 1- to 4-family	197,868[r]	201,704[r]	215,077[r]	212,017[r]	209,784[r]	215,077[r]	215,379	225,059
61 Multifamily	66,940	75,458[r]	78,411[r]	76,736[r]	77,502[r]	78,411[r]	78,814	79,840
62 Commercial	53,315	63,192[r]	67,489[r]	65,433[r]	66,276[r]	67,489[r]	69,291	69,595
63 Farm	23,029	21,361[r]	20,884[r]	21,117[r]	20,941[r]	20,884[r]	20,757	20,875

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.

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

Millions of dollars

Holder, and type of credit	1987	1988	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June[r]	1989 July
	Amounts outstanding (end of period)										
1 **Total**	**607,721**	**659,507**	**654,413**	**659,507**	**682,020**	**687,397**	**691,162**	**693,911**	**698,132**	**700,849**	**700,569**
By major holder											
2 Commercial banks	282,910	318,925	316,683	318,925	316,797	318,423	318,242	320,458	323,363	324,438	323,559
3 Finance companies[2]	140,281	145,180	143,488	145,180	141,795	143,419	143,070	144,378	145,523	146,055	145,488
4 Credit unions	80,087	86,118	85,740	86,118	87,093	87,813	88,514	89,330	89,890	90,073	90,289
5 Retailers[3]	40,975	43,498	42,910	43,498	40,986	41,052	41,300	41,301	41,323	41,649	41,798
6 Savings institutions	59,851	62,099	61,922	62,099	62,867	63,109	62,735	61,919	61,311	59,920	60,092
7 Gasoline companies	3,618	3,687	3,671	3,687	3,655	3,677	3,682	3,787	3,897	4,017	3,936
8 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	28,827	29,903	33,487	32,737	32,826	34,696	35,407
By major type of credit											
9 Automobile	265,976	281,174	279,926	281,174	286,382	288,767	288,850	289,654	290,741	290,192	288,730
10 Commercial banks	109,201	123,259	122,392	123,259	122,160	122,983	123,062	123,878	125,118	125,592	124,878
11 Credit unions	40,351	41,326	41,316	41,326	41,707	41,964	42,211	42,510	42,687	42,684	42,831
12 Finance companies	98,195	97,204	96,657	97,204	87,968	88,789	89,567	90,268	90,976	91,184	90,213
13 Savings institutions	18,228	19,385	19,561	19,385	19,506	19,464	19,231	18,866	18,566	18,032	17,972
14 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	15,042	15,568	14,779	14,132	13,395	12,700	12,835
15 Revolving	153,884	174,792	173,030	174,792	176,716	178,570	182,831	184,500	186,502	189,622	190,890
16 Commercial banks	99,119	117,572	116,593	117,572	111,133	111,706	112,553	114,130	115,407	115,561	115,954
17 Retailers	36,389	38,692	38,170	38,692	36,176	36,257	36,489	36,497	36,504	36,814	36,963
18 Gasoline companies	3,618	3,687	3,671	3,687	3,655	3,677	3,682	3,787	3,897	4,017	3,936
19 Savings institutions	10,367	10,151	9,923	10,151	10,479	10,722	10,860	10,918	11,008	10,951	11,176
20 Credit unions	4,391	4,691	4,673	4,691	4,785	4,866	4,947	5,035	5,109	5,187	n.a.
21 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	10,489	11,342	14,172	14,134	14,578	17,117	17,645
22 Mobile home	26,387	25,744	26,005	25,744	26,036	25,992	24,168	23,993	23,952	23,685	23,626
23 Commercial banks	9,220	8,974	9,224	8,974	8,974	8,974	8,844	8,836	8,878	8,847	8,826
24 Finance companies	7,762	7,186	7,197	7,186	7,376	7,308	5,687	5,659	5,684	5,674	5,624
25 Savings institutions	9,406	9,583	9,584	9,583	9,687	9,710	9,637	9,498	9,390	9,163	9,176
26 Other	161,475	177,798	175,452	177,798	192,886	194,068	195,314	195,763	196,936	197,349	197,324
27 Commercial banks	65,370	69,120	68,474	69,120	74,532	74,760	73,783	73,614	73,960	74,438	73,902
28 Finance companies	34,324	40,790	39,633	40,790	46,451	47,322	47,816	48,451	48,863	49,197	49,650
29 Credit unions	35,344	40,102	39,752	40,102	40,601	40,983	41,357	41,785	42,094	42,228	42,241
30 Retailers	4,586	4,807	4,739	4,807	4,809	4,795	4,811	4,804	4,819	4,834	4,835
31 Savings institutions	21,850	22,981	22,854	22,981	23,196	23,214	23,006	22,638	22,347	21,773	21,769
32 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	3,296	2,993	4,536	4,471	4,853	4,879	4,927
	Net change (during period)										
33 **Total**	**35,674**	**51,786**	**5,281**	**5,094**	**22,513**	**5,377**	**3,765**	**2,749**	**4,221**	**2,717**	**−280**
By major holder											
34 Commercial banks	19,884	36,015	4,095	2,242	−2,128	1,626	−181	2,216	2,905	1,075	−879
35 Finance companies[2]	6,349	4,899	476	1,692	−3,385	1,624	−349	1,308	1,145	532	−567
36 Credit unions	3,853	6,031	402	378	975	720	701	816	560	183	215
37 Retailers[3]	1,568	2,523	296	588	−2,512	66	248	1	22	326	149
38 Savings institutions	3,689	2,248	−4	177	768	242	−374	−816	−608	−1,391	172
39 Gasoline companies	332	69	17	16	−32	22	5	105	110	120	−81
40 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	n.a.	1,076	3,584	−750	89	1,870	711
By major type of credit											
41 Automobile	18,663	15,198	1,024	1,248	5,208	2,385	83	804	1,087	−549	−1,463
42 Commercial banks	7,919	14,058	1,453	867	−1,099	823	79	816	1,240	474	−714
43 Credit unions	1,916	975	23	10	381	257	247	299	177	−3	147
44 Finance companies	5,639	−991	−220	547	−9,236	821	778	701	708	208	−970
45 Savings institutions	3,188	1,157	−232	−176	121	−42	−233	−365	−300	−534	−61
46 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	n.a.	526	−789	−647	−737	−695	135
47 Revolving	16,871	20,908	2,899	1,762	1,924	1,854	4,261	1,669	2,002	3,120	1,268
48 Commercial banks	12,188	18,453	2,413	979	−6,439	573	847	1,577	1,277	154	392
49 Retailers	1,866	2,303	251	522	−2,516	81	232	8	7	310	149
50 Gasoline companies	332	69	17	16	−32	22	5	105	110	120	−81
51 Savings institutions	1,771	−216	199	228	328	243	138	58	90	−57	225
52 Credit unions	715	300	20	18	94	81	81	88	74	78	n.a.
53 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	n.a.	853	2,830	−38	444	2,539	528
54 Mobile home	−968	−643	−28	−261	292	−44	−1,824	−175	−41	−267	−60
55 Commercial banks	192	−246	−1	−250	0	0	−130	−8	42	−31	−22
56 Finance companies	−1,052	−576	3	−11	190	−68	−1,621	−28	25	−10	−50
57 Savings institutions	−107	177	−30	−1	104	23	−73	−139	−108	−227	12
58 Other	1,108	16,323	1,386	2,346	15,088	1,182	1,246	449	1,173	413	−26
59 Commercial banks	−415	3,750	230	646	5,412	228	−977	−169	346	478	−536
60 Finance companies	1,761	6,466	692	1,157	5,661	871	494	635	412	334	453
61 Credit unions	1,221	4,758	360	350	499	382	374	428	309	134	13
62 Retailers	−297	221	45	68	2	−14	16	−7	15	15	0
63 Savings institutions	−1,162	1,131	60	127	215	18	−208	−368	−291	−574	−5
64 Pools of securitized assets[4]	n.a.	n.a.	n.a.	n.a.	n.a.	−303	1,543	−65	382	26	48

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.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

Item	1986	1987	1988	1989 Jan.	Feb.	Mar.	Apr.	May	June	July
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	11.33	10.45	10.85	n.a.	11.76	n.a.	n.a.	12.44	n.a.	n.a.
2 24-month personal	14.82	14.22	14.68	n.a.	15.22	n.a.	n.a.	15.65	n.a.	n.a.
3 120-month mobile home[3]	13.99	13.38	13.54	n.a.	14.00	n.a.	n.a.	14.35	n.a.	n.a.
4 Credit card	18.26	17.92	17.78	n.a.	17.83	n.a.	n.a.	18.11	n.a.	n.a.
Auto finance companies										
5 New car	9.44	10.73	12.60	13.27	13.07	13.07	12.10	11.80	11.96	11.94
6 Used car	15.95	14.60	15.11	15.57	15.90	16.12	16.39	16.45	16.45	16.37
OTHER TERMS[4]										
Maturity (months)										
7 New car	50.0	53.5	56.2	56.2	55.7	55.4	53.4	52.7	53.0	52.9
8 Used car	42.6	45.2	46.7	47.8	47.4	47.1	47.8	46.6	46.5	46.4
Loan-to-value ratio										
9 New car	91	93	94	94	92	92	91	91	91	91
10 Used car	97	98	98	97	98	97	97	97	97	97
Amount financed (dollars)										
11 New car	10,665	11,203	11,663	11,956	11,819	11,867	11,886	11,973	12,065	12,108
12 Used car	6,555	7,420	7,824	8,006	8,022	7,958	7,855	7,908	7,921	7,988

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.

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				1989
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**750.8**	**846.3**	**837.5**	**689.0**	**741.4**	**659.8**	**780.3**	**723.9**	**710.4**	**767.8**	**763.7**	**742.6**
By sector and instrument												
2 U.S. government	198.8	223.6	215.0	144.9	157.5	103.1	168.2	227.7	89.2	188.6	124.4	214.4
3 Treasury securities	199.0	223.7	214.7	143.4	140.0	104.0	163.2	228.2	81.5	167.7	82.8	215.6
4 Agency issues and mortgages	−.2	−.1	.4	1.5	17.4	−.9	5.0	−.5	7.7	20.9	41.6	−1.2
5 Private domestic nonfinancial sectors	552.0	622.7	622.5	544.0	584.0	556.6	612.2	496.2	621.2	579.3	639.3	528.2
6 Debt capital instruments	319.3	452.3	468.4	459.0	426.1	441.2	430.3	358.9	474.8	446.7	423.9	372.2
7 Tax-exempt obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8	30.6	41.4	37.5	19.7
8 Corporate bonds	46.1	73.8	121.3	99.9	97.2	100.7	81.6	101.4	117.9	90.3	79.1	82.1
9 Mortgages	222.8	242.2	316.3	324.5	295.8	307.8	315.3	234.6	326.3	315.0	307.3	270.3
10 Home mortgages	136.7	156.8	218.7	234.9	220.0	225.0	222.8	169.6	270.7	231.9	207.8	187.4
11 Multifamily residential	25.2	29.8	33.5	24.4	16.3	23.3	16.1	23.9	4.2	16.0	20.9	26.6
12 Commercial	62.2	62.2	73.6	71.6	61.6	64.3	78.3	47.3	52.7	69.4	77.1	61.5
13 Farm	−1.2	−6.6	−9.5	−6.4	−2.1	−4.7	−1.9	−6.1	−1.4	−2.4	1.5	−5.2
14 Other debt instruments	232.7	170.3	154.1	85.1	157.9	115.4	181.8	137.3	146.4	132.5	215.4	156.1
15 Consumer credit	81.6	82.5	58.0	32.9	51.1	54.0	56.5	38.6	57.5	31.8	76.3	34.9
16 Bank loans n.e.c.	67.1	38.6	65.0	10.8	47.5	21.7	75.2	34.7	72.4	10.7	72.1	38.3
17 Open market paper	21.7	14.6	−9.3	2.3	11.6	1.0	3.9	−3.8	4.0	11.1	35.1	34.4
18 Other	62.2	34.6	40.5	39.1	47.7	38.7	46.2	67.8	12.5	78.9	31.9	48.4
19 By borrowing sector	552.0	622.7	622.5	544.0	584.0	556.6	612.2	496.2	621.2	579.3	639.3	528.2
20 State and local governments	27.4	91.8	44.3	34.0	32.0	34.8	32.9	17.5	27.6	43.5	39.4	26.0
21 Households	231.5	283.6	289.2	267.8	276.5	287.3	277.8	212.6	330.6	282.9	279.8	251.7
22 Nonfinancial business	293.1	247.3	288.9	242.2	275.5	234.5	301.5	266.0	262.9	252.9	320.1	250.5
23 Farm	−.4	−14.5	−16.3	−10.6	−4.0	−9.4	3.3	−15.7	−3.4	−2.6	5.5	−2.7
24 Nonfarm noncorporate	123.2	129.3	103.2	107.9	85.3	97.4	116.0	86.3	72.3	96.0	86.7	78.5
25 Corporate	170.3	132.4	202.0	144.9	194.2	146.6	182.1	195.5	194.0	159.5	227.8	174.6
26 Foreign net borrowing in United States	8.4	1.2	9.6	4.3	5.9	12.3	13.9	−1.0	5.2	4.4	15.0	−7.9
27 Bonds	3.8	3.8	3.0	6.8	6.7	6.7	21.6	16.8	−2.7	6.5	6.3	9.5
28 Bank loans n.e.c.	−6.6	−2.8	−1.0	−3.6	−1.8	−3.7	−6.1	.7	−3.5	2.9	−7.4	1.5
29 Open market paper	6.2	6.2	11.5	2.1	9.6	21.6	−2.5	1.5	6.4	10.7	20.0	11.6
30 U.S. government loans	5.0	−5.9	−3.9	−1.0	−8.6	−12.3	.8	−19.9	5.1	−15.8	−3.9	−30.4
31 **Total domestic plus foreign**	**759.2**	**847.5**	**847.1**	**693.3**	**747.3**	**672.0**	**794.2**	**722.9**	**715.6**	**772.2**	**778.6**	**734.7**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**148.7**	**198.3**	**307.0**	**303.3**	**254.9**	**306.4**	**250.2**	**193.3**	**263.3**	**227.2**	**335.7**	**358.1**
By instrument												
33 U.S. government related	74.9	101.5	187.9	185.8	137.5	185.5	167.5	120.3	101.8	150.6	177.2	205.7
34 Sponsored credit agency securities	30.4	20.6	15.2	30.2	44.9	32.0	71.6	56.8	9.4	42.8	70.5	81.7
35 Mortgage pool securities	44.4	79.9	173.1	156.4	92.6	153.5	95.9	63.4	92.4	107.8	106.7	124.0
36 Loans from U.S. government	.....	1.1	−.4	−.7	.....	.....	.....	.....	.....	.....	.....	.....
37 Private financial sectors	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
38 Corporate bonds	33.0	47.9	70.9	67.2	50.7	77.7	42.4	70.1	60.5	32.5	39.7	31.0
39 Mortgages	.4	.1	.1	.4	−.1	.2	.8	−.1	*	*	−.2	.1
40 Bank loans n.e.c.	.7	2.6	4.0	−3.3	−6.6	6.3	−10.7	−26.8	8.7	−8.6	.6	−4.6
41 Open market paper	24.1	32.0	24.2	28.8	53.6	14.3	5.4	24.6	82.2	26.1	81.7	61.6
42 Loans from Federal Home Loan Banks	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
By sector												
43 **Total**	148.7	198.3	307.0	303.3	254.9	306.4	250.2	193.3	263.3	227.2	335.7	358.1
44 Sponsored credit agencies	30.4	21.7	14.9	29.5	44.9	32.0	71.6	56.8	9.4	42.8	70.5	81.7
45 Mortgage pools	44.4	79.9	173.1	156.4	92.6	153.5	95.9	63.4	92.4	107.8	106.7	124.0
46 Private financial sectors	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
47 Commercial banks	7.3	−4.9	−3.6	7.1	−3.9	−13.1	15.0	−22.4	6.2	−8.3	8.9	1.8
48 Bank affiliates	15.6	14.5	4.6	2.9	1.4	11.3	−22.6	−8.5	11.4	7.6	−4.9	8.8
49 Savings and loan associations	22.7	22.3	29.8	34.9	37.8	43.4	48.7	8.6	17.1	54.4	71.0	72.7
50 Finance companies	18.2	52.7	48.4	32.7	47.8	34.0	33.4	51.4	93.7	1.2	45.1	53.6
51 REITs	.8	.5	1.0	.8	1.7	2.5	2.2	1.0	1.7	−1.4	5.8	.8
52 CMO Issuers	9.3	11.5	39.0	39.1	32.5	42.7	6.0	43.0	31.5	23.1	32.5	14.7

1.57—Continued

Transaction category, sector	1984	1985	1986	1987	1988	1987		1988				1989
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
53 **Total net borrowing**	**907.9**	**1,045.7**	**1,154.1**	**996.6**	**1,002.2**	**978.4**	**1,044.4**	**916.2**	**978.9**	**999.4**	**1,114.4**	**1,092.8**
54 U.S. government securities	273.8	324.2	403.4	331.5	294.9	288.6	335.7	347.9	191.0	339.2	301.6	420.1
55 State and local obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8	30.6	41.4	37.5	19.7
56 Corporate and foreign bonds	83.0	125.4	195.2	174.0	154.6	185.1	145.6	188.2	175.8	129.4	125.1	122.7
57 Mortgages	223.1	242.2	316.4	324.9	295.7	308.0	316.1	234.5	326.3	315.0	307.1	270.4
58 Consumer credit	81.6	82.5	58.0	32.9	51.1	54.0	56.5	38.6	57.5	31.8	76.3	34.9
59 Bank loans n.e.c.	61.1	38.3	67.9	3.8	39.1	24.3	58.4	8.6	77.6	5.0	65.3	35.1
60 Open market paper	52.0	52.8	26.4	33.2	74.9	36.9	6.7	22.3	92.5	48.0	136.8	107.6
61 Other loans	82.9	44.0	56.1	61.8	58.8	48.7	91.9	53.3	27.7	89.7	64.7	82.4
62 MEMO: U.S. government, cash balance	6.3	14.4	*	−7.9	10.4	−19.6	−54.7	60.9	3.3	16.2	−38.8	−4.3
Totals net of changes in U.S. government cash balances												
63 Net borrowing by domestic nonfinancial	744.5	831.9	837.5	696.9	731.1	679.4	835.0	663.0	707.1	751.7	802.5	747.0
64 Net borrowing by U.S. government	192.5	209.3	215.0	152.8	147.1	122.7	222.8	166.8	86.0	172.4	163.2	218.7
	External corporate equity funds raised in United States											
65 **Total net share issues**	**−36.0**	**20.1**	**93.9**	**13.5**	**−115.0**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−84.1**	**−169.1**	**−143.1**
66 Mutual funds	29.3	84.4	161.8	72.3	−.4	13.8	−9.1	5.0	−8.0	0.3	1.1	19.1
67 All other	−65.3	−64.3	−68.0	−58.8	−114.5	−60.9	−73.6	−80.5	−123.1	−84.4	−170.2	−162.2
68 Nonfinancial corporations	−74.5	−81.5	−80.7	−76.5	−130.5	−78.0	−88.0	−95.0	−140.0	−92.0	−195.0	−180.0
69 Financial corporations	8.2	13.5	11.5	20.1	15.2	18.4	26.4	15.2	23.4	6.4	15.9	13.7
70 Foreign shares purchased in United States	.9	3.7	1.3	−2.4	.7	−1.3	−12.0	−.7	−6.5	1.2	9.0	4.1

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	1984	1985	1986	1987	1988	1987 Q3	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**750.8**	**846.3**	**837.5**	**689.0**	**741.4**	**659.8**	**780.3**	**723.9**	**710.4**	**767.8**	**763.7**	**742.6**
By public agencies and foreign												
2 Total net advances	157.6	193.1	314.0	256.7	239.1	211.1	265.4	262.5	166.1	222.5	305.1	336.2
3 U.S. government securities	38.9	37.9	69.4	68.2	84.8	35.1	123.3	148.6	42.4	25.8	122.3	87.6
4 Residential mortgages	56.5	94.6	170.1	153.2	104.0	146.0	102.7	83.6	106.7	108.3	117.5	126.2
5 FHLB advances to savings and loans	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
6 Other loans and securities	46.6	46.3	54.6	10.9	30.5	7.8	−5.5	24.9	6.8	61.9	28.4	58.1
Total advanced, by sector												
7 U.S. government	17.1	16.8	9.7	−11.9	−7.3	−24.1	−2.6	−8.8	−20.3	9.4	−9.5	7.3
8 Sponsored credit agencies	74.3	95.5	187.2	181.4	131.2	187.0	156.6	103.1	103.4	138.9	179.2	216.0
9 Monetary authorities	8.4	18.4	19.4	24.7	10.5	29.0	30.4	−5.5	4.1	17.1	26.5	−4.9
10 Foreign	57.9	62.3	97.8	62.5	104.7	19.1	81.0	173.7	78.9	57.2	108.9	117.8
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	74.9	101.5	187.9	185.8	137.5	185.5	167.5	120.3	101.8	150.6	177.2	205.7
12 Foreign	8.4	1.2	9.6	4.3	5.9	12.3	13.9	−1.0	5.2	4.4	15.0	−7.9
Private domestic funds advanced												
13 Total net advances	676.4	756.0	721.0	622.5	645.7	646.4	696.3	580.6	651.3	700.3	650.8	604.2
14 U.S. government securities	234.9	286.2	333.9	263.3	210.2	253.5	212.4	199.3	148.6	313.4	179.3	332.5
15 State and local obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8	30.6	41.4	37.5	19.7
16 Corporate and foreign bonds	35.1	40.8	84.1	86.5	81.0	83.7	102.9	115.7	90.2	65.1	53.0	54.6
17 Residential mortgages	105.3	91.8	82.0	106.1	132.2	102.3	136.2	109.9	168.2	139.7	111.1	87.9
18 Other mortgages and loans	266.3	214.9	210.0	156.5	209.0	196.4	256.3	138.3	223.8	167.3	306.6	173.8
19 Less: Federal Home Loan Bank advances	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	581.0	569.8	747.0	566.6	587.6	643.7	553.8	658.1	593.3	473.2	626.0	586.9
21 Commercial banking	168.9	186.3	194.8	136.7	156.0	151.4	253.1	56.8	213.8	141.3	212.2	96.8
22 Savings institutions	150.2	83.0	106.2	141.7	121.1	191.5	155.6	85.3	92.9	186.3	119.9	80.6
23 Insurance and pension funds	121.8	148.9	181.9	211.9	222.2	247.5	154.3	279.3	228.9	173.9	206.8	259.1
24 Other finance	140.1	151.6	264.2	76.3	88.3	53.3	−9.2	236.7	57.8	−28.4	87.2	150.3
25 Sources of funds	581.0	569.8	747.0	566.6	587.6	643.7	553.8	658.1	593.3	473.2	626.0	586.9
26 Private domestic deposits and RPs	321.9	210.6	264.7	145.6	198.4	193.9	265.6	283.6	135.1	167.3	207.5	127.3
27 Credit market borrowing	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
28 Other sources	185.3	262.5	363.2	303.5	271.8	329.0	205.5	301.3	296.7	229.2	260.0	307.2
29 Foreign funds	8.8	19.7	12.9	43.7	9.2	99.5	25.2	−80.1	106.6	−50.4	60.7	−36.3
30 Treasury balances	4.0	10.3	1.7	−5.8	7.3	6.1	−36.1	53.3	−17.5	8.7	−15.2	−8.4
31 Insurance and pension reserves	124.0	131.9	144.3	176.1	219.9	196.1	120.3	265.2	240.0	149.9	224.3	263.6
32 Other, net	48.5	100.7	204.4	89.6	35.4	27.2	96.0	62.9	−32.4	121.0	−9.9	88.3
Private domestic nonfinancial investors												
33 Direct lending in credit markets	169.2	282.9	93.1	173.3	175.5	123.6	225.1	−4.4	219.5	303.7	183.3	169.7
34 U.S. government securities	115.4	175.7	59.9	104.4	146.5	70.3	117.8	114.4	87.3	247.0	137.2	194.6
35 State and local obligations	26.5	39.6	−13.6	46.1	20.0	42.4	56.0	−.5	18.3	27.9	34.4	7.7
36 Corporate and foreign bonds	−.8	2.4	32.6	5.3	−12.7	28.3	42.1	−39.0	36.6	−29.2	−19.4	−.2
37 Open market paper	4.0	45.6	−3.6	4.3	14.9	−29.7	−9.5	−71.5	76.1	54.0	1.0	−2.0
38 Other	24.2	19.6	17.9	13.3	6.8	12.2	18.7	−7.8	1.2	3.9	30.1	−30.3
39 Deposits and currency	325.4	220.9	285.0	161.8	205.9	229.3	316.3	278.6	136.3	194.1	214.4	138.1
40 Currency	8.6	12.4	14.4	19.0	14.7	17.3	36.8	8.2	11.9	28.6	10.2	9.8
41 Checkable deposits	28.0	40.9	93.2	−2.1	12.2	35.4	14.3	4.5	18.5	−23.8	49.6	−59.6
42 Small time and savings accounts	150.7	138.5	120.6	76.0	120.6	80.2	124.1	189.1	152.4	70.5	70.4	50.7
43 Money market fund shares	49.0	8.9	41.5	28.2	23.8	32.7	63.3	59.1	−34.8	3.0	67.9	59.5
44 Large time deposits	84.3	7.7	−11.4	26.7	32.3	−1.0	89.4	11.7	−15.7	122.0	11.2	55.9
45 Security RPs	10.0	14.6	20.8	16.9	9.5	46.6	−25.6	19.3	14.7	−4.4	8.2	20.7
46 Deposits in foreign countries	−5.1	−2.1	5.9	−2.8	−7.3	18.1	13.9	−13.3	−10.7	−1.8	−3.3	1.0
47 **Total of credit market instruments, deposits, and currency**	**494.6**	**503.7**	**378.1**	**335.1**	**381.4**	**352.9**	**541.5**	**274.2**	**355.8**	**497.8**	**397.7**	**307.8**
48 Public holdings as percent of total	20.7	22.7	37.0	37.0	31.9	31.4	33.4	36.3	23.2	28.8	39.1	45.7
49 Private financial intermediation (in percent)	85.8	75.3	103.6	91.0	90.9	99.5	79.5	113.3	91.0	67.5	96.1	97.1
50 Total foreign funds	66.7	82.0	110.7	106.2	113.9	118.7	106.2	93.6	185.5	6.8	169.7	81.5
Memo: Corporate equities not included above												
51 **Total net issues**	**−36.0**	**20.1**	**93.9**	**13.5**	**−115.0**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−84.1**	**−169.1**	**−143.1**
52 Mutual fund shares	29.3	84.4	161.8	72.3	−.4	13.8	−9.1	5.0	−8.0	.3	1.1	19.1
53 Other equities	−65.3	−64.3	−68.0	−58.8	−114.5	−60.9	−73.6	−80.5	−123.1	−84.4	−170.2	−162.2
54 Acquisitions by financial institutions	15.8	45.6	48.5	22.6	4.8	5.2	−16.5	−35.7	−6.8	22.4	39.1	4.1
55 Other net purchases	−51.8	−25.5	45.4	−9.1	−119.7	−52.4	−66.2	−39.9	−124.3	−106.5	−208.2	−147.2

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.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category, sector	1983	1984	1985	1986	1987 Q3	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,638.4**	**8,099.4**	**8,330.0**	**8,471.0**	**8,658.1**	**8,828.8**	**9,049.7**	**9,209.4**
By sector and instrument											
2 U.S. government	1,177.9	1,376.8	1,600.4	1,815.4	1,897.8	1,960.3	2,003.2	2,022.3	2,063.9	2,117.8	2,155.7
3 Treasury securities	1,174.4	1,373.4	1,597.1	1,811.7	1,893.8	1,955.2	1,998.1	2,015.3	2,051.7	2,095.2	2,133.4
4 Agency issues and mortgages	3.6	3.4	3.3	3.6	3.9	5.2	5.0	7.0	12.2	22.6	22.3
5 Private domestic nonfinancial sectors	4,026.4	4,577.0	5,196.6	5,823.0	6,201.7	6,369.7	6,467.8	6,635.8	6,764.9	6,931.9	7,053.7
6 Debt capital instruments	2,717.8	3,040.0	3,488.4	3,967.6	4,327.4	4,438.5	4,512.2	4,635.3	4,737.8	4,848.3	4,933.0
7 Tax-exempt obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
8 Corporate bonds	423.0	469.2	542.9	664.2	743.7	764.1	789.5	819.0	841.5	861.3	881.8
9 Mortgages	1,823.1	2,048.8	2,287.1	2,614.2	2,868.2	2,950.7	2,995.3	3,081.6	3,148.6	3,230.2	3,286.3
10 Home mortgages	1,200.2	1,336.2	1,490.2	1,720.8	1,884.2	1,943.1	1,972.0	2,043.3	2,105.0	2,160.9	2,195.6
11 Multifamily residential	158.8	183.6	213.0	246.2	265.0	270.0	274.5	276.3	279.5	285.9	291.4
12 Commercial	350.4	416.5	478.1	551.4	629.1	648.7	660.8	674.1	677.1	696.6	713.1
13 Farm	113.7	112.4	105.9	95.8	90.0	88.9	88.0	87.8	87.0	86.8	86.2
14 Other debt instruments	1,308.6	1,536.9	1,708.2	1,855.5	1,874.3	1,931.1	1,955.6	2,000.5	2,027.1	2,083.6	2,120.8
15 Consumer credit	437.7	519.3	601.8	659.8	674.8	692.7	688.9	705.8	721.2	743.7	746.6
16 Bank loans n.e.c.	490.2	552.9	592.6	654.2	637.6	654.4	665.6	685.7	686.5	701.9	713.5
17 Open market paper	36.8	58.5	72.2	62.9	68.1	73.8	73.5	77.8	80.3	85.4	95.5
18 Other	344.0	406.2	441.6	478.6	493.7	510.3	527.5	531.2	539.1	552.7	565.1
19 By borrowing sector	4,026.4	4,577.0	5,196.6	5,823.0	6,201.7	6,369.7	6,467.8	6,635.8	6,764.9	6,931.9	7,053.7
20 State and local governments	357.7	385.1	476.9	520.2	546.2	554.2	556.7	563.2	576.0	585.6	595.2
21 Households	1,811.6	2,038.2	2,314.5	2,614.6	2,787.3	2,864.3	2,892.1	2,982.3	3,058.2	3,137.4	3,183.8
22 Nonfinancial business	1,857.1	2,153.7	2,405.2	2,688.3	2,868.2	2,951.2	3,019.0	3,090.2	3,130.7	3,208.9	3,274.6
23 Farm	188.4	187.9	173.4	156.6	148.5	145.5	141.3	143.9	143.6	141.1	140.1
24 Nonfarm noncorporate	645.8	769.0	898.3	1,001.6	1,076.4	1,109.4	1,131.7	1,148.9	1,167.3	1,193.3	1,213.6
25 Corporate	1,022.9	1,196.8	1,333.5	1,530.1	1,643.3	1,696.3	1,746.0	1,797.4	1,819.9	1,874.5	1,920.9
26 Foreign credit market debt held in United States	227.3	235.1	234.7	236.2	237.0	242.3	243.2	244.4	244.6	248.2	248.4
27 Bonds	64.2	68.0	71.8	74.8	75.9	81.6	85.4	85.2	86.5	88.3	90.3
28 Bank loans n.e.c.	37.4	30.8	27.9	26.9	24.2	23.3	22.8	22.4	22.7	21.5	21.1
29 Open market paper	21.5	27.7	33.9	37.4	40.6	41.2	42.5	44.0	46.3	50.9	55.5
30 U.S. government loans	104.1	108.6	101.1	97.1	96.3	96.1	92.4	92.7	89.1	87.5	81.5
31 **Total domestic plus foreign**	**5,431.6**	**6,188.8**	**7,031.7**	**7,874.7**	**8,336.4**	**8,572.3**	**8,714.1**	**8,902.4**	**9,073.4**	**9,297.9**	**9,457.9**
					Financial sectors						
32 **Total credit market debt owed by financial sectors**	**857.9**	**1,006.2**	**1,206.2**	**1,544.7**	**1,783.8**	**1,862.8**	**1,897.7**	**1,969.7**	**2,027.3**	**2,117.7**	**2,196.8**
By instrument											
33 U.S. government related	456.7	531.2	632.7	844.2	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0
34 Sponsored credit agency securities	206.8	237.2	257.8	273.0	283.7	303.2	313.5	317.9	328.5	348.1	364.3
35 Mortgage pool securities	244.9	289.0	368.9	565.4	692.9	718.3	732.1	754.0	782.8	810.9	839.7
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	802.1	836.3	847.1	892.8	911.1	953.8	987.8
38 Corporate bonds	115.8	148.9	197.5	268.4	324.2	335.6	352.2	367.1	375.6	386.3	393.1
39 Mortgages	2.1	2.5	2.7	2.7	2.9	3.1	3.1	3.1	3.1	3.0	3.1
40 Bank loans n.e.c.	28.9	29.5	32.1	36.1	42.2	40.8	31.7	34.3	32.9	34.2	30.6
41 Open market paper	195.5	219.5	252.4	284.6	312.7	323.8	330.6	353.4	358.0	377.4	397.4
42 Loans from Federal Home Loan Banks	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
43 **Total, by sector**	**857.9**	**1,006.2**	**1,206.2**	**1,544.7**	**1,783.8**	**1,862.8**	**1,897.7**	**1,969.7**	**2,027.3**	**2,117.7**	**2,196.8**
44 Sponsored credit agencies	211.8	242.2	263.9	278.7	288.7	308.2	318.5	322.9	333.5	353.1	369.3
45 Mortgage pools	244.9	289.0	368.9	565.4	692.9	718.3	732.1	754.0	782.8	810.9	839.7
46 Private financial sectors	401.2	475.0	573.4	700.5	802.1	836.3	847.1	892.8	911.1	953.8	987.8
47 Commercial banks	76.8	84.1	79.2	75.6	78.6	82.7	76.4	77.2	76.6	78.8	78.9
48 Bank affiliates	71.0	86.6	101.2	101.3	109.5	104.2	103.5	106.6	106.4	105.6	109.3
49 Savings and loan associations	73.9	93.2	115.5	145.1	165.0	180.0	176.1	186.8	197.8	218.7	230.7
50 Finance companies	171.7	193.2	246.9	308.1	340.7	359.1	369.6	392.5	395.1	406.0	420.4
51 REITs	3.5	4.3	5.6	6.5	6.8	7.3	7.6	8.0	7.6	9.1	9.3
52 CMO issuers	4.2	13.5	25.0	64.0	101.6	103.1	113.9	121.8	127.5	135.7	139.3
					All sectors						
53 **Total credit market debt**	**6,289.5**	**7,195.0**	**8,237.9**	**9,419.4**	**10,120.2**	**10,435.1**	**10,611.8**	**10,872.1**	**11,100.8**	**11,415.6**	**11,654.7**
54 U.S. government securities	1,629.4	1,902.8	2,227.0	2,653.8	2,874.4	2,981.8	3,048.8	3,094.2	3,175.2	3,276.7	3,359.7
55 State and local obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
56 Corporate and foreign bonds	603.0	686.0	812.1	1,007.4	1,143.9	1,181.4	1,227.1	1,271.3	1,303.6	1,336.0	1,365.2
57 Mortgages	1,825.4	2,051.4	2,289.8	2,617.0	2,871.1	2,953.8	2,998.4	3,084.7	3,151.7	3,233.3	3,289.3
58 Consumer credit	437.7	519.3	601.8	659.8	674.8	692.7	688.9	705.8	721.2	743.7	746.6
59 Bank loans n.e.c.	556.5	613.2	652.6	717.2	704.0	718.4	720.1	742.4	742.1	757.5	765.2
60 Open market paper	253.8	305.7	358.5	384.9	421.4	438.8	446.7	475.3	484.6	513.6	548.4
61 Other loans	512.1	594.4	637.6	690.1	715.1	744.5	754.4	763.7	774.7	797.9	815.4

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 Q3	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,638.4**	**8,099.4**	**8,330.0**	**8,471.0**	**8,658.1**	**8,828.8**	**9,049.7**	**9,209.4**
By public agencies and foreign											
2 Total held	1,101.7	1,259.2	1,457.5	1,791.2	1,965.1	2,036.2	2,092.2	2,138.8	2,188.3	2,269.9	2,343.9
3 U.S. government securities	339.0	377.9	421.8	491.2	525.6	559.4	592.7	607.1	610.3	644.2	662.1
4 Residential mortgages	367.0	423.5	518.2	712.3	834.6	862.0	880.6	906.1	934.9	966.0	995.1
5 FHLB advances to savings and loans	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
6 Other loans and securities	336.8	383.1	428.7	479.0	484.8	481.8	489.4	490.8	501.6	506.9	522.9
7 Total held, by type of lender	1,101.7	1,259.2	1,457.5	1,791.2	1,965.1	2,036.2	2,092.2	2,138.8	2,188.3	2,269.9	2,343.9
8 U.S. government	212.8	229.7	245.7	252.3	235.2	233.0	231.4	227.0	224.3	220.3	222.8
9 Sponsored credit agencies and mortgage pools	482.0	556.3	657.8	867.8	1,003.7	1,044.9	1,064.0	1,091.6	1,128.9	1,176.1	1,223.0
10 Monetary authority	159.2	167.6	186.0	205.5	219.6	230.1	224.9	229.7	230.8	240.6	235.4
11 Foreign	247.7	305.6	367.9	465.7	506.7	528.2	572.0	590.5	604.4	632.9	662.7
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	456.7	531.2	632.7	844.2	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0
13 Foreign	227.3	235.1	234.7	236.2	237.0	242.3	243.2	244.4	244.6	248.2	248.4
Private domestic holdings											
14 Total private holdings	4,786.6	5,460.8	6,207.0	6,927.6	7,353.0	7,562.5	7,672.5	7,840.5	8,001.3	8,192.0	8,323.0
15 U.S. government securities	1,290.4	1,524.9	1,805.2	2,162.6	2,348.8	2,422.4	2,456.0	2,487.0	2,564.9	2,632.6	2,697.6
16 State and local obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
17 Corporate and foreign bonds	441.7	476.8	517.6	601.7	663.4	688.1	716.3	740.6	756.9	769.1	782.1
18 Residential mortgages	992.2	1,096.5	1,185.1	1,254.7	1,314.6	1,351.1	1,366.0	1,413.6	1,449.6	1,480.8	1,491.9
19 Other mortgages and loans	1,649.6	1,915.2	2,129.5	2,328.1	2,430.7	2,510.2	2,536.2	2,599.2	2,623.8	2,705.4	2,750.2
20 LESS: Federal Home Loan Bank advances	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
Private financial intermediation											
21 Credit market claims held by private financial institutions	4,111.2	4,691.0	5,264.4	6,010.1	6,434.5	6,594.8	6,728.4	6,895.8	6,999.4	7,169.6	7,294.3
22 Commercial banking	1,622.1	1,791.1	1,978.5	2,173.2	2,249.0	2,309.9	2,322.7	2,378.2	2,417.3	2,465.9	2,490.1
23 Savings institutions	944.0	1,092.8	1,178.4	1,283.6	1,397.3	1,436.2	1,441.7	1,484.6	1,513.0	1,544.4	1,551.9
24 Insurance and pension funds	1,093.5	1,215.3	1,364.2	1,546.0	1,716.0	1,758.0	1,823.3	1,879.5	1,925.0	1,980.5	2,040.1
25 Other finance	451.6	591.7	743.4	1,007.1	1,072.2	1,090.7	1,140.7	1,153.5	1,144.0	1,179.0	1,212.2
26 Sources of funds	4,111.2	4,691.0	5,264.4	6,010.1	6,434.5	6,594.8	6,728.4	6,895.8	6,999.4	7,169.6	7,294.3
27 Private domestic deposits and RPs	2,389.8	2,711.5	2,922.1	3,182.6	3,226.9	3,320.6	3,376.5	3,409.8	3,438.1	3,519.0	3,530.3
28 Credit market debt	401.2	475.0	573.4	700.5	802.1	836.3	847.1	892.8	911.1	953.8	987.8
29 Other sources	1,320.2	1,504.5	1,768.9	2,127.0	2,405.4	2,437.9	2,504.8	2,593.2	2,650.1	2,696.9	2,776.1
30 Foreign funds	−23.0	−14.1	5.6	18.6	52.7	62.2	45.9	62.3	51.9	71.5	69.3
31 Treasury balances	11.5	15.5	25.8	27.5	33.0	21.6	23.5	32.6	34.2	29.0	14.1
32 Insurance and pension reserves	1,036.1	1,160.8	1,289.5	1,427.9	1,556.7	1,597.2	1,662.4	1,718.6	1,758.0	1,804.6	1,862.0
33 Other, net	295.6	342.2	448.0	653.0	763.1	756.8	773.1	779.7	806.0	791.8	830.7
Private domestic nonfinancial investors											
34 Credit market claims	1,076.6	1,244.8	1,516.0	1,618.1	1,720.6	1,804.0	1,791.2	1,837.5	1,913.0	1,976.1	2,016.5
35 U.S. government securities	548.6	663.6	830.7	915.1	971.0	1,012.3	1,022.4	1,036.2	1,102.4	1,155.4	1,183.9
36 Tax-exempt obligations	170.0	196.3	235.9	222.3	255.9	268.3	265.1	271.9	281.2	288.4	292.1
37 Corporate and foreign bonds	45.4	44.5	47.6	80.1	80.6	84.8	82.7	88.9	83.5	72.1	80.5
38 Open market paper	68.4	72.4	118.0	114.3	114.9	136.3	119.1	139.4	143.9	151.2	156.8
39 Other	244.3	268.0	283.8	286.2	298.2	302.3	301.9	301.1	302.0	309.1	303.2
40 Deposits and currency	2,566.4	2,891.7	3,112.5	3,393.4	3,437.0	3,547.6	3,598.3	3,637.6	3,666.3	3,753.4	3,763.4
41 Currency	150.9	159.6	171.9	186.3	192.4	205.4	204.0	209.9	213.4	220.1	219.1
42 Checkable deposits	350.9	378.8	419.7	512.9	487.5	510.4	491.0	506.0	490.7	522.6	486.7
43 Small time and savings accounts	1,542.9	1,693.4	1,831.9	1,948.3	1,983.4	2,017.1	2,070.7	2,105.9	2,117.0	2,137.7	2,154.3
44 Money market fund shares	169.5	218.5	227.3	268.9	286.4	297.1	322.1	310.4	308.6	320.9	347.0
45 Large time deposits	247.7	332.1	339.8	328.4	326.0	355.1	350.0	343.1	376.9	387.4	390.0
46 Security RPs	78.8	88.7	103.3	124.1	143.6	141.0	142.6	144.4	144.9	150.5	152.3
47 Deposits in foreign countries	25.7	20.6	18.5	24.5	17.8	21.6	17.8	17.8	14.7	14.4	14.0
48 **Total of credit market instruments, deposits, and currency**	**3,643.0**	**4,136.5**	**4,628.5**	**5,011.4**	**5,157.6**	**5,351.6**	**5,389.5**	**5,475.0**	**5,579.3**	**5,729.6**	**5,780.0**
49 Public holdings as percent of total	20.2	20.3	20.7	22.7	23.5	23.7	24.0	24.0	24.1	24.4	24.7
50 Private financial intermediation (in percent)	85.8	85.9	84.8	86.7	87.5	87.2	87.6	87.9	87.4	87.5	87.6
51 Total foreign funds	224.7	291.5	373.5	484.2	559.4	590.5	617.8	652.8	656.3	704.3	731.9
MEMO: Corporate equities not included above											
52 **Total market value**	**2,134.0**	**2,158.2**	**2,824.5**	**3,362.0**	**4,316.0**	**3,318.5**	**3,500.2**	**3,619.7**	**3,572.5**	**3,600.9**	**3,732.4**
53 Mutual fund shares	112.1	136.7	240.2	413.5	525.1	460.1	479.2	486.8	478.1	478.3	486.3
54 Other equities	2,021.9	2,021.5	2,584.3	2,948.5	3,790.9	2,858.3	3,021.0	3,133.0	3,094.4	3,122.6	3,246.0
55 Holdings by financial institutions	612.0	615.6	800.0	972.2	1,306.7	1,011.1	1,079.4	1,131.1	1,126.9	1,156.3	1,226.2
56 Other holdings	1,522.0	1,542.6	2,024.5	2,389.8	3,009.3	2,307.4	2,420.8	2,488.7	2,445.6	2,444.6	2,506.2

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.

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							
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.
1 **Industrial production**	**125.1**	**129.8**	**137.2**	**140.4**	**140.8**	**140.5**	**140.7**	**140.9**	**141.6**	**141.9**	**142.0**	**142.4**
Market groupings												
2 Products, total	133.3	81.1	145.9	149.4	150.1	150.0	150.5	149.6	151.7	152.3	152.0	152.3
3 Final, total	132.5	136.8	144.3	147.7	148.2	148.6	148.9	148.2	150.4	150.9	150.4	150.8
4 Consumer goods	124.0	127.7	133.9	138.2	138.5	138.7	138.4	137.5	139.2	139.6	138.9	139.0
5 Equipment	143.6	148.8	158.2	160.4	161.1	161.6	162.8	162.2	165.4	165.9	165.7	166.4
6 Intermediate	136.2	143.5	151.5	155.0	156.6	155.1	156.1	154.7	156.3	157.0	157.3	157.6
7 Materials	113.8	118.2	125.3	128.3	128.1	127.4	127.3	128.9	127.9	127.7	128.4	128.9
Industry groupings												
8 Manufacturing	129.1	134.6	142.8	146.3	147.2	146.8	147.0	148.0	148.1	148.6	148.6	148.9
Capacity utilization (percent)[2]												
9 Manufacturing	79.7	81.1	83.5	84.4	84.7	84.3	84.1	84.5	84.3	84.3	84.1	84.0
10 Industrial materials industries	78.6	80.5	83.7	84.9	84.6	84.0	83.7	84.2	83.8	83.5	83.8	84.0
11 Construction contracts (1982 = 100)[3]	158.0	164.0	161.0	163.0	155.0	148.0	150.0	163.0	159.0	157.0	163.0	160.0
12 Nonagricultural employment, total[4]	120.7	124.1	128.6	129.9	130.3	130.6	130.8	131.1	131.3	131.7	131.9	132.1
13 Goods-producing, total	100.9	101.8	105.0	104.8	105.3	105.3	105.4	105.5	105.5	105.4	105.5	105.7
14 Manufacturing, total	96.3	96.8	99.2	99.5	99.8	99.8	100.0	99.9	99.9	99.8	99.9	99.9
15 Manufacturing, production-worker	91.1	91.9	94.3	94.7	94.9	95.0	95.1	95.0	95.0	94.8	94.9	94.9
16 Service-producing	129.0	133.4	138.5	140.4	140.8	141.2	141.5	141.8	142.2	142.7	143.0	143.1
17 Personal income, total	219.4	235.0	252.8	261.7	265.8	268.7	271.3	272.9	273.5	274.8	276.6	277.8
18 Wages and salary disbursements	210.8	226.3	244.4	253.2	256.1	257.3	259.5	261.7	262.0	263.8	266.1	267.1
19 Manufacturing	177.4	183.8	196.5	201.1	203.0	204.0	207.5	205.7	205.8	207.0	207.8	209.0
20 Disposable personal income[5]	218.5	232.4	252.1	261.4	264.0	268.1	270.3	269.6	271.7	273.8	275.6	276.9
21 Retail sales[6]	199.3	210.8	225.1	231.8	233.2	232.2	232.4	235.5	237.4	237.3	238.6	240.3
Prices[7]												
22 Consumer (1982–84 = 100)	109.6	113.6	118.3	120.5	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6
23 Producer finished goods (1982 = 100)	103.2	105.4	108.0	110.0	111.1	111.7	112.1	113.0	114.2	114.0	113.5	113.1

1. A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1986	1987	1988	1989							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population[1]**	**182,822**	**185,010**	**186,837**	**187,859**	**187,979**	**188,102**	**188,228**	**188,377**	**188,518**	**188,672**	**188,808**
2 Labor force (including Armed Forces)[1]	120,078	122,122	123,893	125,643	125,383	125,469	125,863	125,806	126,291	126,145	126,228
3 Civilian labor force	117,834	119,865	121,669	123,428	123,181	123,264	123,659	123,610	124,102	123,956	124,018
Employment											
4 Nonagricultural industries[2]	106,434	109,232	111,800	113,411	113,630	113,930	114,009	114,102	114,445	114,240	114,290
5 Agriculture	3,163	3,208	3,169	3,300	3,223	3,206	3,104	3,112	3,096	3,219	3,307
Unemployment											
6 Number	8,237	7,425	6,701	6,716	6,328	6,128	6,546	6,395	6,561	6,497	6,421
7 Rate (percent of civilian labor force)	7.0	6.2	5.5	5.4	5.1	5.0	5.3	5.2	5.3	5.2	5.2
8 Not in labor force	62,744	62,888	62,944	62,216	62,596	62,633	62,365	62,571	62,227	62,527	62,580
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment[3]**	**99,525**	**102,310**	**106,039**	**107,442**	**107,711**	**107,888**	**108,101**	**108,310**	**108,607[r]**	**108,791[r]**	**108,901**
10 Manufacturing	18,965	19,065	19,536	19,648	19,648	19,680	19,672	19,667	19,650[r]	19,659[r]	19,670
11 Mining	777	721	733	711	711	714	720	722	715	707[r]	729
12 Contract construction	4,816	4,998	5,294	5,267	5,270	5,252	5,279	5,283	5,283[r]	5,317[r]	5,325
13 Transportation and public utilities	5,255	5,385	5,584	5,654	5,667	5,666	5,682	5,700	5,716	5,741[r]	5,619
14 Trade	23,683	24,381	25,362	25,553	25,631	25,685	25,695	25,750	25,781[r]	25,822[r]	25,847
15 Finance	6,283	6,549	6,679	6,746	6,763	6,774	6,776	6,790	6,808[r]	6,812	6,836
16 Service	23,053	24,196	25,464	26,318	26,434	26,520	26,651	26,711	26,931[r]	26,972[r]	27,057
17 Government	16,693	17,015	17,387	17,545	17,587	17,597	17,626	17,687	17,723[r]	17,761[r]	17,818

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).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
	1988		1989		1988		1989		1988		1989	
	Q3	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
1 **Total industry**	**138.4**	**139.9**	**140.7**	**141.8**	**165.2**	**166.3**	**167.5**	**168.7**	**83.8**	**84.1**	**84.0**	**84.0**
2 Mining	103.9	104.2	101.8	101.9	126.3	125.7	125.1	124.7	82.3	82.9	81.3	81.7
3 Utilities	115.1	114.3	116.0	115.6	140.4	140.7	141.0	141.4	81.9	81.3	82.3	81.8
4 **Manufacturing**	**144.0**	**145.8**	**147.0**	**148.2**	**171.5**	**172.8**	**174.3**	**175.7**	**84.0**	**84.4**	**84.4**	**84.4**
5 Primary processing	125.9	127.7	127.8	127.7	143.9	145.2	146.5	147.8	87.5	87.9	87.3	86.4
6 Advanced processing	154.9	156.7	158.6	160.7	188.1	189.5	191.0	192.6	82.4	82.7	83.0	83.4
7 **Materials**	**126.5**	**128.0**	**127.6**	**127.7**	**150.1**	**150.8**	**151.7**	**152.6**	**84.3**	**84.9**	**84.1**	**83.8**
8 Durable goods	137.1	139.2	138.6	139.0	167.9	169.0	170.1	171.3	81.6	82.4	81.5	81.1
9 Metal materials	92.7	94.8	92.3	90.0	109.5	109.8	110.2	110.6	84.8	86.3	83.8	81.4
10 Nondurable goods	132.8	135.4	136.3	137.1	149.8	151.2	152.7	154.2	88.6	89.5	89.3	88.9
11 Textile, paper, and chemical	135.3	138.1	139.2	139.8	150.2	151.8	153.5	155.3	90.0	91.0	90.7	90.0
12 Paper	148.9	148.6	148.4	145.7	150.7	152.3	154.0	155.8	98.8	97.6	96.4	93.5
13 Chemical	139.4	144.1	145.4	145.7	157.4	159.3	161.4	163.7	88.6	90.5	90.1	89.0
14 Energy materials	102.5	102.0	100.7	100.6	119.0	118.7	118.4	118.3	86.0	86.0	85.0	85.1

Series	Previous cycle[2]		Latest cycle[3]		1988	1988	1989							
	High	Low	High	Low	Aug.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**83.8**	**84.3**	**84.3**	**83.9**	**83.8**	**84.2**	**84.0**	**83.6**	**83.8**	**83.8**
16 Mining	92.8	87.8	95.2	76.9	82.2	83.6	82.2	80.6	81.2	82.0	81.8	81.2	81.6	83.6
17 Utilities	95.6	82.9	88.5	78.0	83.9	82.0	80.9	82.6	83.3	82.9	81.8	80.6	81.6	80.4
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**84.0**	**84.4**	**84.7**	**84.3**	**84.1**	**84.5**	**84.3**	**84.3**	**84.1**	**84.0**
19 Primary processing	91.9	68.3	89.1	65.0	87.4	87.9	88.4	87.0	86.4	86.8	86.2	86.2	87.0	86.8
20 Advanced processing	86.0	71.1	85.1	69.5	82.4	82.8	83.1	83.0	83.0	83.5	83.4	83.4	82.8	82.8
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**84.3**	**84.9**	**84.6**	**84.0**	**83.7**	**84.2**	**83.8**	**83.5**	**83.8**	**84.0**
22 Durable goods	91.8	64.4	89.8	60.9	81.4	82.1	82.1	81.5	80.9	81.3	81.0	81.1	81.3	81.2
23 Metal materials	99.2	67.1	93.6	45.7	83.4	84.6	86.1	83.8	81.5	83.6	79.8	80.7	81.6	81.9
24 Nondurable goods	91.1	66.7	88.1	70.7	88.8	89.8	90.1	89.0	88.8	89.2	88.7	88.8	89.5	88.9
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	90.3	91.3	91.5	90.3	90.2	90.7	89.6	89.9	90.1	90.4
26 Paper	98.4	70.6	97.3	79.9	98.4	98.4	98.1	95.8	95.3	94.5	93.2	92.8	94.1	......
27 Chemical	92.5	64.4	87.9	63.5	89.0	90.7	90.7	89.8	89.7	90.1	88.4	88.5	89.8	......
28 Energy materials	94.6	86.9	94.0	82.3	86.6	86.5	84.9	84.9	85.4	86.0	85.5	83.7	83.8	85.4

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.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Groups	1977 proportion	1988 avg.	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May[r]	1989 June	1989 July[p]	1989 Aug.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**137.2**	**138.5**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8**	**140.5**	**140.7**	**141.7**	**141.6**	**141.9**	**142.0**	**142.4**
2 Products	57.72	145.9	147.3	147.4	148.1	148.4	149.4	150.1	150.0	150.5	151.6	151.7	152.3	152.0	152.3
3 Final products	44.77	144.3	145.8	145.8	146.4	146.8	147.7	148.2	148.6	148.9	150.2	150.4	150.9	150.4	150.8
4 Consumer goods	25.52	133.9	135.0	134.8	136.4	136.8	138.2	138.5	138.7	138.4	139.5	139.2	139.6	138.9	139.0
5 Equipment	19.25	158.2	160.1	160.4	159.7	159.9	160.4	161.1	161.6	162.8	164.3	165.4	165.9	165.7	166.4
6 Intermediate products	12.94	151.5	152.3	152.9	154.0	154.2	155.0	156.6	155.1	156.1	156.5	156.3	157.0	157.3	157.6
7 Materials	42.28	125.2	126.5	126.5	127.5	128.3	128.3	128.1	127.4	127.3	128.2	127.9	127.7	128.4	128.9
Consumer goods															
8 Durable consumer goods	6.89	125.3	125.7	126.3	129.3	129.2	131.9	131.5	131.6	130.1	132.2	131.2	130.8	128.0	129.6
9 Automotive products	2.98	124.9	124.2	126.4	128.9	129.5	134.5	132.5	131.6	128.9	131.7	128.6	125.8	120.4	123.4
10 Autos and trucks	1.79	122.7	123.1	124.8	128.3	129.5	138.0	135.6	133.1	128.3	131.7	127.4	123.6	113.9	119.2
11 Autos, consumer	1.16	93.4	93.0	97.7	101.3	101.0	105.1	99.6	96.0	95.0	98.8	96.0	91.4	81.2	86.4
12 Trucks, consumer	.63	177.0	179.0	175.3	178.4	182.4	199.1	202.3	201.9	190.0	192.8	185.5	183.3	174.5	180.1
13 Auto parts and allied goods	1.19	128.1	125.9	128.8	129.8	129.5	129.3	127.9	129.4	129.8	131.7	130.4	129.0	130.2	129.6
14 Home goods	3.91	125.6	126.8	126.2	129.7	128.9	130.0	130.7	131.6	131.1	132.6	133.3	134.7	133.8	134.4
15 Appliances, A/C and TV	1.24	144.1	146.5	144.9	154.4	150.4	151.0	151.0	153.9	151.6	151.7	151.3	155.8	150.9	153.6
16 Appliances and TV	1.19	143.6	146.1	143.7	151.9	148.9	150.0	149.5	153.0	152.3	152.5	151.4	155.1	148.1	....
17 Carpeting and furniture	.96	136.2	137.2	137.1	138.8	139.8	140.5	141.1	141.3	140.7	142.8	144.3	143.0	142.6	....
18 Miscellaneous home goods	1.71	106.3	106.8	106.6	106.7	107.3	108.9	110.1	110.1	110.9	113.0	114.1	114.8	116.5	....
19 Nondurable consumer goods	18.63	137.1	138.5	138.0	139.0	139.7	140.5	141.1	141.4	141.4	142.2	142.1	142.9	142.9	142.5
20 Consumer staples	15.29	144.9	146.6	145.8	147.0	147.9	148.9	149.4	149.7	149.9	150.7	150.7	151.4	151.4	151.0
21 Consumer foods and tobacco	7.80	140.9	141.3	141.1	142.4	143.7	144.5	144.8	144.3	143.3	144.7	144.7	145.3	145.3	....
22 Nonfood staples	7.49	149.1	152.1	150.7	151.8	152.2	153.6	154.2	155.4	156.9	156.9	156.9	157.8	157.8	157.0
23 Consumer chemical products	2.75	180.0	183.8	185.0	186.1	185.7	186.8	187.6	187.8	188.9	187.3	189.1	189.4	188.2	....
24 Consumer paper products	1.88	163.4	165.3	166.3	167.1	167.8	169.0	174.2	177.0	180.4	180.9	180.9	183.1	182.5	....
25 Consumer energy	2.86	110.0	113.0	107.6	108.9	109.8	111.6	109.1	110.1	110.7	112.0	110.1	110.9	112.4	110.9
26 Consumer fuel	1.44	95.4	95.5	92.7	95.3	94.1	96.3	96.7	95.0	95.6	97.3	93.6	95.6	97.3	....
27 Residential utilities	1.42	124.8	130.9	122.8	122.7	125.8	127.1	121.7	125.4	126.1	127.0	127.0	126.6	....	....
Equipment															
28 Business and defense equipment	18.01	163.3	165.2	165.6	165.1	165.5	166.2	167.1	167.9	168.9	170.3	171.5	171.8	171.5	172.2
29 Business equipment	14.34	157.6	160.2	160.8	160.2	161.2	162.6	163.8	165.0	166.3	167.8	169.1	169.4	168.9	169.9
30 Construction, mining, and farm	2.08	71.9	73.1	74.3	74.2	74.5	74.6	74.3	75.6	76.9	77.6	76.3	76.3	76.0	76.5
31 Manufacturing	3.27	131.3	134.0	135.8	136.2	136.2	137.0	136.3	137.8	138.6	139.7	140.9	142.0	142.1	141.5
32 Power	1.27	89.4	90.9	92.2	91.5	92.1	91.8	92.8	92.7	93.0	93.6	93.3	92.7	92.6	92.9
33 Commercial	5.22	245.2	249.8	248.7	245.4	247.0	248.9	252.4	254.3	257.6	260.1	263.2	263.8	264.1	264.4
34 Transit	2.49	114.9	115.2	116.8	120.3	122.3	124.9	125.7	125.2	123.9	124.8	125.3	124.8	121.3	126.4
35 Defense and space equipment	3.67	185.9	184.9	184.5	184.0	182.2	180.5	180.0	179.3	178.7	179.9	180.7	181.1	181.7	181.2
Intermediate products															
36 Construction supplies	5.95	138.6	138.1	138.4	140.0	140.7	141.4	142.3	139.5	139.3	140.2	140.2	141.0	141.0	141.5
37 Business supplies	6.99	162.5	164.4	165.2	165.9	165.7	166.7	168.8	168.4	170.4	170.4	170.0	170.7	171.2	....
38 General business supplies	5.67	168.5	170.6	171.8	172.3	172.9	173.8	175.9	175.4	177.4	177.9	177.3	178.4	178.8	....
39 Commercial energy products	1.31	136.3	137.7	136.7	138.2	134.3	135.8	138.2	138.3	140.3	138.0	138.2	137.2	138.3	....
Materials															
40 Durable goods materials	20.50	135.4	136.6	137.8	138.9	139.8	139.0	139.4	138.6	137.9	139.0	138.7	139.3	139.9	140.1
41 Durable consumer parts	4.92	108.9	109.8	111.0	111.4	113.9	112.5	111.7	112.1	110.7	110.8	111.8	111.5	110.6	111.5
42 Equipment parts	5.94	171.7	173.5	174.0	174.9	175.0	174.1	175.2	175.2	175.3	176.9	177.1	177.4	178.6	178.2
43 Durable materials n.e.c.	9.64	126.7	127.6	129.2	130.8	131.3	130.9	131.5	129.7	128.8	130.0	128.9	130.1	131.0	131.1
44 Basic metal materials	4.64	95.9	97.3	100.3	101.1	101.4	99.8	100.8	98.4	95.9	98.0	94.4	95.6	97.1	97.3
45 Nondurable goods materials	10.09	132.0	133.1	132.6	134.7	135.1	136.3	137.1	135.9	136.0	137.1	136.8	137.4	139.1	138.6
46 Textile, paper, and chemical materials	7.53	134.4	135.7	134.9	137.4	137.9	139.1	139.9	138.6	139.0	140.3	139.1	140.0	142.3	142.0
47 Textile materials	1.52	109.9	110.1	109.2	109.5	110.1	110.0	112.1	110.7	111.8	114.6	116.4	118.9	119.4	....
48 Pulp and paper materials	1.55	147.3	148.3	148.1	148.4	147.2	150.3	150.4	147.5	147.3	146.7	145.2	145.1	147.7	....
49 Chemical materials	4.46	138.3	140.0	139.0	143.1	144.2	145.1	145.7	145.0	145.4	146.8	144.7	145.5	148.3	....
50 Miscellaneous nondurable materials	2.57	124.9	125.6	125.9	126.6	127.0	128.0	129.1	128.0	127.2	127.8	129.9	129.8	....	....
51 Energy materials	11.69	101.5	103.2	101.5	101.3	102.3	102.6	100.5	100.5	101.0	101.7	101.1	99.0	99.1	100.9
52 Primary energy	7.57	106.3	106.2	106.8	106.0	108.6	107.6	105.2	104.4	103.7	104.1	104.6	102.7	102.4	....
53 Converted fuel materials	4.12	92.8	97.7	91.8	92.6	90.7	93.3	92.0	93.3	96.1	97.4	94.7	92.1	93.0	....

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

Groups	SIC code	1977 proportion	1988 avg.	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May[r]	1989 June	1989 July[p]	1989 Aug.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	107.5	109.0	107.2	107.2	108.1	108.9	107.2	106.8	107.5	107.9	107.2	106.0	106.6	107.7
2 Mining	......	9.83	103.4	103.8	103.7	103.1	104.7	104.9	103.0	100.9	101.5	102.4	102.0	101.2	101.5	103.9
3 Utilities	......	5.96	114.3	117.8	113.0	113.9	113.7	115.4	114.0	116.5	117.5	117.1	115.6	114.0	115.0	113.9
4 Manufacturing	......	84.21	142.7	144.0	144.4	145.3	145.8	146.3	147.2	146.8	147.0	148.0	148.1	148.6	148.6	148.9
5 Nondurable	......	35.11	143.9	145.1	145.3	146.3	146.7	147.1	148.5	148.1	148.6	149.6	149.5	150.4	150.9	150.9
6 Durable	......	49.10	141.9	143.2	143.8	144.6	145.2	145.7	146.2	145.9	145.8	146.9	147.1	147.3	146.9	147.5
Mining																
7 Metal	10	.50	93.2	96.6	99.1	101.6	104.6	111.9	106.9	98.6	98.1	96.8	94.0	100.6	......	......
8 Coal	11.12	1.60	137.9	137.2	142.2	138.5	149.7	155.1	144.7	134.7	137.7	145.5	137.1	129.2	130.2	141.5
9 Oil and gas extraction	13	7.07	92.9	93.2	92.0	91.5	90.8	88.9	88.9	89.5	89.6	89.1	90.5	90.3	90.2	......
10 Stone and earth minerals	14	.66	139.9	141.3	139.7	142.8	144.0	149.4	150.8	142.5	143.5	144.5	146.6	150.0	151.0	......
Nondurable manufactures																
11 Foods	20	7.96	142.7	143.3	143.2	144.0	145.7	145.8	146.6	146.3	145.4	146.6	147.2	147.7	147.6	......
12 Tobacco products	21	.62	105.2	105.1	105.0	105.4	102.4	107.0	105.0	104.7	101.5	109.2	105.9	......	......	......
13 Textile mill products	22	2.29	116.2	116.4	116.2	117.0	117.2	117.9	120.2	119.4	119.7	122.5	123.6	124.5	125.9	......
14 Apparel products	23	2.79	109.1	108.9	109.9	109.5	110.1	108.8	110.2	110.2	109.9	111.3	111.5	112.2	......	......
15 Paper and products	26	3.15	150.3	151.0	150.9	151.8	150.7	151.7	153.8	151.7	151.7	150.7	150.1	149.5	151.5	......
16 Printing and publishing	27	4.54	184.2	186.7	188.0	188.1	188.5	188.0	193.0	194.6	198.5	200.1	199.0	200.9	200.3	202.0
17 Chemicals and products	28	8.05	151.9	154.8	155.3	156.7	157.5	158.1	159.0	158.5	159.2	159.3	158.2	159.4	160.2	......
18 Petroleum products	29	2.40	96.0	96.0	93.7	96.3	95.0	98.0	98.0	96.3	97.0	97.3	96.9	97.9	98.9	98.0
19 Rubber and plastic products	30	2.80	174.4	175.3	175.3	176.9	177.5	177.5	175.9	175.0	176.4	178.0	180.5	182.5	183.8	......
20 Leather and products	31	.53	59.5	59.4	59.9	61.0	61.5	60.2	62.9	62.9	61.2	61.4	60.3	60.2	60.9	......
Durable manufactures																
21 Lumber and products	24	2.30	137.3	133.8	133.5	137.5	139.4	143.0	139.9	132.8	133.4	135.1	135.5	137.1	136.0	......
22 Furniture and fixtures	25	1.27	162.1	164.9	164.9	164.5	165.4	165.4	166.3	164.8	165.8	168.0	170.2	170.6	170.3	......
23 Clay, glass, and stone products	32	2.72	122.6	122.6	122.6	123.3	124.7	125.1	126.6	125.4	125.5	124.7	123.9	124.1	123.8	......
24 Primary metals	33	5.33	89.2	90.8	93.1	94.2	92.7	90.0	93.2	91.1	88.4	90.1	87.2	87.3	89.1	89.5
25 Iron and steel	331.2	3.49	78.1	78.9	81.4	83.1	80.8	77.6	82.2	79.1	75.9	77.0	73.2	72.9	74.7	......
26 Fabricated metal products	34	6.46	120.9	122.1	122.5	122.6	124.6	125.1	124.5	124.5	123.8	123.1	124.8	125.4	126.1	126.4
27 Nonelectrical machinery	35	9.54	170.8	174.1	174.8	173.8	175.4	177.8	178.7	180.8	183.0	184.7	186.5	187.0	186.1	186.0
28 Electrical machinery	36	7.15	180.1	182.2	181.8	183.0	182.2	180.9	180.9	181.7	181.6	182.2	181.6	182.0	180.9	181.6
29 Transportation equipment	37	9.13	132.1	131.8	132.7	134.8	135.2	136.8	136.7	136.4	134.8	136.4	135.5	134.2	131.9	133.7
30 Motor vehicles and parts	371	5.25	117.2	117.5	118.5	121.7	122.9	125.5	124.9	123.4	120.4	122.0	119.7	116.5	110.2	114.3
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	152.4	151.3	151.9	152.7	151.9	152.2	152.7	154.0	154.4	155.9	157.1	158.4	161.3	160.2
32 Instruments	38	2.66	154.3	156.8	157.8	159.9	160.4	159.1	161.0	161.3	161.8	163.0	164.3	165.5	166.8	167.0
33 Miscellaneous manufactures	39	1.46	107.1	108.3	108.5	107.7	109.0	110.9	112.2	110.0	112.5	115.3	117.1	118.8	119.7	......
Utilities																
34 Electric	......	4.17	132.0	138.8	132.2	132.8	131.6	132.9	131.0	135.3	137.0	137.1	135.8	134.1	135.9	134.4
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKET																
35 Products, total	......	**517.5**	**1,824.5**	**1,828.6**	**1,828.9**	**1,853.4**	**1,855.5**	**1,875.3**	**1,885.1**	**1,879.2**	**1,878.0**	**1,893.9**	**1,885.5**	**1,884.4**	**1,870.9**	**1,874.4**
36 Final	......	405.7	1,401.2	1,404.2	1,404.3	1,423.5	1,426.3	1,442.1	1,447.5	1,449.6	1,442.8	1,460.4	1,449.6	1,448.8	1,433.5	1,437.3
37 Consumer goods	......	272.7	902.4	900.4	897.2	915.0	918.4	934.4	935.6	934.3	928.0	939.4	928.5	928.0	917.4	917.9
38 Equipment	......	133.0	498.8	503.8	507.1	508.4	507.9	507.7	511.9	515.2	514.8	521.1	521.1	520.8	516.0	519.4
39 Intermediate	......	111.9	423.3	424.3	424.5	430.0	429.3	433.2	437.7	429.6	435.3	433.5	435.9	435.6	437.4	437.1

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.

2.14 HOUSING AND CONSTRUCTION

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

Item	1986	1987	1988	1988			1989						
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,750	1,535	1,456	1,526	1,508	1,518	1,486	1,403	1,230	1,334	1,347	1,308	1,281
2 1-family	1,071	1,024	994	1,029	1,027	1,058	1,052	989	870	954	905	874	906
3 2-or-more-family	679	511	462	497	481	460	434	414	360	380	442	434	375
4 Started	1,805	1,621	1,488	1,532	1,567	1,577	1,678	1,465	1,409	1,343	1,308	1,406	1,424
5 1-family	1,180	1,146	1,081	1,136	1,138	1,141	1,199	1,029	981	1,029	977	972	1,029
6 2-or-more-family	626	474	407	396	429	436	479	436	428	314	331	434	395
7 Under construction, end of period[1]	1,074	987	919	951	959	956	957	951	942	924	911	914	918
8 1-family	583	591	570	597	603	603	602	594	586	579	572	572	577
9 2-or-more-family	490	397	350	354	356	353	355	357	356	345	339	342	341
10 Completed	1,756	1,669	1,530	1,516	1,429	1,539	1,537	1,610	1,459	1,552	1,442	1,354	1,369
11 1-family	1,120	1,123	1,085	1,088	1,037	1,108	1,141	1,189	1,050	1,115	1,041	965	956
12 2-or-more-family	636	546	445	428	392	431	396	421	409	437	401	389	413
13 Mobile homes shipped	244	233	218	216	227	225	232	212	207	198	205	202	178
Merchant builder activity in 1-family units													
14 Number sold	748	672	675	718	650	669	700	621	555	607	646	646	739
15 Number for sale, end of period[1]	357	365	366	353	364	366	369	375	377	377	381	379	371
Price (thousands of dollars)[2]													
Median													
16 Units sold	92.2	104.7	113.3	112.9	110.4	121.0	113.0	118.0	123.0	116.7	118.9	123.4	118.8
Average													
17 Units sold	112.2	127.9	139.0	137.3	137.3	147.7	138.6	145.3	149.0	144.7	144.0	155.5	143.3
EXISTING UNITS (1-family)													
18 Number sold	3,566	3,530	3,594	3,680	3,710	3,920	3,550	3,480	3,400	3,400	3,210	3,360	3,330
Price of units sold (thousands of dollars)[2]													
19 Median	80.3	85.6	89.2	88.9	88.5	88.7	89.7	91.9	92.0	92.9	92.6	93.4	96.7
20 Average	98.3	106.2	112.5	112.3	112.4	112.0	113.0	117.8	116.1	118.0	118.0	118.8	122.1
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**387,043**	**397,721**	**409,663**	**411,074**	**415,442**	**425,035**	**424,791**	**418,465**	**419,152**	**415,783**	**419,260**	**415,619**	**415,681**
22 Private	315,313	320,108	328,738	331,374	332,798	336,254	339,481	335,037	340,438	335,363	334,131	333,705	334,732
23 Residential	187,147	194,656	198,101	200,780	202,048	202,480	204,707	202,322	204,456	203,952	200,967	198,557	198,221
24 Nonresidential, total	128,166	125,452	130,637	130,594	130,750	133,774	134,774	132,715	135,982	131,411	133,164	135,148	136,511
Buildings													
25 Industrial	13,747	13,707	14,931	15,515	15,413	15,045	15,890	15,098	15,698	16,263	15,977	16,334	16,835
26 Commercial	56,762	55,448	58,104	57,284	56,676	58,659	59,350	58,749	60,653	55,611	56,796	57,406	57,338
27 Other	13,216	15,464	17,278	17,340	17,328	17,744	17,976	17,484	17,634	16,944	17,311	17,126	17,379
28 Public utilities and other	44,441	40,833	40,324	40,455	41,333	42,326	41,558	41,384	41,997	42,593	43,080	44,282	44,959
29 Public	71,727	77,612	80,922	79,700	82,644	88,781	85,310	83,428	78,714	80,420	85,130	81,914	80,949
30 Military	3,868	4,327	3,579	2,617	3,420	3,905	3,440	3,433	3,740	3,133	3,386	3,358	3,024
31 Highway	22,971	25,343	28,524	28,707	28,992	33,674	30,792	27,936	26,091	27,772	27,407	27,258	26,213
32 Conservation and development	4,646	5,162	4,474	4,343	4,134	4,412	4,121	4,742	4,210	3,077	6,072	4,766	4,221
33 Other	40,242	42,780	44,345	44,033	46,098	46,790	46,957	47,317	44,673	46,438	48,265	46,532	47,491

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.

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 Aug. 1989[1]
	1988 Aug.	1989 Aug.	1988		1989		1989					
			Sept.	Dec.	Mar.	June	Apr.	May	June	July	Aug.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**4.0**	**4.7**	**4.8**	**4.1**	**6.1**	**5.7**	**.7**	**.6**	**.2**	**.2**	**.0**	**124.6**
2 Food	4.9	5.4	8.8	3.0	8.2	5.6	.5	.6	.2	.3	.2	125.8
3 Energy items	−.4	5.1	2.7	−.4	10.2	24.8	5.1	1.6	−1.0	−.7	−2.0	97.0
4 All items less food and energy	4.4	4.4	4.3	4.9	5.2	3.8	.2	.5	.2	.4	.2	129.3
5 Commodities	3.0	3.1	3.1	4.2	4.1	2.0	.2	.4	−.1	.1	−.3	118.8
6 Services	5.0	5.1	4.8	5.4	5.9	4.3	.2	.5	.4	.6	.3	135.4
PRODUCER PRICES (1982=100)												
7 Finished goods	2.6	4.2	5.7	3.0	10.2	5.1	.4	.9	−.1	−.4	−.4	113.3
8 Consumer foods	3.7	4.5	9.2	2.1	13.1	−2.0	−.6[r]	.9[r]	−.8	.1	.3	118.7
9 Consumer energy	−5.9	4.1	−2.7	1.4	41.0	31.0	7.0[r]	3.2[r]	−3.1	−3.0	−7.3	63.6
10 Other consumer goods	4.2	4.5	5.9	4.4	5.4	5.3	.0[r]	.6[r]	.7	−.3	.5	124.4
11 Capital equipment	2.5	3.8	6.1	1.7	4.6	4.1	−.1	.4	.7	.0	.3	118.8
12 Intermediate materials[3]	5.3	3.6	4.6	4.5	8.7	2.5	.6[r]	.2[r]	−.2	−.3	−.3	112.0
13 Excluding energy	7.3	3.4	7.2	6.7	5.5	.3	.2	.2	−.2	−.2	−.1	120.0
Crude materials												
14 Foods	13.7	−.8	29.1	−7.9	16.9	−18.7	−2.7[r]	.2[r]	−2.6	−1.1	1.7	109.5
15 Energy	−16.2	11.3	−27.0	12.3	48.3	22.3	5.2[r]	1.8[r]	−1.8	2.1	−6.7	73.6
16 Other	12.8	1.9	8.5	12.5	10.3	−9.8	−.3[r]	−1.0[r]	−1.3	−1.5	1.2	136.5

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

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1986	1987	1988	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2r
GROSS NATIONAL PRODUCT								
1 **Total**	**4,231.6**	**4,524.3**	**4,880.6**	**4,838.5**	**4,926.9**	**5,017.3**	**5,113.1**	**5,201.7**
By source								
2 Personal consumption expenditures	2,797.4	3,010.8	3,235.1	3,204.9	3,263.4	3,324.0	3,381.4	3,444.1
3 Durable goods	406.0	421.0	455.2	454.6	452.5	467.4	466.4	471.0
4 Nondurable goods	942.0	998.1	1,052.3	1,042.4	1,066.2	1,078.4	1,098.3	1,121.5
5 Services	1,449.5	1,591.7	1,727.6	1,707.9	1,744.7	1,778.2	1,816.7	1,851.7
6 Gross private domestic investment	659.4	699.9	750.3	748.4	771.1	752.8	769.6	775.0
7 Fixed investment	652.5	670.6	719.6	719.1	726.5	734.1	742.0	747.6
8 Nonresidential	435.2	444.3	487.2	487.1	493.2	495.8	503.1	512.5
9 Structures	139.0	133.8	140.3	139.9	142.0	142.5	144.7	142.4
10 Producers' durable equipment	296.2	310.5	346.8	347.2	351.3	353.3	358.5	370.1
11 Residential structures	217.3	226.4	232.4	232.1	233.2	238.4	238.8	235.1
12 Change in business inventories	6.9	29.3	30.6	29.3	44.6	18.7	27.7	27.4
13 Nonfarm	8.6	30.5	34.2	30.4	41.5	40.8	19.1	23.6
14 Net exports of goods and services	−97.4	−112.6	−73.7	−74.9	−66.2	−70.8	−54.0	−50.6
15 Exports	396.5	448.6	547.7	532.5	556.8	579.7	605.6	626.1
16 Imports	493.8	561.2	621.3	607.5	623.0	650.5	659.6	676.6
17 Government purchases of goods and services	872.2	926.1	968.9	960.1	958.6	1,011.4	1,016.0	1,033.2
18 Federal	366.5	381.6	381.3	377.1	367.5	406.4	399.0	406.0
19 State and local	505.7	544.5	587.6	583.0	591.0	604.9	617.0	627.2
By major type of product								
20 Final sales, total	4,224.8	4,495.0	4,850.0	4,809.2	4,882.3	4,998.7	5,085.4	5,174.3
21 Goods	1,686.7	1,785.2	1,931.9	1,917.4	1,955.8	1,987.4	2,030.9	2,079.1
22 Durable	724.2	777.6	863.6	857.2	884.0	888.5	894.7	905.2
23 Nondurable	962.5	1,007.6	1,068.3	1,060.2	1,071.8	1,098.9	1,136.2	1,173.9
24 Services	2,119.3	2,304.5	2,499.2	2,472.3	2,520.3	2,570.0	2,620.8	2,667.5
25 Structures	425.6	434.6	449.5	448.8	450.8	459.9	461.3	455.1
26 Change in business inventories	6.9	29.3	30.6	29.3	44.6	18.7	27.7	27.4
27 Durable goods	1.2	22.0	25.0	17.0	41.4	32.0	22.0	6.0
28 Nondurable goods	5.6	7.2	5.6	12.3	3.2	−13.3	5.7	21.4
MEMO								
29 **Total GNP in 1982 dollars**	**3,717.9**	**3,853.7**	**4,024.4**	**4,010.7**	**4,042.7**	**4,069.4**	**4,106.8**	**4,132.5**
NATIONAL INCOME								
30 **Total**	**3,412.6**	**3,665.4**	**3,972.6**	**3,933.6**	**4,005.7**	**4,097.4**	**4,185.2**	**4,249.6**
31 Compensation of employees	2,511.4	2,690.0	2,907.6	2,878.9	2,935.1	2,997.2	3,061.7	3,118.2
32 Wages and salaries	2,094.8	2,249.4	2,429.0	2,405.4	2,452.2	2,505.1	2,560.7	2,608.8
33 Government and government enterprises	393.7	419.2	446.5	443.1	449.6	456.3	466.9	473.5
34 Other	1,701.1	1,830.1	1,982.5	1,962.3	2,002.6	2,048.9	2,093.8	2,135.3
35 Supplement to wages and salaries	416.6	440.7	478.6	473.5	482.9	492.0	501.0	509.4
36 Employer contributions for social insurance	217.3	227.8	249.7	247.7	251.8	255.6	259.7	263.4
37 Other labor income	199.3	212.8	228.9	225.9	231.1	236.5	241.3	246.0
38 Proprietors' income[1]	282.0	311.6	327.8	331.8	327.0	328.3	359.3	355.5
39 Business and professional[1]	247.2	270.0	288.0	286.5	289.3	296.3	300.3	304.2
40 Farm[1]	34.7	41.6	39.8	45.4	37.7	32.0	59.0	51.3
41 Rental income of persons[2]	11.6	13.4	15.7	14.6	16.3	16.1	11.8	9.8
42 Corporate profits[1]	282.1	298.7	328.6	325.3	330.9	340.2	316.3	307.8
43 Profits before tax[3]	221.6	266.7	306.8	305.3	314.4	318.8	318.0	296.0
44 Inventory valuation adjustment	6.7	−18.9	−25.0	−28.8	−30.4	−20.1	−38.3	−20.7
45 Capital consumption adjustment	53.8	50.9	46.8	48.9	46.9	41.5	36.6	32.3
46 Net interest	325.5	351.7	392.9	383.0	396.4	415.7	436.1	458.4

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1986	1987	1988	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,526.2**	**3,777.6**	**4,064.5**	**4,026.6**	**4,097.6**	**4,185.2**	**4,317.8**	**4,400.3**
2 Wage and salary disbursements	2,094.8	2,249.4	2,429.0	2,405.4	2,452.2	2,505.1	2,560.7	2,608.8
3 Commodity-producing industries	625.6	649.9	696.3	690.8	701.6	714.7	726.6	733.7
4 Manufacturing	473.2	490.3	524.0	519.2	527.2	538.1	546.3	549.9
5 Distributive industries	498.8	531.9	571.9	568.0	578.0	587.5	598.8	610.8
6 Service industries	576.7	648.3	714.4	703.5	723.0	746.7	768.4	790.8
7 Government and government enterprises	393.7	419.2	446.5	443.1	449.6	456.3	466.9	473.5
8 Other labor income	199.3	212.8	228.9	225.9	231.1	236.5	241.3	246.0
9 Proprietors' income[1]	282.0	311.6	327.8	331.8	327.0	328.3	359.3	355.5
10 Business and professional[1]	247.2	270.0	288.0	286.5	289.3	296.3	300.3	304.2
11 Farm[1]	34.7	41.6	39.8	45.4	37.7	32.0	59.0	51.3
12 Rental income of persons[2]	11.6	13.4	15.7	14.6	16.3	16.1	11.8	9.8
13 Dividends	85.8	92.0	102.2	100.4	103.6	106.4	109.4	111.4
14 Personal interest income	493.2	523.2	571.1	560.0	576.3	598.6	629.0	655.1
15 Transfer payments	521.5	548.2	584.7	581.8	587.4	593.8	616.4	626.8
16 Old-age survivors, disability, and health insurance benefits	269.2	282.9	300.5	299.2	301.4	304.0	316.9	322.9
17 LESS: Personal contributions for social insurance	161.9	172.9	194.9	193.4	196.4	199.6	210.0	213.0
18 EQUALS: Personal income	3,526.2	3,777.6	4,064.5	4,026.6	4,097.6	4,185.2	4,317.8	4,400.3
19 LESS: Personal tax and nontax payments	512.9	571.7	586.6	590.7	585.9	597.8	628.3	652.6
20 EQUALS: Disposable personal income	3,013.3	3,205.9	3,477.8	3,435.9	3,511.7	3,587.4	3,689.5	3,747.7
21 LESS: Personal outlays	2,888.5	3,104.1	3,333.1	3,301.9	3,362.1	3,424.0	3,483.8	3,547.0
22 EQUALS: Personal saving	124.9	101.8	144.7	134.0	149.6	163.4	205.7	200.7
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,385.5	15,793.9	16,332.8	16,303.7	16,387.1	16,455.3	16,566.4	16,629.8
24 Personal consumption expenditures	10,123.7	10,302.0	10,545.5	10,515.4	10,572.0	10,625.6	10,653.5	10,678.9
25 Disposable personal income	10,905.0	10,970.0	11,337.0	11,273.0	11,377.0	11,466.0	11,625.0	11,622.0
26 Saving rate (percent)	4.1	3.2	4.2	3.9	4.3	4.6	5.6	5.4
GROSS SAVING								
27 **Gross saving**	**525.3**	**553.8**	**642.4**	**633.4**	**669.8**	**647.4**	**693.5**	**695.8**
28 Gross private saving	669.5	663.8	738.6	722.5	742.4	769.3	792.1	793.7
29 Personal saving	124.9	101.8	144.7	134.0	149.6	163.4	205.7	200.7
30 Undistributed corporate profits[1]	84.5	75.3	80.3	78.3	77.6	81.7	53.4	52.0
31 Corporate inventory valuation adjustment	6.7	−18.9	−25.0	−28.8	−30.4	−20.1	−38.3	−20.7
Capital consumption allowances								
32 Corporate	285.9	303.1	321.7	319.0	323.1	329.7	335.2	339.7
33 Noncorporate	174.2	183.6	191.9	191.2	192.1	194.4	197.8	201.3
34 Government surplus, or deficit (−), national income and product accounts	−144.1	−110.1	−96.1	−89.1	−72.7	−121.9	−98.7	−97.9
35 Federal	−206.9	−161.4	−145.8	−141.5	−122.5	−167.6	−147.5	−145.4
36 State and local	62.8	51.3	49.7	52.4	49.8	45.7	48.8	47.5
37 **Gross investment**	**523.6**	**549.0**	**632.8**	**633.4**	**661.2**	**630.8**	**669.3**	**677.5**
38 Gross private domestic	659.4	699.9	750.3	748.4	771.1	752.8	769.6	775.0
39 Net foreign	−135.8	−150.9	−117.5	−115.0	−109.9	−122.0	−100.3	−97.5
40 **Statistical discrepancy**	**−1.8**	**−4.7**	**−9.6**	**−0.1**	**−8.6**	**−16.6**	**−24.1**	**−18.3**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1986	1987	1988	1988			1989	
				Q2	Q3	Q4	Q1	Q2[p]
1 Balance on current account	−133,249	−143,700	−126,548	−33,485	−32,340	−28,677	−30,390	−30,988
2 Not seasonally adjusted	....	....	....	−33,875	−36,926	−28,191	−25,994	−30,779
3 Merchandise trade balance[2]	−145,058	−159,500	−127,215	−31,411	−30,339	−32,019	−28,378	−27,718
4 Merchandise exports	223,367	250,266	319,251	78,471	80,604	83,729	87,919	90,866
5 Merchandise imports	−368,425	−409,766	−446,466	−109,882	−110,943	−115,748	−116,297	−118,584
6 Military transactions, net	−4,576	−2,857	−4,606	−1,033	−1,006	−1,604	−1,498	−1,630
7 Investment income, net	21,647	22,283	2,227	−2,465	−2,590	4,489	−2,416	−5,015
8 Other service transactions, net	10,517	10,586	17,702	4,323	4,971	5,475	5,428	6,469
9 Remittances, pensions, and other transfers	−4,049	−4,063	−4,279	−971	−1,088	−1,090	−1,186	−952
10 U.S. government grants (excluding military)	−11,730	−10,149	−10,377	−1,928	−2,288	−3,928	−2,340	−2,142
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,024	997	2,999	−885	1,961	3,413	1,049	−372
12 Change in U.S. official reserve assets (increase, −)	312	9,149	−3,566	39	−7,380	2,272	−4,000	−12,095
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−246	−509	474	180	−35	173	−188	68
15 Reserve position in International Monetary Fund	1,501	2,070	1,025	69	202	307	316	−159
16 Foreign currencies	−942	7,588	−5,064	−210	−7,547	1,791	−4,128	−12,004
17 Change in U.S. private assets abroad (increase, −)	−97,954	−86,363	−81,543	−15,273	−32,467	−38,332	−28,367	19,943
18 Bank-reported claims[3]	−59,975	−42,119	−54,481	−12,602	−26,229	−30,916	−22,132	28,527
19 Nonbank-reported claims	−7,396	5,201	−1,684	−6,443	255	4,569	1,835	....
20 U.S. purchase of foreign securities, net	−4,271	−5,251	−7,846	1,333	−1,592	−3,047	−2,568	−5,908
21 U.S. direct investments abroad, net	−26,312	−44,194	−17,533	2,439	−4,901	−8,938	−5,502	−2,676
22 Change in foreign official assets in United States (increase, +)	35,594	45,193	38,882	5,895	−2,234	10,589	7,477	−4,948
23 U.S. Treasury securities	34,364	43,238	41,683	5,853	−3,769	11,897	4,634	−9,763
24 Other U.S. government obligations	−1,214	1,564	1,309	202	572	697	721	−92
25 Other U.S. government liabilities[4]	2,141	−2,520	−1,284	−517	−232	−232	−304	396
26 Other U.S. liabilities reported by U.S. banks[3]	1,187	3,918	−331	774	1,703	−1,036	1,974	3,924
27 Other foreign official assets[5]	−884	−1,007	−2,495	−417	−508	−737	452	587
28 Change in foreign private assets in United States (increase, +)	186,011	172,847	180,418	59,438	48,413	70,170	52,529	1,831
29 U.S. bank-reported liabilities[3]	79,783	89,026	68,832	30,455	23,291	32,223	13,261	−22,822
30 U.S. nonbank-reported liabilities	−2,641	2,450	6,558	−59	2,350	2,702	2,852	....
31 Foreign private purchases of U.S. Treasury securities, net	3,809	−7,643	20,144	5,458	3,422	5,336	8,590	2,722
32 Foreign purchases of other U.S. securities, net	70,969	42,120	26,448	9,699	7,454	6,871	8,665	9,600
33 Foreign direct investments in United States, net	34,091	46,894	58,436	13,885	11,896	23,038	19,161	12,331
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,308	1,878	−10,641	−15,729	24,047	−19,434	1,702	26,629
36 Owing to seasonal adjustments	....	....	....	−3,714	−4,556	4,431	4,127	−2,340
37 Statistical discrepancy in recorded data before seasonal adjustment	11,308	1,878	−10,641	−12,015	28,603	−23,865	−2,425	28,969
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	312	9,149	−3,566	39	−7,380	2,272	−4,000	−12,095
39 Foreign official assets in United States (increase, +) excluding line 25	33,453	47,713	40,166	6,412	−2,002	10,821	7,781	−5,344
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,327	−9,955	−3,109	−1,776	−459	672	7,143	281
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	96	53	92	4	7	40	12	14

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).

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are seasonally adjusted.

Item	1986	1987	1988	1989 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[p]
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	227,159	254,122	322,426	28,980	28,839	30,065	30,759	30,455	31,286	30,736
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	365,438	406,241	440,952	37,877	38,220	39,549	39,045	40,534	39,293	38,317
Trade balance										
3 **Customs value**	**−138,279**	**−152,119**	**−118,526**	**−8,897**	**−9,381**	**−9,484**	**−8,286**	**−10,079**	**−8,007**	**−7,581**

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	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**48,511**	**45,798**	**47,802**	**49,373**	**49,854**	**50,303**	**54,941**	**60,502**	**63,462**	**62,364**
2 Gold stock, including Exchange Stabilization Fund[1]	11,064	11,078	11,057	11,061	11,061	11,061	11,060	11,063	11,066	11,066
3 Special drawing rights[2,3]	8,395	10,283	9,637	9,653	9,443	9,379	9,134	9,034	9,340	9,240
4 Reserve position in International Monetary Fund[2]	11,730	11,349	9,745	9,353	9,052	9,132	8,513	8,888	9,055	8,644
5 Foreign currencies[4]	17,322	13,088	17,363	19,306	20,298	20,731	26,234	31,517	34,001	33,413

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	1986	1987	1988	1989 Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 Deposits	287	244	347	325	351	352	428	275	371	265
Assets held in custody										
2 U.S. Treasury securities[2]	155,835	195,126	232,547	230,860	234,075	235,145	232,004	229,914	233,170	238,007
3 Earmarked gold[3]	14,048	13,919	13,636	13,609	13,602	13,576	13,612	13,545	13,530	13,516

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

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

Millions of dollars, end of period

Asset account	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May	June	July
	All foreign countries									
1 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**496,755**	**501,682**	**519,740**	**517,276**	**521,436**	**523,674[r]**	**534,202**
2 Claims on United States	114,563	138,034	169,111	167,143	168,558	177,902	171,136[r]	177,987	177,445	179,615
3 Parent bank	83,492	105,845	129,856	127,403	128,115	134,002	128,567[r]	134,026	132,380	133,135
4 Other banks in United States	13,685	16,416	14,918	14,559	13,506	14,697	13,459	13,040	14,218	15,744
5 Nonbanks	17,386	15,773	24,337	25,181	26,937	29,203	29,110	30,921	30,847	30,736
6 Claims on foreigners	312,955	342,520	299,728	291,892	296,240	303,906	305,483[r]	302,808	303,720[r]	310,427
7 Other branches of parent bank	96,281	122,155	107,179	102,482	103,962	110,434	113,824[r]	116,506	115,913[r]	117,438
8 Banks	105,237	108,859	96,932	93,663	95,696	97,723	96,830	94,042	94,902[r]	95,619
9 Public borrowers	23,706	21,832	17,163	16,931	16,682	17,020	16,101	16,095	16,709	17,025
10 Nonbank foreigners	87,731	89,674	78,454	78,816	79,900	78,729	78,728	76,165	76,196[r]	80,345
11 Other assets	29,110	38,064	37,223	37,720	36,884	37,932	40,657	40,641	42,509[r]	44,160
12 **Total payable in U.S. dollars**	**317,487**	**350,107**	**358,040**	**345,523**	**346,990**	**366,403**	**359,841**	**366,315**	**367,562**	**371,853**
13 Claims on United States	110,620	132,023	163,456	160,520	161,336	170,091	163,964[r]	169,796	169,520	171,041
14 Parent bank	82,082	103,251	126,929	124,496	124,288	129,431	124,268[r]	128,771	127,352	128,063
15 Other banks in United States	12,830	14,657	14,167	12,908	12,025	13,259	12,539	11,909	13,207	14,734
16 Nonbanks	15,708	14,115	22,360	23,116	25,023	27,401	27,157	29,116	28,961	28,244
17 Claims on foreigners	195,063	202,428	177,685	167,288	168,293	178,134	178,298[r]	177,308	180,013	181,442
18 Other branches of parent bank	72,197	88,284	80,736	76,221	76,565	82,797	86,767[r]	86,625	88,874	90,077
19 Banks	66,421	63,707	54,884	49,391	50,013	53,893	50,815	49,793	50,627	49,911
20 Public borrowers	16,708	14,730	12,131	11,749	11,781	11,831	11,467	11,282	11,815	11,693
21 Nonbank foreigners	39,737	35,707	29,934	29,927	29,934	29,613	29,249	29,608	28,697	29,761
22 Other assets	11,804	15,656	16,899	17,715	17,361	18,178	17,579	19,211	18,029	19,370
	United Kingdom									
23 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**156,529**	**154,879**	**154,856**	**153,146**	**155,532**	**153,968**	**161,882**
24 Claims on United States	24,599	32,518	40,089	40,954	40,547	40,715	39,475	39,599	38,014	42,147
25 Parent bank	19,085	27,350	34,243	34,928	34,449	35,315	34,741	35,642	33,763	37,713
26 Other banks in United States	1,612	1,259	1,123	1,128	1,268	1,380	1,227	1,243	1,125	1,121
27 Nonbanks	3,902	3,909	4,723	4,898	4,830	4,020	3,507	2,714	3,126	3,313
28 Claims on foreigners	109,508	115,700	106,388	104,668	103,806	103,443	102,438	104,504	103,773	106,586
29 Other branches of parent bank	33,422	39,903	35,625	35,322	33,650	35,305	32,954	35,537	34,948	35,440
30 Banks	39,468	36,735	36,765	34,907	36,159	35,382	37,079	37,412	37,357	36,519
31 Public borrowers	4,990	4,752	4,019	4,090	3,808	3,757	3,471	3,627	3,599	3,788
32 Nonbank foreigners	31,628	34,310	29,979	30,349	30,189	28,999	28,934	27,928	27,869	30,839
33 Other assets	6,810	10,477	10,358	10,907	10,526	10,698	11,233	11,429	12,181	13,149
34 **Total payable in U.S. dollars**	**95,028**	**100,574**	**103,503**	**102,873**	**100,863**	**103,211**	**98,463**	**101,612**	**99,028**	**103,512**
35 Claims on United States	23,193	30,439	38,012	38,591	37,707	38,265	36,772	36,675	34,990	38,506
36 Parent bank	18,526	26,304	33,252	33,925	33,106	34,320	33,499	34,119	32,059	36,041
37 Other banks in United States	1,475	1,044	964	678	816	937	872	862	844	821
38 Nonbanks	3,192	3,091	3,796	3,988	3,785	3,008	2,401	1,694	2,087	1,644
39 Claims on foreigners	68,138	64,560	60,472	58,798	57,567	59,201	56,227	58,395	58,746	59,137
40 Other branches of parent bank	26,361	28,635	28,474	27,939	26,475	28,145	25,389	26,036	26,541	27,955
41 Banks	23,251	19,188	18,494	16,778	17,246	17,715	17,680	18,458	18,745	17,080
42 Public borrowers	3,677	3,313	2,840	2,869	2,774	2,786	2,696	2,737	2,606	2,702
43 Nonbank foreigners	14,849	13,424	10,664	11,212	11,072	10,555	10,462	11,164	10,854	11,400
44 Other assets	3,697	5,575	5,019	5,484	5,589	5,745	5,464	6,542	5,292	5,869
	Bahamas and Caymans									
45 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**162,352**	**165,862**	**179,185**	**172,324**	**173,137**	**171,780**	**172,791**
46 Claims on United States	78,048	85,318	105,320	103,016	103,989	111,951	105,273	111,823	109,800	107,831
47 Parent bank	54,575	60,048	73,409	71,065	71,100	75,234	68,969	73,627	70,735	67,417
48 Other banks in United States	11,156	14,277	13,145	12,742	11,563	12,275	11,563	10,807	12,116	13,712
49 Nonbanks	12,317	10,993	18,766	19,209	21,326	24,442	24,741	27,389	26,949	26,702
50 Claims on foreigners	60,005	70,162	58,393	52,503	54,732	59,615	60,103	53,984	54,537	57,136
51 Other branches of parent bank	17,296	21,277	17,954	15,982	18,454	20,048	26,261	21,962	22,324	24,462
52 Banks	27,476	33,751	28,268	24,755	24,514	27,727	22,641	21,184	21,202	21,589
53 Public borrowers	7,051	7,428	5,830	5,422	5,513	5,480	5,374	5,280	5,540	5,482
54 Nonbank foreigners	8,182	7,706	6,341	6,344	6,251	6,360	5,827	5,558	5,471	5,603
55 Other assets	4,539	4,841	6,926	6,833	7,141	7,619	6,948	7,330	7,443	7,824
56 **Total payable in U.S. dollars**	**136,813**	**151,434**	**163,518**	**154,981**	**158,011**	**172,148**	**166,389**	**166,869**	**165,676**	**167,261**

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

3.14—Continued

Liability account	1986	1987	1988	1989 Jan.	Feb.	Mar.	Apr.	May	June	July
				All foreign countries						
57 **Total, all currencies**	**456,628**	**518,618**	**506,062**	**496,755**	**501,682**	**519,740**	**517,276**	**521,436**	**523,674r**	**534,202**
58 Negotiable CDs	31,629	30,929	28,511	28,538	30,013	30,768	30,278	29,425	28,116	28,882
59 To United States	152,465	161,390	185,577	172,055	174,956	185,831	179,292r	178,821r	179,858	178,617
60 Parent bank	83,394	87,606	114,720	102,521	105,687	113,779	109,164r	110,579	113,250r	110,134
61 Other banks in United States	15,646	20,355r	14,737r	13,335r	12,829r	14,499r	14,307	13,564r	12,951	13,300
62 Nonbanks	53,425	53,429r	56,120r	56,199r	56,440r	57,553r	55,821	54,678r	53,657r	55,183
63 To foreigners	253,775	304,803	270,923	274,015	274,898	280,859	282,920r	288,291r	289,603r	300,505
64 Other branches of parent bank	95,146	124,601	111,267	109,125	111,582	116,148	115,380r	121,135	118,950	118,774
65 Banks	77,809	87,274	72,842	72,185	70,484	71,447	72,155	72,903	74,213	79,924
66 Official institutions	17,835	19,564	15,183	18,867	17,323	17,911	17,933	17,795	17,559	18,846
67 Nonbank foreigners	62,985	73,364	71,631	73,838	75,509	75,353	77,452	76,458r	78,881r	82,961
68 Other liabilities	18,759	21,496	21,051	22,147	21,815	22,282	24,786	24,899	26,097	26,198
69 **Total payable in U.S. dollars**	**336,406**	**361,438**	**367,483r**	**354,452r**	**357,725r**	**379,610r**	**372,788r**	**376,474r**	**378,331**	**381,881**
70 Negotiable CDs	28,466	26,768	24,045	23,696	25,452	26,287	25,970	25,411	24,129	24,914
71 To United States	144,483	148,442	173,190	159,650	161,449	173,471	166,666r	166,134r	167,217	164,570
72 Parent bank	79,305	81,783	107,150	94,531	96,714	105,534	100,897r	102,643	104,929r	100,534
73 Other banks in United States	14,609	18,951r	13,468r	12,209r	11,375r	13,195r	12,781	11,944r	11,537	11,822
74 Nonbanks	50,569	47,708r	52,572r	52,910r	53,360r	54,742r	52,988	51,547r	50,751r	52,214
75 To foreigners	156,806	177,711	160,766r	161,406r	160,670r	169,407r	169,758r	173,228r	175,393	180,200
76 Other branches of parent bank	71,181	90,469	84,021	82,149	83,253	88,298	87,716r	90,123	90,850	90,916
77 Banks	33,850	35,065	28,493	27,231	27,060	28,949	28,445	29,567	29,686	31,216
78 Official institutions	12,371	12,409	8,224	10,880	8,740	9,953	9,591	9,255	9,852	11,176
79 Nonbank foreigners	39,404	39,768	40,028r	41,146r	41,617r	42,207r	44,006r	44,283r	45,005	46,892
80 Other liabilities	6,651	8,517	9,482	9,700	10,154	10,445	10,394	11,701	11,592	12,197
				United Kingdom						
81 **Total, all currencies**	**140,917**	**158,695**	**156,835**	**156,529**	**154,879**	**154,856**	**153,146**	**155,532**	**153,968**	**161,882**
82 Negotiable CDs	27,781	26,988	24,528	24,253	25,942	26,625	26,157	25,539	24,396	25,342
83 To United States	24,657	23,470	36,784	34,535	35,393	32,757	29,715	30,867	30,013	30,897
84 Parent bank	14,469	13,223	27,849	24,130	25,562	25,098	20,455	20,329	21,892r	19,680
85 Other banks in United States	2,649	1,536r	2,037r	2,364r	1,755r	1,824r	1,551	1,720	1,648	1,852
86 Nonbanks	7,539	8,711r	6,898r	8,041r	8,076r	5,835r	7,709	8,818	6,473r	9,365
87 To foreigners	79,498	98,689	86,026	87,519	83,774	85,863	87,478	88,985	88,381	93,392
88 Other branches of parent bank	25,036	33,078	26,812	26,815	24,553	25,781	25,800	26,867	24,974	25,759
89 Banks	30,877	34,290	30,609	29,329	28,508	29,094	30,714	30,925	31,066	32,901
90 Official institutions	6,836	11,015	7,873	10,010	8,627	9,429	8,637	8,946	8,650	9,586
91 Nonbank foreigners	16,749	20,306	20,732	21,365	22,086	21,559	22,327	22,247	23,691	25,146
92 Other liabilities	8,981	9,548	9,497	10,222	9,770	9,611	9,796	10,141	11,178	12,251
93 **Total payable in U.S. dollars**	**99,707**	**102,550**	**105,907r**	**105,236r**	**104,430r**	**107,092r**	**102,065r**	**104,356r**	**101,742**	**105,700**
94 Negotiable CDs	26,169	24,926	22,063	21,500	23,419	24,302	24,073	23,568	22,324	23,132
95 To United States	22,075	17,752	32,588	30,032	30,442	29,578	25,493	26,554	25,401	25,415
96 Parent bank	14,021	12,026	26,404	22,069	22,998	24,013	18,524	18,545	19,411r	16,704
97 Other banks in United States	2,325	1,308r	1,752r	2,158r	1,440r	1,559r	1,227	1,368	1,393	1,477
98 Nonbanks	5,729	4,418r	4,432r	5,805r	6,004r	4,006r	5,742	6,641	4,597r	7,234
99 To foreigners	48,138	55,919	47,083r	49,195r	46,062r	48,221r	47,781r	49,006r	48,491	51,382
100 Other branches of parent bank	17,951	22,334	18,561	18,936	17,139	18,335	17,755	18,030	16,467	17,591
101 Banks	15,203	15,580	13,407	13,090	13,106	12,907	13,439	13,930	13,545	14,173
102 Official institutions	4,934	7,530	4,348	5,897	4,116	5,467	4,365	4,796	5,579	6,131
103 Nonbank foreigners	10,050	10,475	10,767r	11,272r	11,701r	11,512r	12,222r	12,250r	12,900	13,487
104 Other liabilities	3,325	3,953	4,173	4,509	4,507	4,991	4,718	5,228	5,526	5,771
				Bahamas and Caymans						
105 **Total, all currencies**	**142,592**	**160,321**	**170,639**	**162,352**	**165,862**	**179,185**	**172,324**	**173,137**	**171,780**	**172,791**
106 Negotiable CDs	847	885	953	1,118	1,138	1,073	1,025	872	696	717
107 To United States	106,081	113,950	122,332	113,562	114,729	124,736	118,164	120,175	117,737	116,229
108 Parent bank	49,481	53,239	62,894	56,643	57,684	62,689	59,762	64,908	61,642	61,276
109 Other banks in United States	11,715	17,224	11,494	9,890	9,743	11,464	11,346	10,398r	10,034	10,174
110 Nonbanks	44,885	43,487	47,944	47,029	47,302	50,583	47,056	44,869r	46,061	44,779
111 To foreigners	34,400	43,815	45,161	45,602	47,534	50,855	50,606	48,989	50,477	52,907
112 Other branches of parent bank	12,631	19,185	23,686	24,973	25,988	28,010	27,655	26,478	27,763	29,085
113 Banks	8,617	10,769	8,336	7,179	7,795	8,495	8,203	8,233	8,322	8,309
114 Official institutions	2,719	1,504	1,074	1,337	1,379	1,234	1,722	1,164	1,102	1,223
115 Nonbank foreigners	10,433	12,357	12,065	12,113	12,372	13,116	13,026	13,114	13,290	14,290
116 Other liabilities	1,264	1,671	2,193	2,070	2,461	2,521	2,529	3,101	2,870	2,938
117 **Total payable in U.S. dollars**	**138,774**	**152,927**	**162,950**	**154,663**	**157,890**	**172,213**	**166,489**	**166,954**	**165,593**	**166,990**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1987	1988	1989 Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**[1]	**259,556**	**299,716**	**301,756**	**304,185**	**307,497**	**313,680**	**306,361[r]**	**301,730**	**305,606**
By type									
2 Liabilities reported by banks in the United States[2]	31,838	31,443	36,735	34,641	33,417	39,147	37,971[r]	36,993	37,560
3 U.S. Treasury bills and certificates[3]	88,829	103,722	98,457	98,192	95,478	96,109	91,798	87,190	87,634
U.S. Treasury bonds and notes									
4 Marketable	122,432	149,056	151,075	155,374	161,923	161,081	160,013	160,364	163,094
5 Nonmarketable[4]	300	523	527	531	534	538	542	545	549
6 U.S. securities other than U.S. Treasury securities[5]	16,157	14,972	14,962	15,447	16,145	16,805	16,037	16,638	16,769
By area									
7 Western Europe[1]	124,620	125,097	126,040	124,806	125,352	129,254	126,222[r]	122,280	124,720
8 Canada	4,961	9,584	9,668	9,856	10,156	9,994	9,938	9,604	9,401
9 Latin America and Caribbean	8,328	10,094	9,943	8,875	7,533	7,198	6,091	5,928	7,177
10 Asia	116,098	145,548	147,316	152,236	156,317	158,577	156,016	155,273	155,695
11 Africa	1,402	1,369	1,093	1,143	1,119	1,065	1,182	1,271	952
12 Other countries[6]	4,147	7,501	7,169	6,738	6,485	7,053	6,371[r]	6,830	7,112

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 June	1988 Sept.	1988 Dec.	1989 Mar.
1 Banks' own liabilities	15,368	29,702	55,438	56,570	65,148	74,776	76,164
2 Banks' own claims	16,294	26,180	51,271	52,914	63,465	68,988	72,659
3 Deposits	8,437	14,129	18,861	18,790	22,594	25,115	25,645
4 Other claims	7,857	12,052	32,410	34,124	40,871	43,874	47,014
5 Claims of banks' domestic customers[2]	580	2,507	551	1,004	335	364	376

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

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

Millions of dollars, end of period

Holder and type of liability	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May[r]	June	July[p]
1 **All foreigners**	**540,996**	**618,874**	**683,950**	**660,256**	**677,624**	**690,900**	**683,055**	**677,712**	**671,559**	**662,941**
2 Banks' own liabilities	406,485	470,070	513,573	493,030	507,557	523,606	516,319	512,342	510,411	500,662
3 Demand deposits	23,789	22,383	21,894	20,602	21,733	22,483	22,333	21,920	21,330	21,104
4 Time deposits[2]	130,891	148,374	152,194	145,481	151,137	157,978	157,137	154,770	152,883	149,189
5 Other[3]	42,705	51,677	51,506	52,322	51,005	54,177	56,549	58,823	61,040	64,461
6 Own foreign offices[4]	209,100	247,635	287,979	274,625	283,682	288,968	280,299	276,830	275,158	265,908
7 Banks' custody liabilities[5]	134,511	148,804	170,377	157,226	170,067	167,295	166,736	165,370	161,149	162,279
8 U.S. Treasury bills and certificates[6]	90,398	101,743	114,976	111,141	110,992	108,048	106,827	102,726	98,804	99,765
9 Other negotiable and readily transferable instruments[7]	15,417	16,776	16,367	16,763	17,071	16,957	17,278	18,476	17,078	16,893
10 Other	28,696	30,285	39,033	39,321	42,004	42,289	42,631	44,168	45,267	45,621
11 **Nonmonetary international and regional organizations**[8]	**5,807**	**4,464**	**3,224**	**2,704**	**3,252**	**3,764**	**4,141**	**3,415**	**3,586**	**4,248**
12 Banks' own liabilities	3,958	2,702	2,527	1,910	2,679	2,956	3,354	2,980	2,668	2,724
13 Demand deposits	199	124	71	67	74	88	163	76	32	40
14 Time deposits[2]	2,065	1,538	1,183	565	1,126	1,385	1,502	1,202	1,254	936
15 Other[3]	1,693	1,040	1,272	1,278	1,479	1,482	1,689	1,702	1,382	1,747
16 Banks' custody liabilities[5]	1,849	1,761	698	795	574	808	786	435	918	1,524
17 U.S. Treasury bills and certificates[6]	259	265	57	69	59	74	77	95	177	345
18 Other negotiable and readily transferable instruments[7]	1,590	1,497	641	711	463	734	693	305	731	1,179
19 Other	0	0	0	15	52	0	16	35	10	0
20 **Official institutions**[9]	**103,569**	**120,667**	**135,165**	**135,191**	**132,833**	**128,895**	**135,256**	**129,770**	**124,182**	**125,194**
21 Banks' own liabilities	25,427	28,703	27,033	32,013	29,321	27,800	33,067	31,738	31,669	32,476
22 Demand deposits	2,267	1,757	1,915	1,627	1,792	1,605	1,783	1,761	1,801	1,834
23 Time deposits[2]	10,497	12,843	9,686	13,428	12,661	11,006	12,559	11,144	9,920	8,873
24 Other[3]	12,663	14,103	15,432	16,959	14,867	15,189	18,725	18,833	19,949	21,769
25 Banks' custody liabilities[5]	78,142	91,965	108,132	103,178	103,512	101,095	102,189	98,032	92,513	92,718
26 U.S. Treasury bills and certificates[6]	75,650	88,829	103,722	98,457	98,192	95,478	96,109	91,798	87,190	87,634
27 Other negotiable and readily transferable instruments[7]	2,347	2,990	4,130	4,598	5,076	5,466	5,875	6,049	5,080	4,821
28 Other	145	146	280	124	244	152	205	185	244	263
29 **Banks**[10]	**351,745**	**414,280**	**458,248**	**435,464**	**452,338**	**469,562**	**453,662**	**454,167**	**451,073**	**442,513**
30 Banks' own liabilities	310,166	371,665	408,576	384,974	399,833	417,332	401,754	399,831	395,627	386,227
31 Unaffiliated foreign banks	101,066	124,030	120,597	110,350	116,152	128,364	121,455	123,001	120,469	120,319
32 Demand deposits	10,303	10,898	9,980	9,459	9,584	11,012	10,559	11,162	9,696	10,044
33 Time deposits[2]	64,232	79,717	80,303	71,838	76,679	84,112	80,826	78,903	77,314	75,595
34 Other[3]	26,531	33,415	30,314	29,053	29,889	33,240	30,070	32,936	33,459	34,680
35 Own foreign offices[4]	209,100	247,635	287,979	274,625	283,682	288,968	280,299	276,830	275,158	265,908
36 Banks' custody liabilities[5]	41,579	42,615	49,671	50,489	52,505	52,231	51,908	54,337	55,446	56,286
37 U.S. Treasury bills and certificates[6]	9,984	9,134	7,602	7,819	7,491	7,310	6,921	7,114	7,759	8,173
38 Other negotiable and readily transferable instruments[7]	5,165	5,392	5,666	5,870	5,894	5,254	5,051	5,686	5,314	5,552
39 Other	26,431	28,089	36,403	36,800	39,120	39,667	39,936	41,536	42,374	42,561
40 **Other foreigners**	**79,875**	**79,463**	**87,313**	**86,896**	**89,200**	**88,679**	**89,997**	**90,359**	**92,718**	**90,986**
41 Banks' own liabilities	66,934	67,000	75,438	74,132	75,724	75,518	78,144	77,793	80,446	79,235
42 Demand deposits	11,019	9,604	9,928	9,450	10,282	9,777	9,828	8,921	9,801	9,186
43 Time deposits[2]	54,097	54,277	61,022	59,651	60,671	61,475	62,250	63,521	64,396	63,785
44 Other[3]	1,818	3,119	4,487	5,032	4,771	4,265	6,066	5,351	6,249	6,265
45 Banks' custody liabilities[5]	12,941	12,463	11,876	12,764	13,476	13,161	11,853	12,567	12,271	11,750
46 U.S. Treasury bills and certificates[6]	4,506	3,515	3,595	4,797	5,250	5,188	3,720	3,718	3,679	3,612
47 Other negotiable and readily transferable instruments[7]	6,315	6,898	5,929	5,584	5,638	5,503	5,658	6,436	5,953	5,341
48 Other	2,120	2,050	2,351	2,382	2,589	2,471	2,474	2,412	2,639	2,797
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,496	7,314	6,366	6,286	6,064	5,809	5,554	5,625	5,337	5,261

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."

3.17—Continued

Area and country	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**	**540,996**	**618,874**	**683,950**	**660,256**	**677,624**	**690,900**	**683,055**	**677,712**r	**671,559**	**662,941**
2 **Foreign countries**	**535,189**	**614,411**	**680,726**	**657,551**	**674,371**	**687,136**	**678,914**	**674,296**r	**667,973**	**658,693**
3 Europe	180,556	234,641	235,979	223,869	228,393	231,905	230,794	227,990r	225,690	225,739
4 Austria	1,181	920	1,155	1,129	1,777	1,436	1,608	1,387	1,487	1,391
5 Belgium-Luxembourg	6,729	9,347	10,028	8,991	10,508	9,316	10,115	8,819	8,634	8,580
6 Denmark	482	760	2,180	1,833	2,082	1,639	1,615	1,642	1,179	1,312
7 Finland	580	377	284	375	560	527	397	432	450	430
8 France	22,862	29,835	24,762	22,264	24,260	26,824	25,634	24,199	23,864	21,880
9 Germany	5,762	7,022	6,777	5,794	5,263	5,514	6,968	7,796r	9,171	8,489
10 Greece	700	689	672	919	933	760	927	1,172	889	867
11 Italy	10,875	12,073	14,602	11,312	11,073	13,480	12,964	12,529r	13,953	13,358
12 Netherlands	5,600	5,014	5,316	5,248	6,011	5,600	5,611	5,870r	4,875	4,994
13 Norway	735	1,362	1,559	1,502	1,367	1,547	1,783	1,479	1,485	1,534
14 Portugal	699	801	903	870	813	831	824	985	1,089	1,416
15 Spain	2,407	2,621	5,494	5,750	5,174	4,902	5,795	5,419r	5,080	5,910
16 Sweden	884	1,379	1,274	1,299	1,319	1,416	1,730	1,552r	1,483	1,241
17 Switzerland	30,534	33,766	34,183	32,519	31,659	29,815	29,249	28,448r	28,856	28,795
18 Turkey	454	703	1,012	939	1,246	1,023	1,051	785	737	1,052
19 United Kingdom	85,334	116,852	115,926	110,878	113,419	115,325	111,492	112,482	107,155	109,643
20 Yugoslavia	630	710	529	489	434	440	465	478	558	605
21 Other Western Europe[1]	3,326	9,798	8,598	10,906	9,929	10,730	11,519	11,887	14,051	12,998
22 U.S.S.R.	80	32	138	155	108	102	91	193	164	186
23 Other Eastern Europe[2]	702	582	589	697	458	677	958	435r	531	1,058
24 Canada	26,345	30,095	21,040	19,277	20,732	25,694	23,024	18,332	17,492	17,528
25 Latin America and Caribbean	210,318	220,372	266,295	257,809	263,344	264,598	266,440	270,358r	266,400	260,760
26 Argentina	4,757	5,006	7,804	7,629	6,836	6,415	6,280	6,459r	6,320	7,408
27 Bahamas	73,619	74,767	86,606	82,009	83,455	85,586	86,053	90,979r	82,054	84,464
28 Bermuda	2,922	2,344	2,621	2,381	2,545	2,513	2,377	2,451	2,406	2,208
29 Brazil	4,325	4,005	5,304	4,675	4,829	4,925	5,554	5,302	5,026	5,492
30 British West Indies	72,263	81,494	109,335	107,026	110,989	110,809	111,968	111,270r	116,585	107,016
31 Chile	2,054	2,210	2,936	2,969	2,975	3,063	2,933	2,988	2,733	3,315
32 Colombia	4,285	4,204	4,374	4,317	4,470	4,166	4,173	4,033	4,127	4,227
33 Cuba	7	12	10	10	10	10	10	15	10	9
34 Ecuador	1,236	1,082	1,379	1,365	1,403	1,422	1,376	1,285	1,351	1,407
35 Guatemala	1,123	1,082	1,195	1,236	1,259	1,271	1,272	1,232	1,251	1,298
36 Jamaica	136	160	269	180	170	223	222	188	294	228
37 Mexico	13,745	14,480	15,106	15,273	14,867	14,625	14,278	13,988	14,126	13,681
38 Netherlands Antilles	4,970	4,975	6,420	5,763	5,641	5,666	5,768	6,072r	6,316	6,443
39 Panama	6,886	7,414	4,353	4,284	4,497	4,388	4,355	4,454	4,278	4,360
40 Peru	1,163	1,275	1,671	1,716	1,728	1,707	1,763	1,724	1,761	1,771
41 Uruguay	1,537	1,582	1,898	2,011	2,142	2,243	2,263	2,344	2,429	2,144
42 Venezuela	10,171	9,048	9,146	9,159	9,532	9,489	9,565	9,435r	9,429	9,496
43 Other	5,119	5,234	5,868	5,806	5,997	6,076	6,228	6,140r	5,902	5,791
44 Asia	108,831	121,288	147,246	146,594	151,237	154,900	148,724	147,246r	148,291	143,862
China										
45 Mainland	1,476	1,162	1,892	1,566	1,602	1,588	1,809	1,652	1,432	1,552
46 Taiwan	18,902	21,503	26,058	26,178	26,001	26,143	28,265	26,923	27,025	27,114
47 Hong Kong	9,393	10,180	11,727	10,891	11,387	10,761	11,422	12,207	12,134	11,341
48 India	674	582	696	689	838	900	1,787	1,009	812	893
49 Indonesia	1,547	1,404	1,189	1,189	1,198	1,611	1,168	1,306r	1,232	1,085
50 Israel	1,892	1,292	1,471	1,217	1,366	1,156	973	1,103	1,088	1,060
51 Japan	47,410	54,322	73,989	75,337	77,407	83,020	72,715	70,410r	71,119	68,535
52 Korea	1,141	1,637	2,541	2,454	2,502	2,827	3,023	3,166r	3,047	3,551
53 Philippines	1,866	1,085	1,163	976	1,014	977	973	991	984	930
54 Thailand	1,119	1,345	1,236	1,373	1,615	1,151	1,165	1,162	1,274	1,253
55 Middle-East oil-exporting countries[3]	12,352	13,988	12,060	12,426	12,372	12,029	12,098	13,505r	13,612	12,382
56 Other	11,058	12,788	13,225	12,298	13,935	12,737	13,326	13,815r	14,532	14,168
57 Africa	4,021	3,945	3,991	3,690	3,793	3,717	3,665	3,807	3,904	3,605
58 Egypt	706	1,151	913	771	819	756	721	702	748	738
59 Morocco	92	194	68	90	69	60	82	68	67	64
60 South Africa	270	202	437	250	212	226	256	324	188	225
61 Zaire	74	67	85	74	75	77	73	92	98	104
62 Oil-exporting countries[4]	1,519	1,014	1,017	1,024	1,121	1,062	1,017	879	1,100	936
63 Other	1,360	1,316	1,472	1,480	1,496	1,536	1,516	1,742	1,702	1,537
64 Other countries	5,118	4,070	6,175	6,312	6,872	6,322	6,267	6,563r	6,196	7,199
65 Australia	4,196	3,327	5,303	5,485	6,037	5,490	5,471	5,700r	5,279	6,484
66 All other	922	744	872	827	836	832	796	863	916	715
67 Nonmonetary international and regional organizations	5,807	4,464	3,224	2,704	3,252	3,764	4,141	3,415r	3,586	4,248
68 International[5]	4,620	2,830	2,503	1,725	2,106	2,546	2,682	2,456	2,799	2,914
69 Latin American regional	1,033	1,272	589	747	732	995	981	564	613	929
70 Other regional[6]	154	362	133	232	414	223	477	395r	175	406

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

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

Millions of dollars, end of period

Area and country	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**	**444,745**	**459,877**	**491,083**	**481,711**	**493,175**	**503,875**	**494,869**	**490,753[r]**	**489,411**	**481,061**
2 **Foreign countries**	**441,724**	**456,472**	**489,012**	**479,132**	**491,270**	**501,836**	**493,173**	**487,058[r]**	**486,397**	**477,480**
3 Europe	107,823	102,348	117,053	107,477	113,814	116,279	111,156	113,004[r]	112,182	106,619
4 Austria	728	793	485	544	646	809	805	764	809	865
5 Belgium-Luxembourg	7,498	9,397	8,517	8,301	7,871	7,834	8,102	8,435	7,769	7,630
6 Denmark	688	717	480	410	790	548	770	470	774	578
7 Finland	987	1,010	1,065	911	1,114	909	1,214	1,280	1,175	1,473
8 France	11,356	13,548	13,243	13,315	14,920	15,729	16,510	16,092[r]	15,574	15,871
9 Germany	1,816	2,039	2,327	2,398	1,695	3,110	3,529	3,959	3,695	3,415
10 Greece	648	462	433	448	517	586	561	595	574	598
11 Italy	9,043	7,460	7,946	5,526	5,581	5,866	4,803	5,627	6,811	6,016
12 Netherlands	3,296	2,619	2,547	2,514	2,475	2,808	2,735	3,183	2,025	1,910
13 Norway	672	934	455	472	601	432	551	567	667	827
14 Portugal	739	477	374	339	331	367	281	371	328	283
15 Spain	1,492	1,853	1,823	2,182	2,153	2,133	2,624	2,209	2,190	2,082
16 Sweden	1,964	2,254	1,977	2,619	2,622	2,613	2,164	2,158	1,946	2,053
17 Switzerland	3,352	2,718	3,895	3,510	3,780	3,822	4,540	3,975	5,485	4,111
18 Turkey	1,543	1,680	1,233	1,152	1,108	1,039	1,005	910	886	695
19 United Kingdom	58,335	50,823	65,702	58,065	62,469	62,877	56,057	58,105	56,904	53,765
20 Yugoslavia	1,835	1,700	1,390	1,371	1,348	1,455	1,369	1,366	1,359	1,405
21 Other Western Europe[2]	539	619	1,152	1,275	1,560	1,262	1,415	966	1,161	975
22 U.S.S.R.	345	389	1,255	1,286	1,389	1,298	1,346	1,155	1,212	1,240
23 Other Eastern Europe[3]	948	852	754	838	845	780	775	820	838	828
24 Canada	21,006	25,368	18,889	16,733	18,079	19,042	19,150	16,072	16,089	14,494
25 Latin America and Caribbean	208,825	214,789	214,074	210,439	210,538	220,767	219,894	217,962[r]	219,104	217,137
26 Argentina	12,091	11,996	11,826	11,880	11,802	11,616	11,516	11,381	10,840	10,724
27 Bahamas	59,342	64,587	67,006	68,836	69,607	72,804	75,665	70,552	66,570	70,488
28 Bermuda	418	471	483	475	535	707	361	449	432	463
29 Brazil	25,716	25,897	25,735	25,835	25,369	25,615	25,944	25,785	25,672	25,768
30 British West Indies	46,284	50,042	55,640	50,542	50,542	57,570	54,382	57,960[r]	64,715	59,356
31 Chile	6,558	6,308	5,217	5,156	5,141	5,335	5,224	5,266	4,841	4,770
32 Colombia	2,821	2,740	2,944	2,867	2,813	2,746	2,661	2,600	2,581	2,524
33 Cuba	0	1	1	1	1	1	2	1	1	9
34 Ecuador	2,439	2,286	2,075	2,048	2,026	2,032	2,025	1,944	1,894	1,932
35 Guatemala[4]	140	144	198	185	188	199	210	207	200	188
36 Jamaica[4]	198	188	212	214	202	251	266	265	286	270
37 Mexico	30,698	29,532	24,636	24,445	24,387	24,187	24,077	24,038[r]	23,645	23,306
38 Netherlands Antilles	1,041	980	1,312	1,222	1,150	1,005	1,009	999[r]	1,183	1,167
39 Panama	5,436	4,744	2,535	2,535	2,535	2,460	2,425	2,475	2,437	2,322
40 Peru	1,661	1,329	1,013	1,011	952	947	947	938	874	867
41 Uruguay	940	963	910	880	856	875	876	832	896	854
42 Venezuela	11,108	10,843	10,733	10,748	10,957	10,761	10,635	10,600	10,398	10,234
43 Other Latin America and Caribbean	1,936	1,738	1,596	1,560	1,475	1,658	1,668	1,670	1,638	1,893
44 Asia	96,126	106,096	130,867	135,839	140,041	137,055	134,477	131,578[r]	130,277	130,729
China										
Mainland	787	968	762	830	881	993	816	952	890	644
46 Taiwan	2,681	4,592	4,184	3,902	3,960	4,179	3,952	3,715	4,033	3,963
47 Hong Kong	8,307	8,218	10,136	8,727	8,004	7,884	8,293	8,855	8,547	8,091
48 India	321	510	560	645	628	563	425	411	537	472
49 Indonesia	723	580	674	669	735	649	726	690[r]	671	646
50 Israel	1,634	1,363	1,137	1,096	1,043	1,050	1,052	1,045	1,026	961
51 Japan	59,674	68,658	90,161	99,056	104,831	101,471	97,703	93,447	91,080	91,576
52 Korea	7,182	5,148	5,219	4,961	4,891	5,183	5,198	5,338	5,386	5,779
53 Philippines	2,217	2,071	1,876	1,847	1,900	1,913	1,839	1,810	1,763	1,610
54 Thailand	578	496	850	887	931	986	1,018	975	1,058	1,060
55 Middle East oil-exporting countries[5]	4,122	4,858	6,182	5,371	4,681	5,409	5,237	5,522	6,556	6,291
56 Other Asia	7,901	8,635	9,126	7,847	7,556	6,776	8,217	8,818[r]	8,731	9,636
57 Africa	4,650	4,742	5,718	5,924	6,072	5,973	6,087	6,084	6,075	6,059
58 Egypt	567	521	507	495	567	543	541	541	534	577
59 Morocco	598	542	511	524	532	541	532	538	531	518
60 South Africa	1,550	1,507	1,681	1,688	1,718	1,702	1,742	1,753	1,746	1,707
61 Zaire	28	15	17	16	16	17	19	19	17	17
62 Oil-exporting countries[6]	694	1,003	1,523	1,534	1,522	1,481	1,474	1,504	1,503	1,576
63 Other	1,213	1,153	1,479	1,666	1,717	1,690	1,778	1,729	1,744	1,664
64 Other countries	3,294	3,129	2,410	2,720	2,726	2,720	2,409	2,359	2,670	2,442
65 Australia	1,949	2,100	1,517	1,711	1,686	1,685	1,505	1,167	1,307	1,461
66 All other	1,345	1,029	894	1,009	1,040	1,034	905	1,192	1,363	981
67 Nonmonetary international and regional organizations[7]	3,021	3,404	2,071	2,579	1,905	2,039	1,696	3,695	3,014	3,581

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."

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	1986	1987	1988	1989						
				Jan.	Feb.	Mar.	Apr.	May[r]	June	July[p]
1 **Total**	**478,650**	**497,635**	**538,607**	....	....	**557,054**	....	....	**538,942**	....
2 Banks' own claims on foreigners	444,745	459,877	491,083	481,711	493,175	503,875	494,869	490,753	489,411	481,061
3 Foreign public borrowers	64,095	64,605	62,438	63.974	63,245	62,696	62,768	63,702	62,117	62,136
4 Own foreign offices[2]	211,533	224,727	257,345	256,848	262,810	271,915	259,664	257,300	257,867	248,398
5 Unaffiliated foreign banks	122,946	127,609	129,413	119,040	124,495	130,075	131,228	130,488	128,098	129,779
6 Deposits	57,484	60,687	65,819	58,389	62,616	66,553	69,445	67,407	68,242	68,471
7 Other	65,462	66,922	63,594	60,650	61,879	63,522	61,783	63,081	59,856	61,308
8 All other foreigners	46,171	42,936	41,886	41.850	42,626	39,189	41,209	39,263	41,329	40,748
9 Claims of banks' domestic customers[3]	33,905	37,758	47,524	....	....	53,178	....	....	49,531	....
10 Deposits	4,413	3,692	8,289	....	....	12,084	....	....	11,153	....
11 Negotiable and readily transferable instruments[4]	24,044	26,696	25,700	....	....	24,960	....	....	22,017	....
12 Outstanding collections and other claims	5,448	7,370	13,535	....	....	16,134	....	....	16,362	....
13 MEMO: Customer liability on acceptances	25,706	23,107	19,556	....	....	17,161	....	....	16,973	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,984	40,761[r]	43,360	46,294	47,775	47,237	47,918	49,587	n.a.	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			1989
				June	Sept.	Dec.	Mar.
1 **Total**	**227,903**	**232,295**	**235,130**	**228,219**	**230,401**	**233,152**	**231,325**
By borrower							
2 Maturity of 1 year or less[2]	160,824	160,555	163,997	163,762	167,956	172,571	168,312
3 Foreign public borrowers	26,302	24,842	25,889	27,551	29,389	26,581	24,134
4 All other foreigners	134,522	135,714	138.108	136,211	138,567	145,990	144,178
5 Maturity over 1 year[2]	67,078	71,740	71.133	64,456	62,444	60,581	63.013
6 Foreign public borrowers	34,512	39,103	38,625	35,792	35,156	35,067	37,958
7 All other foreigners	32,567	32,637	32,507	28,664	27,288	25,514	25,056
By area							
Maturity of 1 year or less[2]							
8 Europe	56,585	61,784	59,027	55,971	54,283	56,037	57,940
9 Canada	6,401	5,895	5,680	6,664	6,410	6,283	5.115
10 Latin America and Caribbean	63,328	56,271	56.535	56,219	55,552	57,867	53,184
11 Asia	27,966	29,457	35,919	38,902	42,375	46,160	45,632
12 Africa	3,753	2,882	2,833	2,914	3,120	3,336	3,610
13 All other[3]	2,791	4,267	4,003	3,092	6.216	2,888	2,831
Maturity of over 1 year[2]							
14 Europe	7,634	6,737	6,696	5,315	5,306	4,682	4,471
15 Canada	1,805	1,925	2,661	2,333	2,051	1,922	2,303
16 Latin America and Caribbean	50,674	56,719	53,817	49,755	48,274	47,572	49,778
17 Asia	4,502	4,043	3,830	3,622	3,933	3,603	3,689
18 Africa	1,538	1,539	1,747	2,433	2,257	2,301	2,293
19 All other[3]	926	777	2,381	998	625	501	480

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.

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	1985	1986	1987				1988				1989
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**385.4**	**385.1**	**395.4**	**384.6**	**387.7**	**381.4**	**371.9**	**351.9**	**355.1**	**350.0**	**352.1**
2 G-10 countries and Switzerland	146.0	156.6	162.7	158.1	155.2	160.0	157.7	151.7	149.9	154.7	150.1
3 Belgium-Luxembourg	9.2	8.3	9.1	8.3	8.2	10.1	9.4	9.2	9.6	9.0	8.6
4 France	12.1	13.7	13.3	12.5	13.7	13.8	11.8	11.0	10.4	10.7	11.2
5 Germany	10.5	11.6	12.7	11.2	10.5	12.6	11.8	10.6	8.8	9.9	10.1
6 Italy	9.6	9.0	8.7	7.5	6.6	7.3	7.4	6.2	5.4	6.6	5.1
7 Netherlands	3.7	4.6	4.4	7.3	4.8	4.1	3.3	3.3	3.0	2.8	2.9
8 Sweden	2.7	2.4	3.0	2.4	2.6	2.1	2.2	1.9	2.0	2.0	2.4
9 Switzerland	4.4	5.8	5.8	5.7	5.4	5.6	5.1	5.6	5.2	5.7	5.2
10 United Kingdom	63.0	71.0	73.7	72.0	72.1	69.1	72.1	70.6	68.0	66.7	66.4
11 Canada	6.8	5.3	5.3	4.7	4.7	5.5	4.9	5.4	5.2	5.5	4.6
12 Japan	23.9	24.9	26.9	26.3	26.5	29.8	29.9	27.9	32.4	35.9	33.6
13 Other developed countries	29.9	25.7	25.7	25.2	25.9	26.2	26.3	23.8	22.8	20.9	20.8
14 Austria	1.5	1.7	1.9	1.8	1.9	1.9	1.6	1.6	1.6	1.6	1.4
15 Denmark	2.3	1.7	1.7	1.5	1.6	1.7	1.4	1.0	1.1	1.0	1.0
16 Finland	1.6	1.4	1.4	1.4	1.4	1.3	1.1	1.2	1.3	1.2	1.0
17 Greece	2.6	2.3	2.1	2.0	1.9	2.0	2.3	2.2	2.1	1.9	2.2
18 Norway	2.9	2.4	2.2	2.1	2.0	2.3	2.0	2.0	2.0	1.8	1.5
19 Portugal	1.2	.8	.9	.8	.8	.5	.4	.4	.4	.5	.5
20 Spain	5.8	5.8	6.3	6.1	7.4	8.0	9.0	7.2	6.3	6.2	6.3
21 Turkey	1.8	1.8	1.7	1.7	1.5	1.6	1.6	1.5	1.3	1.3	1.0
22 Other Western Europe	2.0	1.4	1.4	1.5	1.6	1.6	2.0	1.7	1.9	1.3	1.4
23 South Africa	3.2	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.7	2.4	2.2
24 Australia	5.0	3.5	3.2	3.1	2.9	2.4	2.1	2.2	1.8	1.8	2.4
25 OPEC countries[3]	21.3	19.3	20.0	18.8	19.0	17.1	17.4	16.7	17.8	16.5	16.3
26 Ecuador	2.1	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8	1.7	1.7
27 Venezuela	8.9	8.6	8.5	8.4	8.3	8.1	8.0	8.0	7.9	7.9	8.0
28 Indonesia	3.0	2.5	2.4	2.2	2.0	1.9	1.9	1.9	1.9	1.8	1.8
29 Middle East countries	5.3	4.3	5.4	4.4	5.0	3.6	3.8	3.4	4.5	3.3	3.2
30 African countries	2.0	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
31 Non-OPEC developing countries	104.2	99.1	100.7	100.4	97.7	97.6	94.4	91.4	87.1	85.3	85.6
Latin America											
32 Argentina	8.8	9.5	9.5	9.5	9.3	9.4	9.5	9.4	9.2	8.9	8.4
33 Brazil	25.4	25.2	26.2	25.1	25.1	24.7	23.9	23.7	22.4	22.5	22.7
34 Chile	6.9	7.1	7.3	7.2	7.0	6.9	6.6	6.4	6.2	5.5	5.6
35 Colombia	2.6	2.1	2.0	1.9	1.9	2.0	1.9	2.1	2.1	2.0	1.9
36 Mexico	23.9	23.8	24.1	25.3	24.8	23.7	22.5	21.1	20.6	19.0	18.2
37 Peru	1.8	1.4	1.4	1.3	1.2	1.1	1.1	.9	.8	.8	.7
38 Other Latin America	3.4	3.1	3.0	2.9	2.8	2.7	2.8	2.6	2.5	2.6	2.8
Asia											
China											
39 Mainland	.5	.4	.9	.6	.3	.3	.4	.3	.2	.3	.5
40 Taiwan	4.5	4.9	5.5	6.6	6.0	8.2	6.1	4.9	3.2	3.7	4.9
41 India	1.2	1.2	1.8	1.7	1.9	1.9	2.1	2.3	2.0	2.1	2.6
42 Israel	1.6	1.5	1.4	1.3	1.3	1.0	1.0	1.0	1.0	1.2	.9
43 Korea (South)	9.2	6.6	6.2	5.6	4.9	4.9	5.6	5.9	6.0	6.1	6.2
44 Malaysia	2.4	2.1	1.9	1.7	1.6	1.5	1.5	1.5	1.6	1.6	1.7
45 Philippines	5.7	5.4	5.4	5.4	5.4	5.1	5.1	4.9	4.7	4.5	4.3
46 Thailand	1.4	.9	.9	.8	.7	.7	1.0	1.1	1.2	1.1	1.0
47 Other Asia	1.0	.7	.6	.7	.7	.7	.7	.8	.8	.9	.8
Africa											
48 Egypt	1.0	.7	.6	.6	.6	.5	.5	.6	.5	.4	.5
49 Morocco	.9	.9	.9	.9	.8	.9	.9	.9	.8	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.0	.1	.1	.0	.0	.0
51 Other Africa[4]	1.9	1.6	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1
52 Eastern Europe	4.1	3.2	3.0	3.3	3.3	3.0	2.9	3.1	3.0	3.6	3.4
53 U.S.S.R.	.1	.1	.1	.3	.5	.4	.3	.4	.4	.7	.7
54 Yugoslavia	2.2	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7
55 Other	1.8	1.4	1.3	1.3	1.2	1.0	.9	1.0	1.0	1.1	1.1
56 Offshore banking centers	62.9	61.3	63.1	60.7	64.3	54.3	51.7	43.0	47.4	45.8	50.9
57 Bahamas	21.2	22.0	23.9	19.9	25.5	17.1	15.7	8.6	12.6	10.8	15.6
58 Bermuda	.7	.7	.8	.6	.6	.6	.8	1.0	.9	.8	1.0
59 Cayman Islands and other British West Indies	11.6	12.4	12.2	14.0	12.8	13.3	11.8	10.5	12.3	14.0	14.4
60 Netherlands Antilles	2.2	1.8	1.7	1.3	1.2	1.2	1.3	1.2	1.2	1.0	.9
61 Panama[5]	6.0	4.0	4.3	3.9	3.7	3.7	3.3	3.0	2.7	2.6	2.3
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.1	11.4	12.5	12.3	11.2	11.3	11.7	10.6	10.2	9.9
64 Singapore	9.8	9.2	8.6	8.3	8.1	7.0	7.4	6.8	7.0	6.2	6.7
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	16.9	19.8	20.1	18.1	22.3	23.2	21.5	22.3	26.7	22.6	24.5

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).
2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.
3. This group comprises the Organization of Petroleum Exporting Countries shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).
4. Excludes Liberia.
5. Includes Canal Zone beginning December 1979.
6. Foreign branch claims only.
7. Includes New Zealand, Liberia, and international and regional organizations.

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

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987	1988				1989
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**29,357**	**27,825**	**25,587**	**28,303**	**29,792**	**30,283**	**32,244**	**33,013**	**36,492**
2 Payable in dollars	26,389	24,296	21,749	22,785	24,339	25,131	27,215	27,817	31,052
3 Payable in foreign currencies	2,968	3,529	3,838	5,518	5,453	5,152	5,029	5,196	5,441
By type									
4 Financial liabilities	14,509	13,600	12,133	12,424	14,139	14,070	14,953	14,753	16,862
5 Payable in dollars	12,553	11,257	9,609	8,643	10,472	10,560	11,558	11,266	13,124
6 Payable in foreign currencies	1,955	2,343	2,524	3,781	3,667	3,510	3,395	3,487	3,739
7 Commercial liabilities	14,849	14,225	13,454	15,878	15,653	16,213	17,291	18,260	19,630
8 Trade payables	7,005	6,685	6,450	7,305	6,454	6,768	6,479	6,247	6,760
9 Advance receipts and other liabilities	7,843	7,540	7,004	8,573	9,200	9,446	10,812	12,014	12,870
10 Payable in dollars	13,836	13,039	12,140	14,142	13,867	14,571	15,657	16,551	17,928
11 Payable in foreign currencies	1,013	1,186	1,314	1,737	1,786	1,642	1,635	1,709	1,702
By area or country									
Financial liabilities									
12 Europe	6,728	7,700	7,917	8,320	9,377	9,215	10,353	9,559	11,855
13 Belgium-Luxembourg	471	349	270	213	251	279	336	287	317
14 France	995	857	661	364	390	353	354	249	231
15 Germany	489	376	368	551	553	503	488	548	372
16 Netherlands	590	861	542	884	1,008	880	1,014	897	951
17 Switzerland	569	610	646	558	691	638	734	1,163	889
18 United Kingdom	3,297	4,305	5,140	5,557	6,301	6,390	7,257	6,268	8,901
19 Canada	863	839	399	360	394	403	421	638	603
20 Latin America and Caribbean	5,086	3,184	1,944	1,189	1,452	1,448	1,057	1,239	677
21 Bahamas	1,926	1,123	614	318	289	250	238	184	189
22 Bermuda	13	4	4	0	0	0	0	0	0
23 Brazil	35	29	32	25	0	0	0	0	0
24 British West Indies	2,103	1,843	1,146	778	1,099	1,154	812	645	471
25 Mexico	367	15	22	13	15	26	2	1	15
26 Venezuela	137	3	0	0	2	0	0	0	0
27 Asia	1,777	1,815	1,805	2,452	2,836	2,928	3,116	3,313	3,722
28 Japan	1,209	1,198	1,398	2,042	2,375	2,331	2,462	2,563	2,950
29 Middle East oil-exporting countries[2]	155	82	8	8	11	11	4	3	1
30 Africa	14	12	1	4	5	2	3	1	5
31 Oil-exporting countries[3]	0	0	1	1	3	1	1	0	3
32 All other[4]	41	50	67	100	75	74	3	2	2
Commercial liabilities									
33 Europe	4,001	4,074	4,446	5,505	5,619	5,722	6,687	7,274	7,692
34 Belgium-Luxembourg	48	62	101	132	154	147	205	169	133
35 France	438	453	352	426	414	408	438	455	569
36 Germany	622	607	715	908	810	791	1,185	1,684	1,344
37 Netherlands	245	364	424	423	457	508	647	590	667
38 Switzerland	257	379	385	559	527	482	486	410	451
39 United Kingdom	1,095	976	1,341	1,588	1,722	1,771	2,105	2,032	2,409
40 Canada	1,975	1,449	1,405	1,301	1,392	1,167	1,109	1,207	1,147
41 Latin America and Caribbean	1,871	1,088	924	864	980	1,035	997	999	1,186
42 Bahamas	7	12	32	18	19	61	19	45	35
43 Bermuda	114	77	156	168	325	272	222	184	376
44 Brazil	124	58	61	46	59	54	58	91	100
45 British West Indies	32	44	49	19	14	28	30	31	29
46 Mexico	586	430	217	189	164	233	177	179	197
47 Venezuela	636	212	216	162	122	140	204	176	179
48 Asia	5,285	6,046	5,080	6,565	5,883	6,279	6,627	6,899	7,430
49 Japan	1,256	1,799	2,042	2,578	2,508	2,659	2,763	3,087	3,046
50 Middle East oil-exporting countries[2,5]	2,372	2,829	1,679	1,964	1,062	1,320	1,298	1,386	1,526
51 Africa	588	587	619	574	575	626	465	564	692
52 Oil-exporting countries[3]	233	238	197	135	139	115	1065	201	271
53 All other[4]	1,128	982	980	1,068	1,204	1,383	1,407	1,317	1,482

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

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

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987	1988				1989
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**29,901**	**28,876**	**36,265**	**30,942**	**31,067**	**37,633**	**37,415**	**31,882**	**31,175**
2 Payable in dollars	27,304	26,574	33,867	28,469	28,993	35,593	34,984	29,622	28,978
3 Payable in foreign currencies	2,597	2,302	2,399	2,473	2,074	2,040	2,431	2,260	2,198
By type									
4 Financial claims	19,254	18,891	26,273	20,341	20,304	26,265	26,327	20,233	19,472
5 Deposits	14,621	15,526	19,916	14,953	12,693	19,551	19,127	14,556	14,736
6 Payable in dollars	14,202	14,911	19,331	13,813	12,105	18,822	18,180	13,525	13,886
7 Payable in foreign currencies	420	615	585	1,140	588	730	947	1,031	850
8 Other financial claims	4,633	3,364	6,357	5,388	7,612	6,714	7,200	5,677	4,737
9 Payable in dollars	3,190	2,330	5,005	4,574	6,491	5,819	6,257	4,953	3,896
10 Payable in foreign currencies	1,442	1,035	1,352	814	1,120	895	942	724	841
11 Commercial claims	10,646	9,986	9,992	10,600	10,763	11,367	11,088	11,649	11,703
12 Trade receivables	9,177	8,696	8,783	9,535	9,650	10,332	10,103	10,574	10,447
13 Advance payments and other claims	1,470	1,290	1,209	1,065	1,113	1,036	985	1,075	1,256
14 Payable in dollars	9,912	9,333	9,530	10,081	10,397	10,952	10,546	11,144	11,196
15 Payable in foreign currencies	735	652	462	519	366	415	542	505	507
By area or country									
Financial claims									
16 Europe	5,762	6,929	10,744	9,523	9,812	11,514	10,534	9,867	9,037
17 Belgium-Luxembourg	15	10	41	7	15	16	49	10	7
18 France	126	184	138	332	308	181	278	224	230
19 Germany	224	223	116	103	95	169	123	138	173
20 Netherlands	66	161	151	351	335	336	359	345	384
21 Switzerland	66	74	185	65	54	105	84	215	173
22 United Kingdom	4,864	6,007	9,855	8,455	8,790	10,428	9,311	8,578	7,758
23 Canada	3,988	3,260	4,808	2,844	2,669	2,913	3,612	2,338	2,176
24 Latin America and Caribbean	8,216	7,846	9,291	6,994	6,451	10,842	11,130	6,951	7,188
25 Bahamas	3,306	2,698	2,628	1,994	2,329	4,176	4,074	1,781	2,168
26 Bermuda	6	6	6	7	43	87	188	19	25
27 Brazil	100	78	86	63	86	46	44	47	49
28 British West Indies	4,043	4,571	6,078	4,414	3,461	6,030	6,358	4,617	4,524
29 Mexico	215	180	174	172	154	147	133	151	117
30 Venezuela	125	48	21	19	35	28	27	22	26
31 Asia	961	731	1,317	883	1,296	878	930	801	929
32 Japan	353	475	999	605	1,133	646	737	603	685
33 Middle East oil-exporting countries[2]	13	4	7	10	7	6	6	6	8
34 Africa	210	103	85	65	53	60	96	107	91
35 Oil-exporting countries[3]	85	29	28	7	7	10	9	10	9
36 All other[4]	117	21	28	33	24	58	26	169	51
Commercial claims									
37 Europe	3,801	3,533	3,725	4,180	4,170	4,694	4,286	4,835	4,793
38 Belgium-Luxembourg	165	175	133	178	193	158	171	174	198
39 France	440	426	431	650	552	684	542	665	750
40 Germany	374	346	444	562	637	773	613	590	626
41 Netherlands	335	284	164	133	150	172	145	207	156
42 Switzerland	271	284	217	185	173	262	183	317	242
43 United Kingdom	1,063	898	999	1,073	1,059	1,095	1,172	1,181	1,208
44 Canada	1,021	1,023	934	936	1,166	937	977	970	1,096
45 Latin America and Caribbean	2,052	1,753	1,857	1,930	1,930	2,067	2,104	2,143	2,031
46 Bahamas	8	13	28	19	14	13	12	31	32
47 Bermuda	115	93	193	170	171	174	161	156	175
48 Brazil	214	206	234	226	209	232	234	296	275
49 British West Indies	7	6	39	26	24	25	22	20	21
50 Mexico	583	510	412	368	374	411	463	457	476
51 Venezuela	206	157	237	283	274	304	266	226	210
52 Asia	3,073	2,982	2,755	2,915	2,853	2,994	3,026	2,944	3,110
53 Japan	1,191	1,016	881	1,158	1,107	1,168	962	928	1,054
54 Middle East oil-exporting countries[2]	668	638	563	450	408	446	437	441	421
55 Africa	470	437	500	401	419	425	425	434	386
56 Oil-exporting countries[3]	134	130	139	144	126	136	137	122	94
57 All other[4]	229	257	222	238	225	250	270	324	286

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

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1987	1988	1989 Jan.–July	1989 Jan.	Feb.	Mar.	Apr.	May	June	July[p]
				U.S. corporate securities						
STOCKS										
1 Foreign purchases	249,122	181,048	119,323	11,923	18,384	15,811	14,079	17,904[r]	24,223	17,000
2 Foreign sales	232,849	183,039	112,537	11,789	18,495	15,442	14,235	16,846[r]	20,646	15,084
3 **Net purchases, or sales (−)**	**16,272**	**−1,991**	**6,786**	**134**	**−111**	**370**	**−157**	**1,058[r]**	**3,577**	**1,916**
4 **Foreign countries**	**16,321**	**−1,816**	**7,029**	**167**	**−81**	**507**	**−150**	**1,060[r]**	**3,595**	**1,932**
5 Europe	1,932	−3,353	931	−99	−126	71	182	−293[r]	417	779
6 France	905	−281	372	38	159	70	168	−123	−15	75
7 Germany	−70	218	−285	30	59	59	16	−215	−155	−79
8 Netherlands	892	−535	11	128	−64	4	−125	−76[r]	131	12
9 Switzerland	−1,123	−2,242	−2,005	−345	−1,181	91	−141	−293[r]	−114	−23
10 United Kingdom	631	−954	2,424	74	800	−107	288	494[r]	329	545
11 Canada	1,048	1,087	124	320	−361	130	−66	−75	168	8
12 Latin America and Caribbean	1,318	1,249	2,580	599	575	636	104	391[r]	167	108
13 Middle East[1]	−1,360	−2,473	2,380	−100	265	220	−345	206	1,679	456
14 Other Asia	12,896	1,365	793	−603	−544	−536	−28	784	1,108	613
15 Japan	11,365	1,922	872	−563	−487	−458	−16	763	1,122	510
16 Africa	123	188	64	29	4	5	10	−1	16	2
17 Other countries	365	121	157	21	106	−19	−7	50	40	−34
18 **Nonmonetary international and regional organizations**	**−48**	**−176**	**−243**	**−33**	**−30**	**−137**	**−6**	**−2**	**−18**	**−17**
BONDS[2]										
19 Foreign purchases	105,856	86,362	65,128	6,137	9,610	10,423	9,736	8,329	10,863	10,030
20 Foreign sales	78,312	58,301	47,115	4,757	4,736	7,025	5,270	8,776	9,045	7,506
21 **Net purchases, or sales (−)**	**27,544**	**28,062**	**18,013**	**1,380**	**4,874**	**3,398**	**4,466**	**−447**	**1,818**	**2,524**
22 **Foreign countries**	**26,804**	**28,604**	**17,772**	**1,360**	**4,908**	**3,358**	**4,465**	**−570**	**1,695**	**2,556**
23 Europe	21,989	17,338	12,498	499	2,055	2,794	3,102	−55	2,132	1,971
24 France	194	143	378	107	41	−16	27	93	6	121
25 Germany	33	1,344	−48	15	38	148	135	−170	−162	−53
26 Netherlands	269	1,514	512	30	−21	69	51	9	395	−22
27 Switzerland	1,587	513	211	130	131	4	90	−114	−110	81
28 United Kingdom	19,770	13,088	11,208	149	1,751	2,578	2,252	665	1,881	1,932
29 Canada	1,296	711	583	180	129	213	115	59	−188	74
30 Latin America and Caribbean	2,857	1,930	2,111	229	651	301	219	136	274	302
31 Middle East[1]	−1,314	−178	−542	−128	160	87	3	−100	−611	46
32 Other Asia	2,021	8,900	2,909	552	1,893	−50	990	−615	83	57
33 Japan	1,622	7,686	1,472	392	1,567	−285	608	−722	−67	−22
34 Africa	16	−8	18	3	2	5	4	0	1	3
35 Other countries	−61	−89	195	24	18	8	33	5	4	103
36 **Nonmonetary international and regional organizations**	**740**	**−542**	**241**	**20**	**−34**	**41**	**1**	**122**	**123**	**−32**
				Foreign securities						
37 Stocks, net purchases, or sales (−)	1,081	−1,901	−6,776	−891	−629	−147	−962	−1,332	−2,077	−748
38 Foreign purchases	95,458	75,203	55,581	6,856	8,070	9,477	6,724	7,748[r]	9,111	7,594
39 Foreign sales	94,377	77,104	62,357	7,748	8,698	9,624	7,687	9,070[r]	11,188	8,342
40 Bonds, net purchases, or sales (−)	−7,946	−9,869	−4,635	−247	−484	−653	−176	−107[r]	−1,508	−1,459
41 Foreign purchases	199,089	217,648	131,325	14,835	18,711	23,395	15,951	17,242[r]	21,016	20,174
42 Foreign sales	207,035	227,517	135,959	15,083	19,195	24,047	16,127	17,350[r]	22,524	21,634
43 **Net purchases, or sales (−), of stocks and bonds**	**−6,865**	**−11,770**	**−11,411**	**−1,139**	**−1,112**	**−800**	**−1,138**	**−1,430[r]**	**−3,585**	**−2,207**
44 **Foreign countries**	**−6,757**	**−12,251**	**−11,961**	**−1,115**	**−1,190**	**−992**	**−1,331**	**−1,633[r]**	**−3,385**	**−2,314**
45 Europe	−12,101	−10,205	−11,789	−80	−797	−1,399	−1,734	−1,520[r]	−3,876	−2,383
46 Canada	−4,072	−3,799	−3,231	−378	−530	−584	191	−555[r]	−683	−692
47 Latin America and Caribbean	828	1,386	364	68	79	161	195	−90[r]	27	−76
48 Asia	9,299	987	2,760	−872	−34	885	70	700[r]	1,191	819
49 Africa	89	−54	21	6	−9	−16	11	13[r]	3	12
50 Other countries	−800	−567	−86	139	100	−40	−65	−180[r]	−47	7
51 **Nonmonetary international and regional organizations**	**−108**	**481**	**550**	**−23**	**78**	**192**	**193**	**203[r]**	**−200**	**107**

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

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

Millions of dollars

Country or area	1987	1988	1989 Jan.–July	1989 Jan.	Feb.	Mar.	Apr.	May	June	July[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**[2]	**25,587**	**48,884**	**22,485**	**2,828**	**8,783**	**8,640**	**29**	**7,043[r]**	**–5,202**	**365**
2 Foreign countries[2]	30,889	48,187	21,679	2,040	9,907	8,297	291	5,520[r]	–5,319	944
3 Europe[2]	23,716	14,343	15,336	2,141	3,775	2,143	–1,814	4,498[r]	–1,305	5,899
4 Belgium-Luxembourg	653	923	208	9	127	–23	–87	88	13	82
5 Germany[2]	13,330	–5,268	1,317	938	–31	–181	–693	–179	–1,106	2,569
6 Netherlands	–913	–356	–1,199	268	135	242	–643	–638	–674	111
7 Sweden	210	–323	760	–115	297	–508	398	–69	647	110
8 Switzerland[2]	1,917	–1,074	2,794	214	438	1,768	440	–83	378	–361
9 United Kingdom	3,975	9,674	6,349	–348	1,533	1,207	–1,298	3,873[r]	–133	1,515
10 Other Western Europe	4,563	10,776	5,128	1,175	1,277	–363	74	1,511	–423	1,877
11 Eastern Europe	–19	–10	–21	0	0	0	–5	–5	–6	–5
12 Canada	4,526	3,761	–719	54	17	–55	114	157	–478	–528
13 Latin America and Caribbean	–2,192	703	1,713	–104	525	113	–132	–179	643	849
14 Venezuela	150	–109	–37	–37	1	–53	–18	0	1	71
15 Other Latin America and Caribbean	–1,142	1,120	7	–163	247	132	–231	–78	–14	113
16 Netherlands Antilles	–1,200	–308	1,743	96	276	34	117	–101	656	665
17 Asia	4,488	27,606	5,345	626	5,955	5,659	1,743	1,734	–5,577	–4,793
18 Japan	868	21,752	–4,027	116	2,503	1,855	2,624	1,646	–7,780	–4,990
19 Africa	–56	–13	102	–1	15	–2	32	–3	66	–5
20 All other	407	1,786	–99	–676	–379	439	350	–687	1,332	–477
21 Nonmonetary international and regional organizations	–5,300	700	807	788	–1,124	344	–262	1,523[r]	117	–579
22 International	–4,387	1,142	383	777	–1,072	424	–252	1,340[r]	–253	–581
23 Latin America regional	3	–31	225	0	–10	–8	–21	70	191	3
Memo										
24 Foreign countries[2]	30,889	48,187	21,679	2,040	9,907	8,297	291	5,520[r]	–5,319	944
25 Official institutions	31,064	26,624	14,038	2,019	4,299	6,549	–842	–1,068	352	2,730
26 Other foreign[2]	–181	21,560	7,642	21	5,609	1,747	1,133	6,588[r]	–5,670	–1,786
Oil-exporting countries										
27 Middle East[3]	–3,142	1,963	6,594	129	3,560	2,607	–471	–299	670	398
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.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on Sept. 30, 1989		Country	Rate on Sept. 30, 1989		Country	Rate on Sept. 30, 1989	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.0	June 1989	France[1]	8.75	June 1989	Norway	8.0	June 1983
Belgium	9.25	June 1989	Germany, Fed. Rep. of	5.0	June 1989	Switzerland	5.5	July 1989
Brazil	49.0	Mar. 1981	Italy	13.5	Mar. 1989	United Kingdom[2]	......	....
Canada	12.47	Sept. 1989	Japan	3.25	May 1989	Venezuela	8.0	Oct. 1985
Denmark	8.0	June 1989	Netherlands	6.0	June 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	1989						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	6.70	7.07	7.86	10.18	10.01	9.66	9.28	8.86	8.71	8.85
2 United Kingdom	10.87	9.65	10.28	13.00	13.09	13.08	14.17	13.91	13.86	13.99
3 Canada	9.18	8.38	9.63	12.22	12.58	12.44	12.35	12.24	12.30	12.32
4 Germany	4.58	3.97	4.28	6.57	6.42	6.96	6.93	7.00	6.99	7.37
5 Switzerland	4.19	3.67	2.94	5.75	6.05	7.26	7.09	6.92	7.01	7.42
6 Netherlands	5.56	5.24	4.72	6.88	6.70	7.30	7.11	7.07	7.15	7.53
7 France	7.68	8.14	7.80	9.07	8.61	8.81	8.89	9.05	8.95	9.20
8 Italy	12.60	11.15	11.04	12.88	12.21	12.27	12.35	12.46	12.48	12.41
9 Belgium	8.04	7.01	6.69	8.28	8.17	8.45	8.51	8.46	8.44	8.66
10 Japan	4.96	3.87	3.96	4.21	4.20	4.25	4.46	4.71	4.80	4.88

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar

Country/currency	1986	1987	1988	1989					
				Apr.	May	June	July	Aug.	Sept.
1 Australia/dollar[2]	67.093	70.136	78.408	80.35	77.36	75.61	75.66	76.26	77.270
2 Austria/schilling	15.260	12.649	12.357	13.161	13.691	13.912	13.308	13.571	13.733
3 Belgium/franc	44.662	37.357	36.783	39.148	40.723	41.414	39.559	40.313	40.840
4 Canada/dollar	1.3896	1.3259	1.2306	1.1888	1.1925	1.1986	1.1891	1.1756	1.1828
5 China, P.R./yuan	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	8.0954	6.8477	6.7411	7.2803	7.5820	7.7087	7.3527	7.4942	7.5872
7 Finland/markka	5.0721	4.4036	4.1933	4.1961	4.3409	4.4302	4.2699	4.3508	4.4219
8 France/franc	6.9256	6.0121	5.9594	6.3223	6.5815	6.7135	6.4105	6.5089	6.5855
9 Germany/deutsche mark	2.1704	1.7981	1.7569	1.8697	1.9461	1.9789	1.8901	1.9271	1.9502
10 Greece/drachma	139.93	135.47	142.00	159.23	165.41	170.42	163.84	166.18	169.03
11 Hong Kong/dollar	7.8037	7.7985	7.8071	7.7828	7.7799	7.7934	7.8040	7.8077	7.8078
12 India/rupee	12.597	12.943	13.899	15.718	16.102	16.420	16.416	16.603	16.745
13 Ireland/punt[2]	134.14	148.79	152.49	142.67	137.39	134.92	141.26	138.43	136.70
14 Italy/lira	1491.16	1297.03	1302.39	1371.80	1415.83	1434.40	1367.39	1384.22	1404.18
15 Japan/yen	168.35	144.60	128.17	132.04	137.86	143.98	140.42	141.35	145.07
16 Malaysia/ringgit	2.5830	2.5185	2.6189	2.7211	2.6967	2.7086	2.6809	2.6820	2.6980
17 Netherlands/guilder	2.4484	2.0263	1.9778	2.1098	2.1938	2.2292	2.1318	2.1728	2.1992
18 New Zealand/dollar[2]	52.456	59.327	65.558	61.167	60.718	57.376	57.537	59.201	59.143
19 Norway/krone	7.3984	6.7408	6.5242	6.7964	7.0337	7.1852	6.9480	7.0485	7.1264
20 Portugal/escudo	149.80	141.20	144.26	154.54	160.71	164.92	158.31	161.15	163.36
21 Singapore/dollar	2.1782	2.1059	2.0132	1.9497	1.9575	1.9572	1.9589	1.9595	1.9769
22 South Africa/rand	2.2918	2.0385	2.1900	2.5480	2.6710	2.7828	2.6909	2.7220	2.788
23 South Korea/won	884.61	825.93	734.51	672.10	669.25	669.43	669.83	671.06	672.73
24 Spain/peseta	140.04	123.54	116.52	116.146	121.39	126.55	118.73	120.64	122.14
25 Sri Lanka/rupee	27.933	29.471	31.847	34.021	34.145	33.475	34.764	34.256	39.572
26 Sweden/krona	7.1272	6.3468	6.1369	6.3689	6.5756	6.6872	6.4653	6.5490	6.6103
27 Switzerland/franc	1.7979	1.4918	1.4642	1.6469	1.7290	1.7089	1.6281	1.6606	1.6865
28 Taiwan/dollar	37.837	31.756	28.636	26.998	25.788	26.023	25.816	25.679	25.737
29 Thailand/baht	26.314	25.774	25.312	25.524	25.757	25.909	25.771	25.910	26.012
30 United Kingdom/pound[2]	146.77	163.98	178.13	170.08	163.07	155.30	162.68	159.46	157.15
MEMO									
31 United States/dollar[3]	112.22	96.94	92.72	97.24	100.81	103.09	99.12	100.44	101.87

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).

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES—*List Published Semiannually, with Latest Bulletin Reference*

SPECIAL TABLES—*Published Irregularly, with Latest Bulletin Reference*

Special tables begin on page A73.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1989[1]

A. Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[6]
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]			
ALL BANKS									
1 Overnight[7]	10,266,595	5,890	*	10.01	.14	9.76–10.17	63.7	7.8	Fed funds
2 One month and under	6,658,363	777	14	10.19	.13	9.61–10.38	77.9	11.7	Other
3 Fixed rate	4,244,878	913	15	10.01	.16	9.61–10.18	73.6	16.9	Domestic
4 Floating rate	2,413,485	616	13	10.51	.19	9.52–11.03	85.7	2.4	Other
5 Over one month and under a year	11,608,941	162	115	11.14	.18	10.06–12.13	76.7	12.6	Prime
6 Fixed rate	7,105,557	228	77	10.87	.23	9.73–12.12	76.8	15.1	Other
7 Floating rate	4,503,384	111	174	11.57	.17	10.92–12.19	76.5	8.6	Prime
8 Demand[8]	15,369,801	227	*	11.27	.12	10.52–12.13	80.0	7.1	Prime
9 Fixed rate	2,343,382	563	*	10.15	.25	9.69–10.75	90.9	16.0	Domestic
10 Floating rate	13,026,419	205	*	11.47	.14	10.92–12.13	78.0	5.5	Prime
11 Total short term	**43,903,700**	**293**	**51**	**10.78**	**.14**	**9.83–11.63**	**75.0**	**9.4**	**Prime**
12 Fixed rate (thousands of dollars)	23,794,387	571	29	10.28	.13	9.71–10.50	71.8	12.5	Other
13 1–24	222,700	8	109	13.06	.20	12.28–13.72	21.6	.5	Prime
14 25–49	111,292	33	109	12.82	.22	12.01–13.27	22.4	.1	Prime
15 50–99	152,415	64	113	12.12	.18	11.35–13.03	27.8	12.0	Other
16 100–499	546,811	189	86	11.91	.25	10.92–12.96	42.4	11.1	Other
17 500–999	328,755	650	58	10.36	.24	9.85–11.07	74.5	11.0	Other
18 1000 and over	22,432,413	7,540	26	10.19	.09	9.69–10.39	73.6	12.7	Other
19 Floating rate (thousands of dollars)	20,109,313	186	115	11.37	.15	10.47–12.13	78.7	5.8	Prime
20 1–24	527,481	10	167	12.68	.10	12.01–13.31	72.7	1.1	Prime
21 25–49	582,510	34	149	12.50	.08	11.85–13.24	80.0	.6	Prime
22 50–99	896,543	66	182	12.30	.05	11.57–12.75	85.2	2.8	Prime
23 100–499	3,424,180	192	167	12.00	.05	11.25–12.68	85.6	5.9	Prime
24 500–999	1,605,625	650	168	11.77	.09	11.02–12.40	78.6	5.4	Prime
25 1000 and over	13,072,974	5,182	88	10.98	.14	9.99–11.73	76.7	6.4	Prime
			Months						
26 Total long term	**5,037,376**	**267**	**54**	**11.64**	**.13**	**11.02–12.28**	**67.2**	**6.7**	**Prime**
27 Fixed rate (thousands of dollars)	1,648,075	249	59	11.32	.25	10.55–11.65	76.2	4.4	Foreign
28 1–99	100,407	18	37	12.42	.21	11.57–13.24	19.5	.0	Prime
29 100–499	154,342	237	39	13.15	.22	12.26–14.25	11.4	1.6	Prime
30 500–999	39,618	661	61	11.64	.23	11.30–12.13	33.2	6.9	Other
31 1000 and over	1,353,707	7,976	63	11.01	.20	10.50–11.44	89.1	5.0	Foreign
32 Floating rate (thousands of dollars)	3,389,301	276	51	11.80	.09	11.07–12.34	62.8	7.8	Prime
33 1–99	230,786	27	48	12.66	.11	12.13–13.24	38.0	5.3	Prime
34 100–499	621,405	224	41	12.09	.11	11.30–12.75	56.1	5.5	Prime
35 500–999	390,277	666	50	11.93	.10	11.07–12.55	64.7	7.6	Prime
36 1000 and over	2,146,833	4,347	55	11.60	.11	11.02–12.19	67.0	8.7	Prime
			Days	Loan rate (percent) Effective[3]	Loan rate (percent) Nominal[9]	Prime rate[10]			
LOANS MADE BELOW PRIME[11]									
37 Overnight[7]	9,746,669	8,137	*	9.94	9.48	10.50	62.5	8.2	
38 One month and under	5,794,384	3,593	13	9.90	9.45	10.50	82.5	13.1	
39 Over one month and under a year	5,330,220	725	95	9.96	9.53	10.57	83.3	15.4	
40 Demand[8]	4,662,418	1,679	*	9.87	9.48	10.53	63.5	11.4	
41 Total short term	**25,533,692**	**1,974**	**29**	**9.92**	**9.48**	**10.52**	**71.6**	**11.4**	
42 Fixed rate	19,546,335	2,420	24	9.89	9.45	10.51	71.2	13.2	
43 Floating rate	5,987,357	1,232	56	10.02	9.57	10.55	72.8	5.5	
			Months						
44 Total long term	**848,392**	**368**	**50**	**10.26**	**9.85**	**10.75**	**74.5**	**6.5**	
45 Fixed rate	440,310	435	54	10.02	9.64	10.54	84.5	4.0	
46 Floating rate	408,081	315	47	10.52	10.07	10.98	63.7	9.3	

For notes see end of table.

4.23—Continued

A. Commercial and Industrial Loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[6]
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]			
LARGE BANKS									
1 Overnight[7]	6,755,274	6,719	*	10.05	.09	9.76–10.24	52.3	11.6	Other
2 One month and under	5,307,558	3,881	14	10.08	.06	9.54–10.31	77.7	11.0	Other
3 Fixed rate	3,229,647	5,408	16	9.88	.05	9.59–10.02	72.0	17.6	Domestic
4 Floating rate	2,077,910	2,698	12	10.38	.27	9.52–10.45	86.7	.8	Other
5 Over one month and under a year	7,877,280	1,270	95	10.85	.13	9.89–12.05	82.6	14.3	Other
6 Fixed rate	5,639,072	5,498	69	10.77	.24	9.78–12.12	81.3	15.3	Other
7 Floating rate	2,238,209	432	159	11.05	.10	10.15–11.91	85.9	11.7	Prime
8 Demand[8]	9,899,613	517	*	11.17	.21	10.19–12.01	72.0	7.4	Prime
9 Fixed rate	1,460,682	795	*	10.52	.28	9.73–11.00	88.3	16.4	Domestic
10 Floating rate	8,438,932	487	*	11.29	.23	10.53–12.13	69.2	5.9	Prime
11 **Total short term**	**29,839,725**	**1,076**	**42**	**10.64**	**.16**	**9.79–11.57**	**71.4**	**10.8**	**Other**
12 Fixed rate (thousands of dollars)	16,933,081	3,798	29	10.30	.12	9.72–10.52	68.4	14.5	Other
13 1–24	9,617	10	96	12.10	.26	11.50–12.50	33.4	.0	Prime
14 25–49	9,347	32	113	11.93	.19	11.50–12.50	43.3	.0	Prime
15 50–99	16,966	62	108	11.63	.27	11.07–12.50	40.2	.0	Prime
16 100–499	134,837	215	54	11.23	.27	10.75–12.00	68.1	4.1	Prime
17 500–999	187,524	671	49	10.35	.36	9.88–11.50	72.2	12.6	Other
18 1000 and over	16,574,790	8,049	29	10.29	.12	9.72–10.51	68.4	14.6	Other
19 Floating rate (thousands of dollars)	12,906,644	555	85	11.08	.22	10.06–12.01	75.3	6.0	Prime
20 1–24	96,187	11	168	12.34	.17	11.57–13.24	74.9	.4	Prime
21 25–49	124,901	34	159	12.33	.10	11.57–12.96	80.8	.8	Prime
22 50–99	206,028	66	178	12.21	.05	11.57–12.68	87.8	1.0	Prime
23 100–499	1,099,176	205	158	11.87	.05	11.07–12.40	87.6	3.7	Prime
24 500–999	691,858	668	175	11.67	.10	11.02–12.19	83.6	5.1	Prime
25 1000 and over	10,688,494	6,728	75	10.92	.25	9.86–11.63	73.2	6.5	Prime
			Months						
26 **Total long term**	**3,499,979**	**1,233**	**58**	**11.43**	**.12**	**10.92–12.13**	**76.6**	**7.1**	**Prime**
27 Fixed rate (thousands of dollars)	1,282,591	2,733	64	11.03	.22	10.50–11.45	90.0	5.1	Foreign
28 1–99	6,001	25	46	11.99	.38	11.50–12.75	19.7	.0	Other
29 100–499	16,003	188	47	12.09	.27	11.15–13.52	39.1	.0	Other
30 500–999	10,707	561	73	11.00	.40	10.58–11.65	66.8	9.9	Other
31 1000 and over	1,249,879	9,691	64	11.01	.23	10.50–11.39	91.2	5.1	Foreign
32 Floating rate (thousands of dollars)	2,217,388	936	54	11.66	.12	11.02–12.28	68.8	8.3	Prime
33 1–99	34,093	36	39	12.62	.19	11.85–13.24	72.4	6.7	Prime
34 100–499	198,016	232	41	11.95	.16	11.07–12.55	85.0	10.2	Prime
35 500–999	161,323	689	48	11.72	.11	11.02–12.55	84.6	6.1	Prime
36 1000 and over	1,823,956	5,379	56	11.61	.15	10.92–12.21	65.6	8.3	Prime
			Days	Loan rate (percent)		Prime rate[10]			
				Effective[3]	Nominal[9]				
LOANS MADE BELOW PRIME[11]									
37 Overnight[7]	6,288,829	7,878	*	9.96	9.50	10.50	49.7	12.5	
38 One month and under	4,811,586	7,585	13	9.86	9.41	10.50	82.3	12.6	
39 Over one month and under a year	4,240,955	5,947	85	9.87	9.46	10.50	82.5	15.6	
40 Demand[8]	3,502,613	4,056	*	9.97	9.56	10.50	52.5	10.4	
41 **Total short term**	**18,843,983**	**6,262**	**28**	**9.92**	**9.48**	**10.50**	**65.9**	**12.8**	
42 Fixed rate	13,594,786	6,292	25	9.90	9.47	10.50	64.3	15.8	
43 Floating rate	5,249,197	6,185	42	9.95	9.51	10.50	70.2	5.3	
			Months						
44 **Total long term**	**611,374**	**2,797**	**50**	**10.00**	**9.63**	**10.50**	**83.8**	**6.7**	
45 Fixed rate	393,068	2,849	52	9.98	9.61	10.50	89.6	4.3	
46 Floating rate	218,307	2,710	46	10.04	9.68	10.50	73.3	11.0	

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–11, 1989[1]—Continued

A. Commercial and Industrial Loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[6]
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]			
OTHER BANKS									
1 Overnight[7]	3,511,321	4,759	*	9.93	.27	9.69–10.03	85.5	.4	Fed funds
2 One month and under	1,350,806	188	15	10.63	.16	9.96–11.03	78.7	14.3	Prime
3 Fixed rate	1,015,231	251	13	10.41	.24	9.87–10.46	78.5	15.0	Prime
4 Floating rate	335,574	107	21	11.30	.19	10.64–12.13	79.4	12.1	Prime
5 Over one month and under a year	3,731,661	57	156	11.77	.11	10.92–12.75	64.2	9.0	Prime
6 Fixed rate	1,466,485	49	107	11.28	.24	9.71–12.68	59.5	14.2	Other
7 Floating rate	2,265,175	64	188	12.09	.10	11.07–12.75	67.2	5.6	Prime
8 Demand[8]	5,470,188	112	*	11.44	.12	11.02–12.19	94.3	6.5	Prime
9 Fixed rate	882,701	380	*	9.55	.43	9.52–10.52	95.2	15.4	Fed funds
10 Floating rate	4,587,487	99	*	11.81	.03	11.07–12.28	94.1	4.8	Prime
11 Total short term	**14,063,975**	**115**	**72**	**11.07**	**.21**	**9.92–12.13**	**82.6**	**6.4**	**Prime**
12 Fixed rate (thousands of dollars)	6,861,306	184	30	10.23	.22	9.69–10.45	80.3	7.4	Fed funds
13 1–24	213,084	7	110	13.10	.19	12.45–13.80	21.1	.5	Prime
14 25–49	101,945	33	109	12.90	.23	12.01–13.37	20.5	.1	Prime
15 50–99	135,449	65	113	12.18	.16	11.37–13.03	26.2	13.5	Other
16 100–499	411,974	182	92	12.13	.25	10.95–13.03	34.0	13.4	Other
17 500–999	141,231	626	70	10.38	.34	9.83–10.92	77.5	8.9	Prime
18 1000 and over	5,857,623	6,395	17	9.90	.13	9.68–10.10	88.1	7.2	Fed funds
19 Floating rate (thousands of dollars)	7,202,669	85	166	11.88	.03	11.07–12.55	84.8	5.4	Prime
20 1–24	431,294	9	167	12.76	.08	12.13–13.31	72.2	1.2	Prime
21 25–49	457,609	34	147	12.55	.11	12.01–13.24	79.7	.6	Prime
22 50–99	690,515	66	183	12.32	.08	11.63–12.75	84.5	3.4	Prime
23 100–499	2,325,004	186	169	12.06	.07	11.30–12.68	84.6	6.9	Prime
24 500–999	913,767	637	165	11.85	.14	11.03–12.46	74.8	5.7	Prime
25 1000 and over	2,384,480	2,553	159	11.29	.13	11.02–12.13	92.1	6.1	Prime
			Months						
26 Total long term	**1,537,397**	**96**	**45**	**12.13**	**.13**	**11.38–12.75**	**45.7**	**5.6**	**Prime**
27 Fixed rate (thousands of dollars)	365,484	59	44	12.32	.30	11.44–13.80	27.9	2.0	Other
28 1–99	94,406	17	36	12.44	.13	11.57–13.24	19.5	.0	Prime
29 100–499	138,338	244	39	13.27	.34	12.68–14.25	8.1	1.8	Prime
30 500–999	28,912	707	56	11.88	.24	11.57–12.13	20.7	5.8	Other
31 1000 and over	103,828	2,548	54	11.07	.38	10.65–11.68	63.7	3.2	Other
32 Floating rate (thousands of dollars)	1,171,913	118	46	12.07	.10	11.38–12.68	51.2	6.7	Prime
33 1–99	196,693	26	49	12.66	.12	12.13–13.24	32.0	5.0	Prime
34 100–499	423,390	220	41	12.15	.17	11.46–12.75	42.6	3.3	Prime
35 500–999	228,953	651	51	12.09	.19	11.35–12.68	50.7	8.7	Prime
36 1000 and over	322,877	2,086	47	11.58	.16	11.07–12.13	74.7	10.9	Prime
			Days	Loan rate (percent)		Prime rate[10]			
				Effective[3]	Nominal[9]				
LOANS MADE BELOW PRIME[11]									
37 Overnight[7]	3,457,840	8,652	*	9.89	9.44	10.51	85.8	.4	
38 One month and under	982,798	1,005	13	10.08	9.61	10.53	83.1	15.8	
39 Over one month and under a year	1,089,265	164	132	10.27	9.82	10.84	86.6	14.3	
40 Demand[8]	1,159,806	606	*	9.59	9.23	10.60	96.5	14.4	
41 Total short term	**6,689,709**	**674**	**30**	**9.93**	**9.49**	**10.58**	**87.4**	**7.3**	
42 Fixed rate	5,951,549	1,006	20	9.86	9.42	10.54	86.9	7.3	
43 Floating rate	738,160	184	147	10.48	10.02	10.92	91.4	7.3	
			Months						
44 Total long term	**237,017**	**113**	**53**	**10.92**	**10.41**	**11.39**	**50.5**	**6.2**	
45 Fixed rate	47,243	54	68	10.37	9.96	10.83	42.5	1.3	
46 Floating rate	189,775	156	49	11.06	10.52	11.53	52.5	7.4	

For notes see end of table.

4.23—Continued
B. Loans to Farmers[12]

Characteristic	Size class of loans (thousands)						
	All sizes	\$1–9	\$10–24	\$25–49	\$50–99	\$100–249	\$250 and over
All Banks							
1 Amount of loans (thousands of dollars)	\$ 1,002,701	\$ 135,127	\$ 161,685	\$ 135,799	\$ 171,083	\$ 146,598	\$ 252,409
2 Number of loans	56,305	36,956	11,118	3,987	2,607	1,082	556
3 Weighted average maturity (months)[2]	11.4	7.7	7.8	10.2	11.6	14.3	16.0
4 Weighted average interest rate (percent)[3]	12.49	12.96	12.90	12.70	12.47	12.54	11.84
5 Standard error[4]	.37	.31	.24	.35	.33	.63	.46
6 Interquartile range[5]	11.79–13.24	12.36–13.55	12.13–13.60	12.12–13.31	11.94–12.98	11.68–13.31	11.07–12.75
By purpose of loan							
7 Feeder livestock	12.00	12.77	13.04	12.14	12.20	12.39	11.56
8 Other livestock	12.73	12.90	13.17	12.81	13.79	13.06	12.27
9 Other current operating expenses	12.69	12.99	12.87	12.98	12.36	12.58	11.89
10 Farm machinery and equipment	12.89	13.04	13.18	12.67	12.73	*	*
11 Farm real estate	12.34	12.47	12.18	12.30	*	*	*
12 Other	12.18	12.96	12.63	12.32	12.19	12.11	11.78
Percentage of amount of loans							
13 With floating rates	64.4	53.6	58.0	64.4	62.4	87.4	62.4
14 Made under commitment	58.5	47.9	53.9	53.6	53.5	64.2	69.9
By purpose of loan							
15 Feeder livestock	21.7	7.0	10.5	12.9	22.1	21.1	41.7
16 Other livestock	13.5	6.0	9.7	10.2	7.0	15.7	25.0
17 Other current operating expenses	44.4	72.9	61.9	50.4	43.8	41.7	16.8
18 Farm machinery and equipment	5.0	7.1	7.6	6.8	10.7	*	*
19 Farm real estate	4.8	1.8	3.8	9.7	*	*	*
20 Other	10.5	5.2	6.4	10.2	13.0	17.4	10.3
Large Banks[12]							
1 Amount of loans (thousands of dollars)	\$ 374,612	\$ 20,189	\$ 29,975	\$ 38,628	\$ 44,691	\$ 74,898	\$ 166,233
2 Number of loans	9,822	5,257	2,015	1,128	679	492	253
3 Weighted average maturity (months)[2]	8.9	5.8	6.8	7.4	7.0	11.9	9.2
4 Weighted average interest rate (percent)[3]	12.01	12.91	12.60	12.48	12.20	12.15	11.58
5 Standard error[4]	.32	.28	.11	.17	.09	.47	.33
6 Interquartile range[5]	11.07–12.75	12.19–13.31	12.01–13.08	11.91–13.03	11.63–12.75	11.63–12.75	11.02–12.13
By purpose of loan							
7 Feeder livestock	11.61	12.70	12.49	12.27	12.07	12.41	11.32
8 Other livestock	11.94	12.75	12.83	12.91	12.50	12.16	*
9 Other current operating expenses	12.30	12.90	12.51	12.58	12.26	12.20	11.91
10 Farm machinery and equipment	12.80	13.30	12.83	*	*	*	*
11 Farm real estate	12.28	12.70	12.81	*	*	*	*
12 Other	12.03	13.00	12.81	12.16	12.09	11.93	11.78
Percentage of amount of loans							
13 With floating rates	85.5	89.1	88.5	92.4	93.0	94.1	77.0
14 Made under commitment	89.4	88.9	87.4	87.6	92.8	84.4	91.5
By purpose of loan							
15 Feeder livestock	28.5	5.5	9.7	17.4	21.1	15.3	45.2
16 Other livestock	11.8	4.7	5.9	9.1	5.5	13.3	*
17 Other current operating expenses	37.1	71.6	60.7	48.6	52.7	37.2	21.6
18 Farm machinery and equipment	1.1	3.0	3.5	*	*	*	*
19 Farm real estate	1.9	1.8	1.8	*	*	*	*
20 Other	19.7	13.3	18.4	20.7	18.6	30.8	15.7
Other Banks[12]							
1 Amount of loans (thousands of dollars)	\$ 628,089	\$ 114,939	\$ 131,710	\$ 97,172	\$ 126,392	\$ 71,700	86,176
2 Number of loans	46,483	31,699	9,103	2,859	1,929	590	304
3 Weighted average maturity (months)[2]	12.4	8.0	7.9	11.1	12.8	16.4	22.8
4 Weighted average interest rate (percent)[3]	12.77	12.97	12.97	12.79	12.56	12.95	12.35
5 Standard error[4]	.18	.12	.21	.30	.32	.41	.32
6 Interquartile range[5]	12.09–13.31	12.36–13.60	12.19–13.88	12.19–13.31	12.04–13.05	12.17–13.31	11.79–12.75
By purpose of loan							
7 Feeder livestock	12.38	12.78	13.16	12.06	12.25	*	*
8 Other livestock	13.12	12.92	13.21	12.78	*	*	*
9 Other current operating expenses	12.87	13.00	12.95	13.13	12.40	12.89	*
10 Farm machinery and equipment	12.90	13.02	13.22	12.66	12.74	*	*
11 Farm real estate	12.35	12.43	*	*	*	*	*
12 Other	12.55	12.94	*	*	*	*	*

For notes see end of table.

4.23—Continued
B. Loans to Farmers[12]—Continued

Characteristic	Size class of loans (thousands)						
	All sizes	$1-9	$10-24	$25-49	$50-99	$100-249	$250 and over
Percentage of amount of loans							
13 With floating rates	51.9	47.3	51.1	53.3	51.5	80.5	*
14 Made under commitment	40.1	40.7	46.3	40.1	39.6	43.1	*
By purpose of loan							
15 Feeder livestock	17.7	7.3	10.7	11.1	22.5	*	*
16 Other livestock	14.5	6.2	10.6	10.6	*	*	*
17 Other current operating expenses	48.8	73.1	62.2	51.0	40.7	46.4	*
18 Farm machinery and equipment	7.4	7.8	8.6	8.3	14.4	*	*
19 Farm real estate	6.5	1.8	*	*	*	*	*
20 Other	5.0	3.8	*	*	*	*	*

*Fewer than 10 sample loans.

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A subsample of 250 banks also report loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Mortgage loans, purchased loans, foreign loans, and loans of less than $1,000 are excluded from the survey.

As of Dec. 31, 1988, assets of most of the large banks were at least $6.0 billion. For all insured banks total assets averaged $220 million.

2. Average maturities are weighted by loan size and exclude demand loans.

3. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loan and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

5. The interquartile range shows the interest rate range that encompasses the middle 50 percent of the total dollar amount of loans made.

6. The most common base rate is that rate used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

7. Overnight loans are loans that mature on the following business day.

8. Demand loans have no stated date of maturity.

9. Nominal (not compounded) annual interest rates are calculated from survey data on the stated rate and other terms of the loan and weighted by loan size.

10. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.

11. The proportion of loans made at rates below prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

12. Among banks reporting loans to farmers (Table B), most "large banks" (survey strata 1 to 2) had over $20 million in farm loans, and most "other banks" (survey strata 3 to 5) had farm loans below $20 million.

The survey of terms of bank lending to farmers now includes loans secured by farm real estate. In addition, the categories describing the purpose of farm loans have now been expanded to include "purchase or improve farm real estate." In previous surveys, the purpose of such loans was reported as "other."

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1989[1]

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
1 **Total assets[4]**	**529,380**	**249,088**	**393,138**	**197,095**	**74,084**	**30,905**	**37,488**	**13,326**
2 Claims on nonrelated parties	472,010	201,745	350,024	161,687	66,644	23,938	37,076	12,411
3 Cash and balances due from depository institutions	130,542	110,029	108,447	91,153	10,825	9,805	9,446	7,910
4 Cash items in process of collection and unposted debits	710	0	664	0	26	0	4	0
5 Currency and coin (U.S. and foreign)	23	n.a.	16	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	68,723	50,900	56,926	41,800	5,606	4,892	5,484	4,021
7 U.S. branches and agencies of other foreign banks (including their IBFs)	57,603	46,195	47,564	37,372	5,028	4,769	4,691	3,933
8 Other depository institutions in United States (including their IBFs)	11,120	4,704	9,362	4,428	579	123	793	88
9 Balances with banks in foreign countries and with foreign central banks	59,909	59,129	49,881	49,352	5,100	4,913	3,898	3,889
10 Foreign branches of U.S. banks	4,413	4,338	4,216	4,142	125	125	58	58
11 Other banks in foreign countries and foreign central banks	55,496	54,791	45,664	45,210	4,974	4,787	3,840	3,831
12 Balances with Federal Reserve Banks	1,177	n.a.	959	n.a.	91	n.a.	59	n.a.
13 **Total securities and loans**	**280,581**	**81,498**	**192,237**	**62,299**	**47,524**	**12,757**	**25,512**	**4,097**
14 Total securities, book value	33,866	10,434	28,002	8,166	3,775	1,552	1,292	572
15 U.S. Treasury	5,522	n.a.	5,174	n.a.	138	n.a.	148	n.a.
16 Obligations of U.S. government agencies and corporations	5,818	n.a.	5,733	n.a.	56	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	22,526	10,434	17,095	8,166	3,580	1,552	1,144	572
18 Federal funds sold and securities purchased under agreements to resell	13,447	2,938	12,115	2,655	573	100	236	48
19 U.S. branches and agencies of other foreign banks	8,070	1,834	7,231	1,648	479	100	147	20
20 Commercial banks in United States	2,445	177	2,176	162	82	0	64	13
21 Other	2,932	927	2,708	844	12	0	26	15
22 Total loans, gross	246,922	71,102	164,362	54,167	43,799	11,207	24,241	3,525
23 Less: Unearned income on loans	206	38	127	34	50	3	22	1
24 Equals: Loans, net	246,715	71,064	164,235	54,133	43,749	11,204	24,220	3,525
Total loans, gross, by category								
25 Real estate loans	25,565	239	14,050	202	6,493	31	3,014	0
26 Loans to depository institutions	62,148	36,976	45,347	24,428	10,836	8,194	4,329	3,117
27 Commercial banks in United States (including IBFs)	35,382	12,374	25,747	6,694	6,537	3,987	2,843	1,670
28 U.S. branches and agencies of other foreign banks	31,617	11,916	22,510	6,320	6,289	3,903	2,568	1,670
29 Other commercial banks in United States	3,765	458	3,236	373	248	85	274	0
30 Other depository institutions in United States (including IBFs)	146	7	66	7	49	0	30	0
31 Banks in foreign countries	26,620	24,595	19,535	17,727	4,250	4,207	1,456	1,448
32 Foreign branches of U.S. banks	534	505	447	420	62	62	22	22
33 Other banks in foreign countries	26,086	24,090	19,087	17,307	4,188	4,145	1,434	1,426
34 Other financial institutions	5,855	687	3,725	543	948	97	521	28
35 Commercial and industrial loans	129,548	16,447	80,158	13,932	24,128	1,902	16,027	298
36 U.S. addressees (domicile)	107,942	330	63,177	307	21,120	14	15,612	9
37 Non-U.S. addressees (domicile)	21,606	16,117	16,981	13,625	3,008	1,888	415	289
38 Acceptances of other banks	941	18	775	14	83	2	23	2
39 U.S. banks	249	2	159	0	42	2	4	0
40 Foreign banks	692	16	616	14	41	0	19	2
41 Loans to foreign governments and official institutions (including foreign central banks)	18,265	16,473	16,334	14,791	1,059	982	96	81
42 Loans for purchasing or carrying securities (secured and unsecured)	2,652	71	2,490	71	162	0	0	0
43 All other loans	1,949	192	1,482	185	90	0	232	0
44 All other assets	47,440	7,280	37,224	5,581	7,722	1,276	1,882	356
45 Customers' liability on acceptances outstanding	28,008	n.a.	21,815	n.a.	5,059	n.a.	952	n.a.
46 U.S. addressees (domicile)	19,056	n.a.	13,467	n.a.	4,639	n.a.	932	n.a.
47 Non-U.S. addressees (domicile)	8,952	n.a.	8,348	n.a.	419	n.a.	20	n.a.
48 Other assets including other claims on nonrelated parties	19,432	7,280	15,410	5,581	2,663	1,276	930	356
49 Net due from related depository institutions[5]	57,369	47,343	43,115	35,408	7,440	6,968	412	915
50 Net due from head office and other related depository institutions[5]	57,369	n.a.	43,115	n.a.	7,440	n.a.	412	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	47,343	n.a.	35,408	n.a.	6,968	n.a.	915
52 **Total liabilities[4]**	529,380	249,088	393,138	197,095	74,084	30,905	37,488	13,326
53 Liabilities to nonrelated parties	463,365	219,377	356,000	174,506	67,806	28,589	23,577	8,967

4.30—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]
54 Total deposits and credit balances	74,118	171,922	61,282	148,071	3,319	12,699	3,471	5,078
55 Individuals, partnerships, and corporations	58,600	14,983	47,426	9,515	2,573	436	2,782	60
56 U.S. addressees (domicile)	45,032	146	38,969	122	852	0	1,948	24
57 Non-U.S. addressees (domicile)	13,568	14,837	8,457	9,393	1,721	436	835	36
58 Commercial banks in United States (including IBFs)	10,918	54,570	9,661	45,771	560	5,728	666	2,667
59 U.S. branches and agencies of other foreign banks	3,972	47,681	3,370	39,541	6	5,187	576	2,584
60 Other commercial banks in United States	6,946	6,889	6,291	6,229	554	541	90	82
61 Banks in foreign countries	1,922	91,759	1,714	82,496	106	6,462	2	2,333
62 Foreign branches of U.S. banks	306	7,639	286	6,313	20	779	0	537
63 Other banks in foreign countries	1,616	84,120	1,428	76,182	86	5,684	2	1,796
64 Foreign governments and official institutions (including foreign central banks)	801	10,093	710	9,774	23	72	2	19
65 All other deposits and credit balances	1,509	516	1,468	516	32	0	1	0
66 Certified and official checks	367	n.a.	302	n.a.	24	n.a.	17	n.a.
67 Transaction accounts and credit balances (excluding IBFs)	6,925		5,831		276		220	
68 Individuals, partnerships, and corporations	4,337		3,428		235		196	
69 U.S. addressees (domicile)	3,069		2,532		185		191	
70 Non-U.S. addressees (domicile)	1,268		896		50		5	
71 Commercial banks in United States (including IBFs)	648		638		1		3	
72 U.S. branches and agencies of other foreign banks	111		110		0		0	
73 Other commercial banks in United States	537	n.a.	528	n.a.	1	n.a.	3	n.a.
74 Banks in foreign countries	860		791		11		2	
75 Foreign branches of U.S. banks	8		8		0		0	
76 Other banks in foreign countries	852		783		11		2	
77 Foreign governments and official institutions (including foreign central banks)	362		332		3		1	
78 All other deposits and credit balances	351		341		3		1	
79 Certified and official checks	367		302		24		17	
80 Demand deposits (included in transaction accounts and credit balances)	5,358		4,542		193		209	
81 Individuals, partnerships, and corporations	3,664		3,016		153		185	
82 U.S. addressees (domicile)	2,648		2,260		124		180	
83 Non-U.S. addressees (domicile)	1,017		756		29		5	
84 Commercial banks in United States (including IBF)s	81		74		1		3	
85 U.S. branches and agencies of other foreign banks	13		12		0		0	
86 Other commercial banks in United States	68	n.a.	62	n.a.	1	n.a.	3	n.a.
87 Banks in foreign countries	733		667		11		2	
88 Foreign branches of U.S. banks	8		8		0		0	
89 Other banks in foreign countries	725		660		11		2	
90 Foreign governments and official institutions (including foreign central banks)	303		279		3		1	
91 All other deposits and credit balances	209		203		1		1	
92 Certified and official checks	367		302		24		17	
93 Non-transaction accounts (including MMDAs, excluding IBFs)	67,192		55,451		3,043		3,251	
94 Individuals, partnerships, and corporations	54,263		43,998		2,338		2,586	
95 U.S. addressees (domicile)	41,964		36,437		667		1,757	
96 Non-U.S. addressees (domicile)	12,300		7,560		1,672		830	
97 Commercial banks in United States (including IBFs)	10,270		9,024		559		663	
98 U.S. branches and agencies of other foreign banks	3,861		3,260		6		576	
99 Other commercial banks in United States	6,410	n.a.	5,763	n.a.	553	n.a.	87	n.a.
100 Banks in foreign countries	1,062		923		96		0	
101 Foreign branches of U.S. banks	298		278		20		0	
102 Other banks in foreign countries	763		645		76		0	
103 Foreign governments and official institutions (including foreign central banks)	439		378		21		1	
104 All other deposits and credit balances	1,158		1,127		29		1	
105 IBF deposit liabilities		171,922		148,071		12,699		5,078
106 Individuals, partnerships, and corporations		14,983		9,515		436		60
107 U.S. addressees (domicile)		146		122		0		24
108 Non-U.S. addressees (domicile)		14,837		9,393		436		36
109 Commercial banks in United States (including IBFs)		54,570		45,771		5,728		2,667
110 U.S. branches and agencies of other foreign banks		47,681		39,541		5,187		2,584
111 Other commercial banks in United States	n.a.	6,889	n.a.	6,229	n.a.	541	n.a.	82
112 Banks in foreign countries		91,759		82,496		6,462		2,333
113 Foreign branches of U.S. banks		7,639		6,313		779		537
114 Other banks in foreign countries		84,120		76,182		5,684		1,796
115 Foreign governments and official institutions (including foreign central banks)		10,093		9,774		72		19
116 All other deposits and credit balances		516		516		0		0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1989[1]—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
117 Federal funds purchased and securities sold under agreements to repurchase	53,678	3,279	41,112	2,568	8,259	502	3,603	32
118 U.S. branches and agencies of other foreign banks	9,548	785	6,123	325	2,265	407	968	0
119 Other commercial banks in United States	22,668	465	14,926	387	5,192	47	2,347	0
120 Other	21,462	2,029	20,063	1,856	802	48	288	32
121 Other borrowed money	116,328	37,789	69,261	18,858	35,115	14,396	9,546	3,565
122 Owed to nonrelated commercial banks in United States (including IBFs)	71,305	14,834	38,410	4,517	25,277	8,437	5,873	1,296
123 Owed to U.S. offices of nonrelated U.S. banks	30,526	2,276	18,698	982	8,298	1,056	2,911	73
124 Owed to U.S. branches and agencies of nonrelated foreign banks	40,779	12,558	19,712	3,535	16,979	7,381	2,962	1,223
125 Owed to nonrelated banks in foreign countries	20,681	20,043	12,011	11,447	5,986	5,949	2,285	2,269
126 Owed to foreign branches of nonrelated U.S. banks	3,183	3,053	1,712	1,592	1,146	1,137	237	237
127 Owed to foreign offices of nonrelated foreign banks	17,499	16,990	10,299	9,855	4,840	4,812	2,047	2,032
128 Owed to others	24,342	2,912	18,841	2,894	3,851	10	1,389	0
129 All other liabilites	47,319	6,387	36,273	5,010	8,414	992	1,880	291
130 Branch or agency liability on acceptances executed and outstanding	31,195	n.a.	23,214	n.a.	6,365	n.a.	1,161	n.a.
131 Other liabilities to nonrelated parties	16,124	6,387	13,059	5,010	2,050	992	719	291
132 Net due to related depository institutions[5]	66,015	29,711	37,139	22,589	6,278	2,316	13,911	4,360
133 Net due to head office and other related depository institutions[5]	66,015	n.a.	37,139	n.a.	6,278	n.a.	13,911	n.a.
134 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	29,711	n.a.	22,589	n.a.	2,316	n.a.	4,360
MEMO								
135 Non-interest bearing balances with commercial banks in United States	2,128	18	1,874	18	133	0	52	0
136 Holding of commercial paper included in total loans	1,056		764		241		50	
137 Holding of own acceptances included in commercial and industrial loans	2,532		1,228		1,027		134	
138 Commercial and industrial loans with remaining maturity of one year or less	69,840		40,343		14,406		8,874	
139 Predetermined interest rates	43,574	n.a.	23,753	n.a.	10,783	n.a.	5,149	n.a.
140 Floating interest rates	26,266		16,590		3,622		3,726	
141 Commercial and industrial loans with remaining maturity of more than one year	59,708		39,815		9,722		7,153	
142 Predetermined interest rates	18,895		13,184		3,223		1,965	
143 Floating interest rates	40,812		26,632		6,499		5,187	

4.30—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	89,252		76,474		3,282		3,839	
145 Time CDs in denominations of $100,000 or more	49,849		42,144		1,956		1,681	
146 Other time deposits in denominations of $100,000 or more	12,595	n.a.	10,367	n.a.	664	n.a.	1,404	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	26,808		23,962		663		754	
	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
148 Market value of securities held	32,926	10,240	27,254	8,092	3,576	1,433	1,301	573
149 Immediately available funds with a maturity greater than one day included in other borrowed money	66,695	n.a.	38,413	n.a.	23,684	n.a.	3,227	n.a.
150 Number of reports filed[6]	531	....	248	....	127	....	53	....

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985 data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data re reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agencyu report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefopre, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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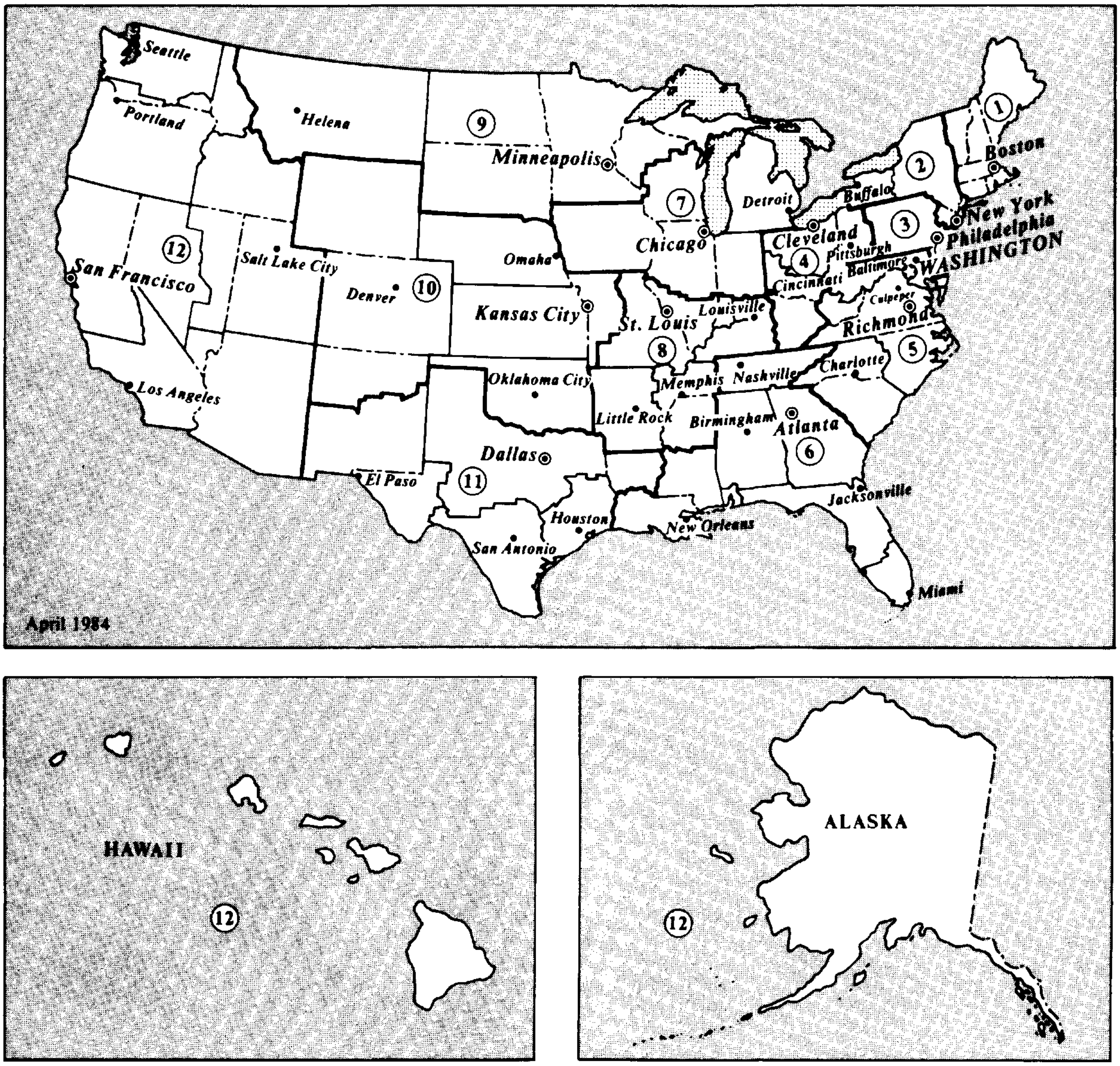

LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

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NEW HANDBOOK AVAILABLE FROM THE REGULATORY SERVICE

The Federal Reserve Board has announced publication of *The Payment System Handbook.* The new handbook, which is part of the *Federal Reserve Regulatory Service*, deals with expedited funds availability, check collection, wire transfers, and risk-reduction policy. It includes Regulation CC (Availability of Funds and Collection of Checks), Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds by Federal Reserve Banks), the Expedited Funds Availability Act and related statutes, official Board commentary on Regulation CC, and policy statements on risk reduction in the payment system. In addition, it contains detailed subject and citation indexes. It is published in loose-leaf binder form and is updated monthly.

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