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Household Spending and Saving: Measurement, Trends, and Analysis

David W. Wilcox, of the Board's Division of Research and Statistics, prepared this article. Stephen J. Helwig provided research assistance.

Spending by households on final goods and services accounts for about two-thirds of the gross national product. Developments in this area thus are crucial both in determining the course of aggregate economic activity and in signaling the level of well-being of the nation's population.

This article has three objectives: The first is to introduce the basic framework used in the national income accounts of the United States to describe the economic transactions of the household sector. Some attention is paid to aspects of the accounting definitions and methods that have implications for the economic interpretation of the data. Second, the article reviews recent trends in household spending, focusing especially on the period since 1980 and highlighting some of the economic forces shaping these developments. Finally, the article briefly reviews the standard economic theories of household spending and saving behavior and discusses some of the evidence that has been brought to bear on the validity of those theories.

BACKGROUND

In many respects, the study of the economics of the household sector is straightforward. We all participate in the economy, purchasing food, clothing, medical care, and furniture; earning income from jobs and accumulated assets; and setting aside some portion of our income in the form of saving to provide for our future needs. Because of this universal participation, many of the basic terms and concepts used in the national income accounts to describe these activities are familiar, and many everyday ideas find a direct correspondence in the national income accounts. There are some potential pitfalls, however: Labels may mean one thing in common parlance but quite another to economists. Thus, it is important to lay out a few definitions and establish some basic orders of magnitude.[1]

The national income and product accounts (NIPA) are one of the basic sources of data on the aggregate economy in the United States.[2] The NIPA are compiled by the Bureau of Economic Analysis (BEA) in the Department of Commerce. For accounting purposes, the U.S. economy is treated as consisting of various sectors: household, business, government, and foreign. The household sector, which is the focus of this article, consists mainly of the roughly 250 million residents of the United States. The sector is not limited to individuals, however; it is defined to include certain nonprofit organizations as well. Further, saving of trust funds and private pension funds—and most saving of life insurance carriers—is attributed to the household sector. The household sector does not include for-profit businesses or government entities; the activity of these units is recorded separately in the national income accounts.

Spending on goods and services by the household sector is referred to as personal consumption expenditures (PCE) in the NIPA. In most areas, PCE measures expenditures rather than consumption. The distinction between expendi-

NOTE. The author thanks Christopher Carroll for helpful discussions.

1. This section draws on material contained in U.S. Department of Commerce (1990).

2. The flow of funds accounts, prepared at the Federal Reserve Board, are another important source of aggregate economic data.

tures and consumption arises in the case of durable goods and is made clear by way of a simple example. Consider the purchase of a television set: The expenditure on the TV takes place at the time of the sale, but the consumption of the services provided by the TV occurs over the useful lifetime of the TV. It is the purchase of the TV that is recorded as PCE in the national income accounts and not the consumption of its services.

COMPOSITION OF PCE

PCE frequently is broken down into three major categories: durable goods (which currently account for about one-sixth of total PCE), nondurable goods (another third of PCE), and services (the remaining half). Within this three-part system, services are defined as "commodities that cannot be stored and that are consumed at the place and time of purchase."[3] By contrast, goods are items that can be stored. These distinctions help to explain seemingly arbitrary designations: For example, fuel oil and coal are considered nondurable goods, whereas electricity and natural gas are treated as services, even though all four commodities are used for the same purpose—home heating.

In some cases, the classification of an item as a good or a service is especially difficult because the item has characteristics of both categories; these items are classified according to the dominant characteristic. For example, restaurant meals are treated as goods in recognition of the leading role of their food content, even though the total dining experience depends heavily on the cooking and serving, both of which are services.

Goods

Within the category of goods, BEA defines durables as goods with an average service life of at least three years, and nondurable goods as the remainder. In this regard, it is important to distinguish the service life of a good from its storability: A bottle of wine may have a shelf life of many years, but its service life is quite short, so it is classified as a nondurable good. Of course, there are degrees of durability even among nondurable goods: A pair of shoes may last many months even if worn every day, while a match will go up in smoke in a matter of seconds.

Students of the business cycle pay close attention to the durable goods category despite its relatively small size because spending in this category varies a great deal over the cycle. In the national income accounts, this category comprises a diverse collection of items. About two-fifths of PCE for durable goods is spending on motor vehicles and parts, including new and used cars and light trucks, minivans, and RVs. (Auto and truck rentals are not included here; they are treated as services.) More than a third of PCE for durable goods is outlays for furniture and household equipment, a category that includes, among other things, couches, dishwashers, stereo equipment, and personal computers. The remaining 15 percent or so of durable goods spending is on a miscellany consisting of jewelry, books, boats, pleasure aircraft, and bicycles, to name a few.

PCE for nondurable goods in recent years has been about twice as large as PCE for durable goods. Purchases in this category also show sensitivity to the stage of the business cycle, although they are relatively more stable than are purchases of durable goods. In part, this relative stability may reflect the fact that outlays for food—for which, presumably, there is only limited scope to speed up or postpone purchases over the course of the business cycle—account for about half of PCE for nondurable goods. Another important category of nondurables is clothing and shoes; this collection of goods accounts for about one-fifth of PCE for nondurable goods. Like food purchases, the acquisition of apparel is driven in part by necessity, a fact that limits its sensitivity to the business cycle. The remainder of nondurable goods includes gasoline and motor oil, household supplies, magazines and newspapers, fuel oil and coal, tobacco products, and drugs.

Services

The largest major category in PCE also turns out to be the least sensitive cyclically: services.

3. U.S. Department of Commerce (1990), p. 13.

Fully one-quarter of this category is accounted for by housing. The consumption of housing services is captured in the NIPAs by estimating the rental value of occupied housing units, be they occupied by owners or renters. This treatment ensures that PCE is not affected by whether people own or rent their homes. Spending on additions to the housing stock is treated as residential investment.

Another major component of services is medical care, which in real terms accounts for about one-fifth of the total. A basic feature of these expenditures is that the consumer—the patient—pays directly for only a relatively small proportion of them: Most expenses are paid by a third party, such as an insurance company, the federal government under the medicare program, or state governments under medicaid. To sidestep the fact that households in many cases do not foot the bills for medical care directly, BEA measures the receipts of health care providers—doctors, dentists, other health care professionals, and privately controlled hospitals and nursing homes. In this way, PCE measures the consumption of medical care rather than consumers' out-of-pocket expenditures.

A separate item in the PCE accounts measures the cost to consumers of health insurance. This item is intended to capture only the cost of the services the insurance company provides the consumer—chiefly the risk-spreading—and not the value of the medical care provided under the insurance plan. PCE for health insurance provided by for-profit carriers is estimated as the difference between premiums received and benefits paid out. Between these two general categories—the medical care itself and the cost to households of health insurance services—PCE for medical care services captures the sum of out-of-pocket expenses of households and premiums paid for health insurance, both by households and by employers.

The remainder of the services category consists of a variety of smaller items, including transportation services (such as air travel and taxis), personal care services (for example, barber shops and dry cleaners), and recreation services (including movies and spectator sports).

Personal Outlays and Savings

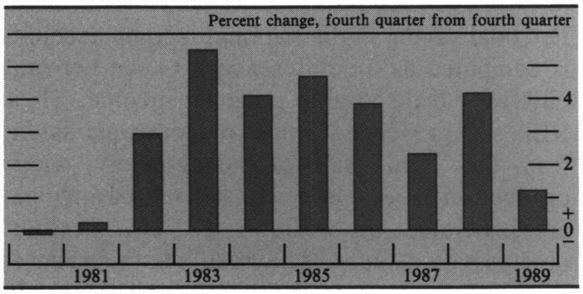
Personal saving in the national income accounts is computed as the difference between personal outlays and disposable personal income. Thus, BEA's approach is to measure personal saving from the "real" side of the economy, where production takes place and household incomes are generated. In addition to PCE, personal outlays include interest payments to the business sector other than mortgage interest; the accounting method with regard to these interest payments is such that, for personal saving, it does not matter whether consumers pay cash for their purchases or finance them by borrowing (see appendix A).

Some familiar, everyday transactions are not included either in PCE or in personal outlays. Transfers of used goods between households are not included in PCE because they cancel out for the sector as a whole. Expenses associated with the construction of new housing are treated as residential investment rather than consumption expenditures. Also, mortgage payments do not enter directly into the calculation of either personal outlays or personal saving. Rather, they are captured indirectly in the cost of housing services for owner-occupied housing. Some payments to government entities are deducted from disposable personal income rather than added to PCE. Payments to county hospitals for medical care fall into this category, as does tuition paid to state universities. These items are functionally very similar to ones included in PCE, and so it may seem more natural to include them there. Under either approach, however, personal saving is the same.[4]

An alternative approach to the measurement of personal saving, taken in the flow of funds (FOF) accounts constructed at the Federal Reserve, is to measure personal saving from the financial side of the economy by totaling the household sector's net acquisition of assets (including housing) and subtracting its net accumulation of liabilities. In principle, these two approaches must arrive at the same answer; in practice, many

4. For a more complete treatment of items included in PCE and excluded from PCE, see U.S. Department of Commerce (1990).

1. Growth in real personal consumption expenditures



difficult issues of definition and measurement cause differences between the NIPA and FOF measures.[5]

It is important to distinguish both of these statistics from a related concept—the change in the net worth of the household sector. This concept differs from the NIPA and FOF measures of saving because those two measures ignore the effects of changes in the prices of assets already in the portfolio of the household sector—that is, capital gains or losses. As a result, the NIPA and FOF saving measures cannot be compared directly with the change in household net worth.

Developments in PCE since 1980

Growth in the nominal value of personal consumption expenditures averaged 8.2 percent per year between 1980 and 1989. In substantial part, this increase reflected the general rise in consumer prices during the period. Adjusted for inflation, PCE grew 2.9 percent on average during the 1980s. Per capita, real PCE increased at an average annual pace of 1.9 percent between 1980 and 1989, a shade slower than the 2.2 percent average over the period 1946–79.

During the 1980s, there were marked variations in the rate of growth of consumer spending (see chart 1). Real PCE was roughly flat on net between the end of 1979 and the end of 1981. The year 1982 marked a transition, when consumer spending increased 3 percent despite a 2 percent decline in overall GNP. PCE accelerated further in 1983, to 5½ percent, as the recovery in aggregate economic activity took firm hold. Since then, the growth in real PCE has slowed on balance. Real PCE is estimated to have grown 1¼ percent in 1989.

The fastest-growing major category of real PCE during the 1980s was durable goods outlays, which expanded at an average rate of 5 percent per year. Because this growth was more rapid than that of the other components of PCE, outlays for durable goods claimed a larger share of total real PCE in 1989, rising from 12.3 percent in 1980 to 16.1 percent. The share of outlays for nondurable goods shrank, while the share of services held about even.

The increase in the share of real PCE devoted to durable goods during the 1980s extended a longer-term trend: Since 1960, that share has increased about 7 percentage points (see chart 2). Over the same period, the relative decline in spending on nondurables has been even more dramatic—from 46 percent of real PCE in 1960 to 35 percent in 1989. Of course, the share of PCE for services made up the difference, increasing about 5½ percentage points between 1960 and 1980 before flattening out during the 1980s.[6]

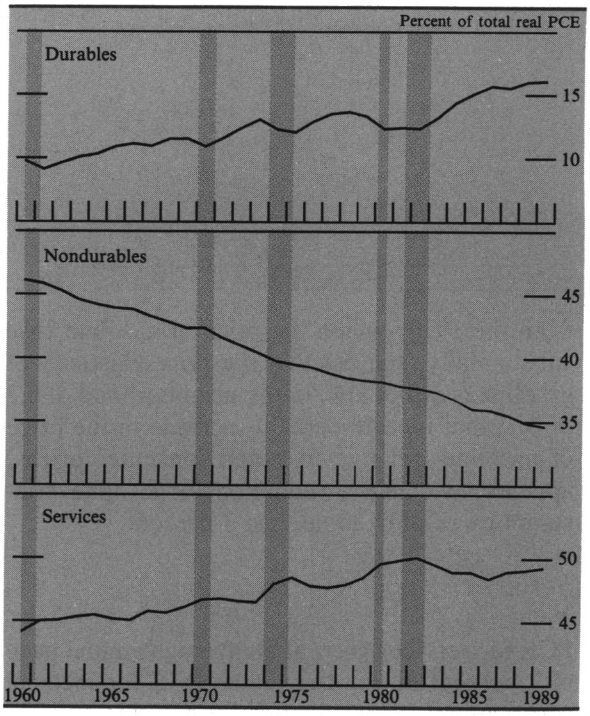
As noted above, PCE for durable goods has been by far the most cyclically sensitive of the major categories of PCE: When personal income and total outlays are increasing, PCE for durable goods typically rises even faster. Outlays for nondurable goods and services exhibit some cyclical sensitivity, but much less than do outlays for durable goods.[7] Graphically, these discrepancies in cyclical sensitivities can be depicted in two ways. First, as chart 2 shows, the share of

5. See Wilson and others (1989) for an investigation into the sources of the discrepancies between the NIPA and FOF measures of personal saving.

6. A difficult problem in evaluating these changes in spending shares is that the quality of different components of PCE may have been changing at different rates. If the quality of, say, medical services was increasing faster than the quality of other components of PCE, then one could reasonably argue that households were consuming relatively more services in real terms than the NIPA statistics captured. In most categories of PCE, BEA's price indexes do not reflect an adjustment for changes in quality.

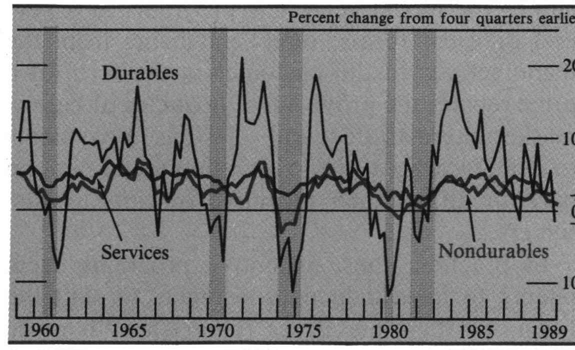
7. The relative procyclicality of the various major components of consumption can be quantified by statistical methods. On a quarterly basis, using data since 1960, the results are as follows: A 1 percent increase in real PCE typically is associated with a 3¾ percent increase in PCE for durable goods. By contrast, a 1 percent increase in real PCE is associated with an increase of 0.8 percent in nondurables spending and of only 0.4 percent in services.

2. Composition of real personal consumption expenditures



Here and in the following charts, the shaded areas denote recessions as defined by the National Bureau of Economic Research.

3. Cyclical behavior of major components of personal consumption expenditures



PCE accounted for by durables purchases falls below its longer-run trend during cyclical downturns (the shaded regions in the chart) and rises above trend during expansions. PCE for services behaves in exactly the opposite fashion, rising in recessions and falling during expansions. The share of nondurable goods, which exhibits nearly average cyclical sensitivity, shows little cyclical variation about the trend.

A second method for comparing the cyclical behavior of the three categories is simply to plot their growth rates and examine differences in their behavior during expansions and contractions as defined by the National Bureau of Economic Research (see chart 3). The chart makes clear that durables, nondurables, and services tend to accelerate and decelerate at roughly the same times, but by strikingly different percentages.

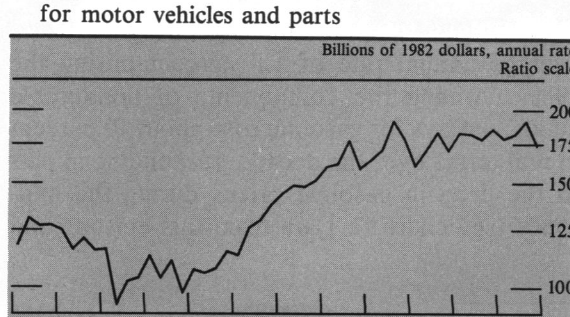
Durables

In view of these historical regularities, it is not surprising that during the 1980s, durable goods purchases grew most rapidly between 1982 and 1986, when the growth in the overall economy was quite strong. As a result of this rapid rise, over the course of the 1980s the real net stock of durable goods owned by the household sector increased nearly 60 percent, according to BEA estimates, or about 45 percent per capita.

A key component of PCE for durable goods is spending on motor vehicles; it accounts for about two-fifths of the total. PCE for motor vehicles and parts dropped about 15 percent during the recessions of 1980 and 1981–82 from the levels of the late 1970s (see chart 4). Beginning in late 1982, however, those outlays began to revive, and they continued to move up well into the recovery. Real spending was about flat, on net, between 1986 and 1989.

PCE for motor vehicles is very sensitive to the stage of the business cycle. During the past few years, another factor has been important in determining the timing of PCE for new cars and trucks: manufacturers' incentive programs. These programs strongly influenced the pattern

4. Real personal consumption expenditures for motor vehicles and parts



of sales in 1985, 1986, 1987, and 1989. Most of the incentive programs were timed to expire at the end of the model year. The programs took several different forms: direct payments from the manufacturer to the customer in the form of a price rebate; the provision of financing at below-market interest rates; and sales-based payments to dealers, who at their discretion could pass on part (or all) of their incentive receipts to customers.

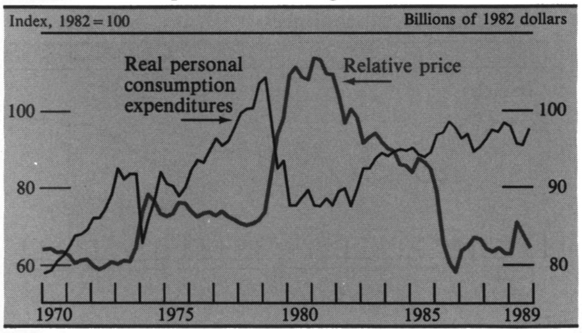
In practice, these incentive programs seem mainly to have induced consumers to shift the timing of their purchases rather than to make purchases they had not otherwise planned. Consumers moved their purchases up into the incentive period because they perceived that prices were likely to be much higher in the near future, after the programs expired. Indeed, the coordinated expiration of incentive programs generally was associated with a marked softening in sales, reflecting the "payback" for sales that had been pulled forward into the incentive period. The incentive programs account for much of the quarter-to-quarter jaggedness since 1985 in PCE for motor vehicles that is evident in chart 4.

In this respect, the effect of the auto incentive programs on consumer spending parallels the effect of investment tax credits on business spending for plant and equipment.[8] That is, an investment tax credit that is explicitly known to be temporary tends to have a much larger effect within a given time span than one that is expected to be in force for a long time. In the same way, during the late 1980s, consumers appeared to react more strongly to incentives that were expected to expire in the near future than to ones that were assumed to be available for some time.

Nondurables

Real outlays for nondurable goods grew at an average annual rate of 1.8 percent during the 1980s. Among the components of nondurable goods, outlays for gasoline rose about 10 percent in real terms over the decade, responding in part to the drop in gasoline prices during the mid-1980s (see chart 5). Data from this episode and

5. Prices and expenditures for gasoline and oil

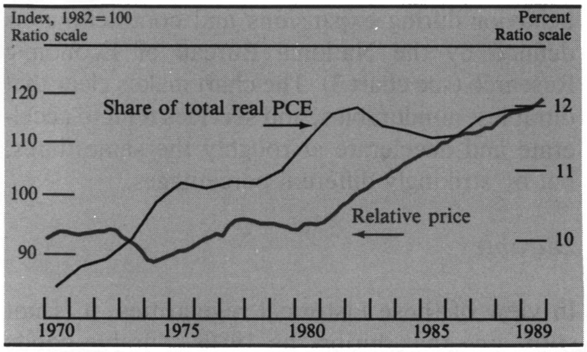


from the 1970s, when the price of gasoline rose substantially, suggest that the price elasticity of gasoline is rather low, in the neighborhood of 0.2 or 0.3; that is, a 10 percent increase in the price of gasoline (relative to other consumer prices) appears to cause a reduction in gasoline consumption of only about 2 to 3 percent.

Services

PCE for services grew at an average annual pace of 3 percent during the 1980s. PCE for medical care was an especially rapidly growing component of consumer spending, as expenditures increased at an average annual rate of 4.0 percent in real terms, outstripping total PCE by 1.2 percentage points per year on average (see chart 6). By 1989, this category represented nearly 14 percent of total real PCE. This increase in share occurred despite the fact that prices for medical care items were growing more rapidly than prices for PCE taken as a whole—by a margin of 2 percentage points—and thus, one might think, consumers would have economized in using them.

6. Real personal consumption expenditures for medical care and relative price of medical care



8. See Jorgenson (1971) and Bischoff (1971).

Two factors help to explain the dramatic increase in the consumption of medical care despite the rise in its relative price. First, patients probably faced declining incentives to limit their consumption of medical care, in that they were paying less of the total costs directly.[9] A patient who is covered by medical insurance and is contemplating, say, making a visit to a doctor's office may be more inclined to do so if the out-of-pocket share of the cost of that visit is only 20 percent—the typical copayment—and certainly will be more inclined if it is zero.

A second factor that may help to explain the increase in medical care expenditures is the aging of the population of the United States since 1960: The share of the population aged 65 or older has grown nearly a third, from 9.2 percent to 12.2 percent. Inasmuch as the elderly tend to spend more, per capita, on medical care than does the population at large, such a demographic shift implies an increase in the share of outlays going toward medical care.

Personal Saving

Besides spending their incomes on durables, nondurables, and services, consumers allocate funds to personal saving. This section begins by summarizing the standard economic theories used to analyze the spending and saving behavior of households. It lays out key assumptions, and it describes a few essential implications. Then, to help evaluate the validity of the theories, it sets out some empirical evidence, focusing in turn on the predictions for the behavior of the personal saving rate in the long run, the intermediate term, and, finally, the short run.

Theories of Consumption and Saving

Since the mid-fifties, the standard frameworks for analysis of household consumption and saving decisions used by most economists have been the life-cycle theory and the permanent-income theory.[10] At the core of both theories are three fundamental assumptions: First, consumers think about the future; they make spending decisions in light of their income, both current and expected, and their current holdings of assets. Second, financial markets are sufficiently well developed that consumers can, if they choose, borrow against future income to consume now. Third, households prefer more consumption rather than less; and, less obviously, they prefer to consume in a regular, smooth way than to consume in fits and starts.

These three assumptions turn out to have strong implications, which can be discussed either in terms of income and consumption or in terms of saving. The first implication is that consumption and income will not always move together in the short run. When income is temporarily higher than normal, households will recognize that though, in the short run, they may be able to consume at the rate at which they are currently receiving income, they cannot sustain that rate of spending in the long run; therefore, they will set consumption relatively low compared with their temporarily high level of income. Viewed from the perspective of personal saving, the theories predict that saving should be high when income is temporarily high, and low when income is temporarily low.

A second implication of the life-cycle theory is that saving by individual households will change as the members of the household age. Consumers who have just entered the workforce typically have incomes below what they will be earning later in their careers, and they may want to spend heavily, for, say, durable goods. Consequently, this theory predicts, the saving rate of this demographic group will be low. Middle-aged consumers earn more income than younger ones and may have fewer extraordinary expenses, and so they are predicted to save at relatively high rates to provide for their retirement. Retired consumers are presumed to have lower income than they did before their

9. Summers and Carroll (1987) present evidence that the share of health care expenses covered by direct patient payments declined from 65 percent in 1950 to only 28 percent in 1985. In part, the decline in the patient payment ratio can be traced to the growth in the federal medicare and medicaid programs, from virtually nothing in 1965, when they were getting under way, to $150 billion in 1989.

10. See Modigliani and Brumberg (1954), Ando and Modigliani (1963), and Friedman (1957).

retirement, and so to be drawing down their stock of assets; in other words, according to the simple versions of the theories, the elderly will have negative saving rates.

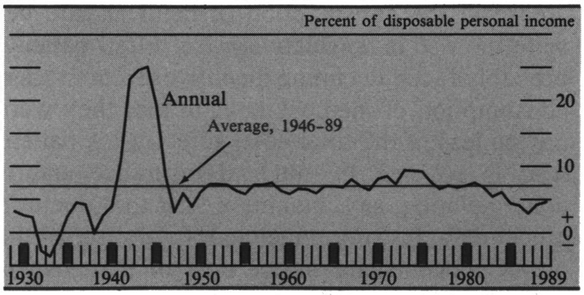
Given the "hump shaped" saving pattern that is posited at the individual household level, the life-cycle theory asserts that the aggregate personal saving rate is a function of the demographic composition of the population. An unusually large proportion of the young or the elderly in the population will tend to depress the aggregate saving rate, whereas a proportionally larger group of the middle-aged will tend to boost the saving rate. If the age distribution of the population were stationary—that is, if the relative size of each age cohort were the same from year to year—then the aggregate saving rate would fluctuate around some given level. However, if the demographic composition of the population were to change over time, the aggregate saving rate would change, according to the theory, even if there were no change in behavior at the individual household level. If, for example, the proportion of the elderly in the total population were increasing, and if the elderly saved at relatively low rates, then, according to the simple hypothesis outlined above, the aggregate personal saving rate would fall.

A third implication of the life-cycle and permanent-income theories is that an increase in the wealth, or net worth, of the household sector should be associated with a decrease in the personal saving rate. The notion is that households will consume not only the extra income generated by the increment in wealth but some of the principal as well, causing spending to increase relative to current income.

Long-Run Trends in Personal Saving

The evidence on how well these propositions hold up in the real world is, in some respects, controversial. To begin with the long-term perspective, the personal saving rate has shown wide variation since 1929, the period covered by Commerce Department statistics (see chart 7). Personal saving as measured in the national income accounts was actually negative in 1932–34, during the Great Depression, and again

7. Personal saving rate



in 1938. During World War II, the personal saving rate soared to 25 percent, at least in part because durable goods output was suppressed as production capacity was converted to wartime purposes. For the period after World War II, the saving rate has been essentially trendless, with an average value of about 6½ percent.

The Decline in Personal Saving during the 1980s

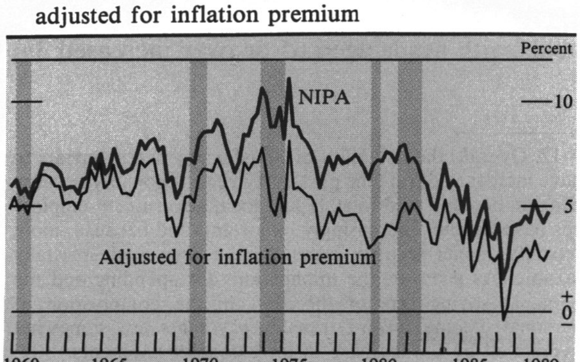
Despite its essentially trendless long-run behavior, the saving rate, as chart 7 indicates, can deviate significantly from the average value for protracted periods. A particularly noteworthy feature of the postwar experience from the point of view of public policy is the downward tilt in the personal saving rate since the mid-1970s—from about 9¼ percent in 1973–75 to roughly 4½ percent in the late 1980s. Indeed, since 1985, the rate has not exceeded 5 percent in any year. Before 1985, the personal saving rate had not fallen below 5 percent for any postwar year except for twice in the late 1940s, when households presumably were releasing the demand pent up during the war. This recent decade-long decline has raised concerns about the adequacy of personal saving to provide for capital accumulation, as well as questions about the sources of possible changes in the behavior of the household sector.

A number of factors appear to have played a role in elevating the measured personal saving rate during the 1970s and depressing it during the 1980s. These include the slowing of inflation between the 1970s and the mid- to late 1980s, changes in household wealth, changes in the composition of income, and demographic effects.

Inflation. One factor that has affected the path of the measured personal saving rate during the past two decades is changes in inflation. Of course, inflation affects personal income and expenditure flows in a very obvious way—by scaling up over time their current-dollar values. This scaling up by itself has no effect on the measured personal saving rate. But inflation does affect NIPA saving through another channel. Inflation causes the owners of certain assets (such as bonds and bank deposits) to suffer capital losses as the ongoing increases in prices erode the purchasing power of those assets. To some extent, asset owners may be compensated for these inflation-induced capital losses by increases in market interest rates, and hence in interest income. Even if the owners are fully compensated, however, they will be only as well off as they would have been in the absence of inflation. Nonetheless, their measured personal income and their saving will be higher than it would be in a noninflationary economy, even on a constant-dollar basis. In this case, it is natural to adjust their income and saving to remove the compensation for capital losses. Appendix B explores these issues in greater detail, presenting a simple illustration of how inflation influences measured income and saving, and showing how such influences can be removed.

Chart 8 presents a measure of the personal saving rate adjusted for the inflation premium. The adjusted rate during the past three decades has always been been below the unadjusted one: Over this period, consumer prices have been trending upward. Therefore, owners of nominally denominated assets have, on average, been taking capital losses on their principal; and the adjustment procedure deducts these losses from measured disposable personal income. Because of the differences in inflation rates during the past thirty years, the inflation adjustment significantly affects the profile of the personal saving rate over time. The adjusted saving rate did not trend up during the 1960s and early 1970s, as did the official measure; instead, it was about flat from 1960 through the mid-1970s. Then, the two measures both began to trend down; but the decline in the adjusted rate was a bit less steep than that in the official figures. Overall, the inflation adjustment may explain about 1 percentage point of the difference between the measured personal saving rates of the 1970s and the 1980s.

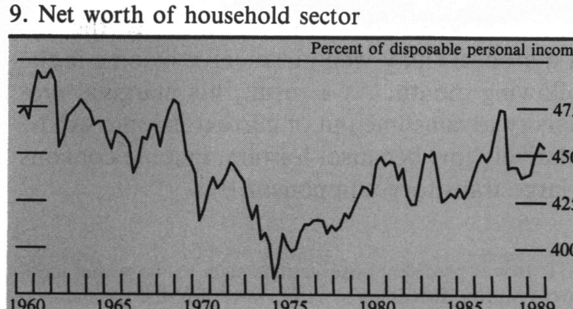
8. Personal saving rate, NIPA and adjusted for inflation premium



Household Wealth. Another factor that may help to explain changes in the saving rate during the past two decades is variation in the net worth, or wealth, of the household sector. As indicated earlier, one implication of the life-cycle and permanent-income theories is that, all else equal, increases in wealth should lead to declines in personal saving. Statistical evidence suggests that for every dollar increase in their net worth, households increase their consumption roughly 5 cents. This adjustment takes place over two years or so.

Household net worth declined relative to disposable personal income over the course of the 1960s, reaching a low in the mid-1970s at about the same time that the saving rate was especially high (see chart 9). Between the mid-1970s and 1987, the ratio of wealth to income increased markedly, driven by the boom in the stock market and by the rise in the value of real estate. Econometric evidence suggests that this increase in household wealth is, all else equal, consistent

9. Net worth of household sector



1. Transfer payments, selected years, 1965–89
Percent of disposable personal income

Year	Total[1]	Nontaxable			Taxable
		Total[1]	Medicare and medicaid	Other non-taxable	
1965	8.6	8.0	.3	7.7	.6
1970	12.0	11.1	1.7	9.4	.9
1975	16.9	15.5	2.6	12.9	1.4
1980	16.9	15.1	3.1	12.0	1.8
1985	17.3	14.7	3.9	10.8	2.6
1989	17.1	14.0[2]	4.3	9.9[2]	2.9[2]

1. Details may not add to totals because of rounding.
2. Calculated using data from 1988; detail on 1989 is not yet available.

with a decline in the personal saving rate of about 3½ percentage points after full adjustment. In the wake of the 1987 break in the stock market, the wealth-to-income ratio fell sharply from its peak in that year. By the end of 1989, however, it had retraced about half of its decline; and, during 1988 and 1989, the NIPA personal saving rate rose about 1½ percentage points from its low in 1987.

The Composition of Income. A good deal of empirical research suggests that the marginal propensity to consume, or MPC, out of transfer income is substantially higher than that out of other forms of income. Three considerations underlie this difference. First, changes in transfer income are less likely to be reversed than are changes in other forms of income. For example, when a social security recipient receives an increase in benefits, he knows with a high degree of certainty that his benefits will remain at the higher level. Even if social security is his only source of income and he had been spending all of it, he could boost his spending upon receipt of an increase in benefits and be fairly sure that he could maintain his nominal spending in the future. Not so with farmers. Even if a farmer receives income in one month from, say, the sale of a crop, he may well not receive income in the following month. As a result, his marginal propensity to consume out of current income will be relatively low because, for him, income contains a large transitory component.[11]

A second consideration is that the elderly are disproportionately represented among the recipients of transfer income; such recipients may have shorter planning horizons than the population at large, and may have a higher MPC for this reason as well. Finally, some transfer payments, such as welfare payments and unemployment benefits, go to households that are under extreme financial stress, and presumably need to spend everything they receive.

Transfer income has expanded as a share of total disposable personal income, from 8.6 percent in 1965 to 17.1 percent in 1989 (see table 1). Nearly half of the growth in transfer income can be attributed to payments under the medicare and medicaid programs, which increased from 0.3 percent of disposable personal income in 1965, when the programs were in their infancy, to 4.3 percent in 1989. Estimates from the Federal Reserve's MPS econometric model suggest that the marginal propensity to consume out of transfer income is about 0.9, whereas that out of labor income is roughly 0.65. Thus, the increase of 8¼ percentage points in the share of transfer income in total disposable income between 1965 and 1975 is consistent with a decline in the aggregate personal saving rate during the period, all else equal, of about 2 percentage points.[12] However, given the stability in the share of transfer income since the mid-1970s, this factor does not help explain more recent changes in the saving rate.

Demographics. As suggested earlier, one implication of the hump-shaped pattern of lifetime saving predicted by the life-cycle hypothesis is that changes in the age structure of the nation's population could influence the aggregate saving rate. As shown in table 2, the share of households with heads aged 65 or over increased 3½

11. It was precisely observations such as these that motivated Milton Friedman's early work on the permanent-income hypothesis. See Friedman (1957).

12. Overall, the taxability of transfer payments appears to have increased during the past thirty years, probably because pension benefits paid to state and local government employees have become increasingly important, and because, more recently, social security benefits have been made partially taxable. As a result, the implications for spending and the personal saving rate of the shift in the composition of personal income toward transfer payments are somewhat overstated by the increase in total transfer payments. Still, the direction of the trend is clear.

2. Households, by age of head
Percent distribution

Year	Under 25	25–44	45–64	Over 65
1960	4.9	40.3	36.9	17.8
1970	5.9	38.2	36.8	19.2
1980	8.1	40.3	31.2	20.4
1988	5.7	43.8	29.1	21.3

SOURCE. Bureau of the Census. Details may not add to 100 percent because of rounding.

percentage points between 1960 and 1988 (latest data available).

Data from the Federal Reserve Board's 1983 and 1986 Surveys of Consumer Finances suggest, however, that saving rates do not differ much among age groups.[13] Indeed, the elderly appear to be net savers, contrary to the prediction of simple versions of the life-cycle model. As a result, even the sizable demographic shifts of the past three decades have affected the aggregate saving rate only a little. Demographic factors seem to have had virtually no net effect on the saving rate between 1960 and 1970, and they may have depressed it only about ¾ percentage point in 1988 relative to its level in 1970.

Short-Run Fluctuations in the Personal Saving Rate

A focal issue in the recent professional literature has been whether the saving rate exhibits enough short-run variability in the face of transitory movements in income. Given that the life-cycle and permanent-income theories predict relatively smooth consumption, transitory fluctuations in income should be reflected in swings in the saving rate; that is, the marginal propensity to save out of transitory income should be high.

Some evidence on this question can be gleaned from episodes in which fiscal policy was clearly aimed at inducing transitory variation in income. For example, in response to the recession of 1973–75, the Congress voted a one-time partial rebate of income taxes and a special payment to recipients of social security benefits, most of which was paid out in the second quarter of 1975. These payments were widely known to be of a temporary nature; therefore, according to the traditional theories, they should have been almost entirely saved. The personal saving rate did rise sharply, from 8.1 percent in 1975:1 to 11 percent in 1975:2, and then fell back again to 8.7 percent in 1975:3. Similarly, when the Congress imposed a temporary income-tax surcharge in 1968, the saving rate fell, from 7.8 percent in 1968:2 to 6.2 percent in 1968:3—the direction predicted by the theory.[14] This casual evidence has not been seen as conclusive, however, and a famous debate ensued over the effectiveness of temporary fiscal actions in stimulating or restraining consumer demand.[15] Blinder reviewed the evidence from the 1968 and 1975 episodes and concluded that the MPC out of transitory income flows is smaller than the MPC out of permanent flows: He estimated that 16 cents out of every rebate dollar is spent in the same quarter in which it is received, about half as much consumption as he estimated for a permanent tax cut.[16] These figures suggest two things: Consumers recognize the difference between transitory and permanent income and adjust their spending according to these differences; nonetheless, their spending may be more sensitive to transitory changes in income than the life-cycle and permanent-income models predict.

Further evidence on the short-run variability of the saving rate comes from consumer responses to predictable changes in income. The life-cycle and permanent-income models postulate that consumers should take predictable future changes in income into account when deciding on their current level of spending. Then, when the predicted changes in income actually occur, spending should change little, if at all; that is, predictable changes in income should be fully reflected in saving. Much statistical evidence suggests that, contrary to the life-cycle and permanent-income theories, expenditure is affected even by changes in income that should have been predictable, and that saving does not fully absorb those changes.[17]

13. See Kennickell (1990).

14. Similar before-and-after comparisons are set out in Blinder (1981).

15. See, among others, Okun (1971) and Springer (1975).

16. Blinder (1981).

17. For an important early contribution along this line, see Flavin (1981).

One possible explanation for the seeming "excess smoothness" of the saving rate is that households are liquidity constrained—that is, they would like to borrow against future increases in income but, for any one of a number of reasons, cannot. As a result, consumption is lower than the liquidity-constrained household would like it to be. In response to an increase in actual income, a liquidity-constrained household very likely would increase spending even if the higher income had been predicted because the household would have been unable to act previously on its expectation of higher income. Much of the evidence collected to date suggests that liquidity constraints are important in determining aggregate consumption. Suggestive evidence along these lines is that the life-cycle model satisfactorily describes the behavior of high-wealth households—for whom liquidity presumably is not an issue—but not the behavior of low-wealth households.[18] This finding is consistent with the hypothesis that the spending decisions of the low-wealth households are influenced by liquidity constraints.

Another recent study uses data from the Federal Reserve's 1983 Survey of Consumer Finances on whether a consumer has been denied credit.[19] The survey data suggest that 19 percent of U.S. families are liquidity constrained by this definition; these families account for an estimated 13 percent of total income. If such a proportion of consumers were constrained by liquidity, important implications would follow for aggregate consumption. One is that the MPC within one quarter out of an income tax rebate would be in excess of 13 percent, substantially larger than a pure life-cycle model—one without liquidity constraints—would imply.

Another possible explanation for the excess smoothness of personal saving is that consumers are myopic; that is, for whatever reason, they behave as if they ignore available information about future changes in income, and they adjust their consumption only when income actually changes. Such behavior would confound the predictions of the life-cycle and permanent-income theories because it would imply a consumption stream that is more uneven than necessary. According to Campbell and Mankiw, as much as half of all income goes to households that behave in this fashion—setting consumption equal to income even when future changes in income are predictable and absorbing none of the predictable variation in income into saving.[20]

Myopic behavior such as this may not be irrational if it is very costly to gather and process information about future changes in income. However, even high information costs may not explain the degree of myopia that the data seem to reveal. For example, increases in social security benefits seem to be reflected in personal saving only dimly, if at all, despite the widespread availability of information about such increases.[21]

What does all this say about the life-cycle and permanent-income theories? The evidence seems reasonably clear that the simplest versions of these theories do not fit reality in every respect: Consumption expenditures appear to be too sensitive to transitory fluctuations in income (such as one-time income-tax rebates), and too insensitive to predictable future changes in income (such as announced changes in social security benefits), for the predictions of the theories to fit. Substantial evidence has been marshaled to support the view that some portion of aggregate consumption tracks income closely in the short run. Put another way, perhaps as little as half of income is smoothed according to the predictions of the simple theories. Nonetheless, despite these acknowledged deficiencies, these theories remain indispensable both as reference points for academic research and as frameworks for policy analysis.

In summary, the personal saving rate seems to drift up and down for periods of a decade or more. In the most recent such episode, which began in the mid-1970s, consumption has tended to rise faster than disposable income, and the NIPA saving rate has trended down. This downward movement in the measured saving rate can

18. See Zeldes (1989).
19. See Jappelli (1990).
20. See Campbell and Mankiw (1989, 1990).
21. See Wilcox (1989).

be accounted for largely by the slowing of inflation, the rise in household wealth relative to income, and shifts in the age composition of the population. In the very short run—that is, periods of a few months to a few years—consumption tends to track income more closely than standard economic theories predict. This close tracking suggests either that some consumers face liquidity constraints that restrict their consumption choices, or that, for whatever reason, some consumers behave as though they are shortsighted in forming their expectations about the course of their income over time. In either case, it appears that in their strictest forms, the life-cycle and permanent-income hypotheses probably are not wholly appropriate for interpreting short-run movements in income, consumption, and saving. But augmenting the theory to take account of consumers who seem to behave as though they are myopic or constrained by liquidity appears to yield a useful framework for analyzing short-run movements in consumption and saving. Moreover, such a framework seems to provide a fairly reliable guide to understanding the longer-run implications for consumption of changes in income, wealth, demographics, and inflation.

APPENDIX A: FINANCE CHARGES AND PERSONAL SAVING

The national income accounts are constructed in such a way that personal saving is the same whether consumers finance their purchases by paying cash or by borrowing. If consumers decide to pay for a larger fraction of their purchases by borrowing, then personal outlays will be higher because of higher interest payments. If consumers pay for this same proportion of their purchases in cash, then their interest income will be lower because the stock of assets on which they are earning interest income will be lower. In either case, personal saving will be the same, given one key assumption: that consumers can borrow at the same rate of interest as they receive on their saving.

As an illustration of this important point, suppose that Blanche decides to buy a new car in 1991 for $10,000. Then, PCE will be $10,000 higher than it otherwise would have been regardless of how Blanche chooses to pay for the car. To keep the example as simple as possible, suppose that Blanche's only source of income is an interest-bearing checking account, which at the end of 1990 had $100,000 in it. Blanche has two options for financing the car: Either she draws down her bank account by $10,000 and pays cash for the car, or she takes out a loan from the bank and pays off the debt over time. The only crucial assumption is that the rate Blanche would pay on the loan is the same as the rate she can earn on her checking account—say, 5 percent.[22]

A.1. **Blanche buys a car**

Year	PCE (1)	Outlays (2)	Income (3)	Saving (4)	End-of year bank account (5)	End-of-year financial net worth (6)
	A. Blanche pays cash					
1990	...	...	...	...	100.00	100.00
1991	10	10	5.00	−5.00	95.00	95.00
1992	0	0	4.75	4.75	99.75	99.75
	B. Blanche takes out a two-year loan					
1990	...	...	...	...	100.000	100.00
1991	10	10	5.00	−5.00	99.878	95.00
1992	0	.24	4.99	4.75	99.750	99.75

Panel A of table A.1 summarizes the accounting for the case in which Blanche pays for the car with cash drawn from her bank account (the amounts are in thousands of dollars). As columns 1 and 2 show, the purchase of the car for $10,000 is recorded as PCE in 1991, and, because there was no debt outstanding at the end of 1990, outlays equal PCE. Income in 1991 is interest on the amount held in the bank account at the end of 1990. Saving, shown in column 4, is the difference between income and outlays. Columns 5 and 6 display two quantities that are not tracked

22. This assumption guarantees that Blanche will be equally well off whether she pays cash for the car or borrows. If the loan rate exceeded the bank account rate, then she would be better off—aside from considerations that may be introduced by uncertainty or liquidity constraints—paying cash for the car, whereas the opposite would be true if the bank account rate exceeded the loan rate. Moreover, any time the two interest rates differed, the national income accounting data (properly) would vary according to which method of financing Blanche chose.

in the national income accounts: the consumer's bank balance and her financial net worth. In this case, there is no distinction between the two, and both her bank balance and her net worth fall by the excess of the purchase price of the car over interest income. In 1992, PCE and outlays are zero; income consists of interest earned on the bank account; and saving is the same as income—because outlays are zero. The bank account and net worth both are simply scaled up from the previous period by the factor 1.05.

Panel B of the table sets out the case in which Blanche takes out a two-year loan. She is assumed to pay off the loan by making two equal payments, the first in 1991, before any interest charges have been allowed to accumulate, and the second in 1992. In this simplified world, the loan payment turns out to be $5,122.[23] (The choice of a two-year loan is made for simplicity; the principles illustrated here would apply equally if the consumer took out a longer-term loan.) As in the previous case, the full purchase price of the car is recorded as PCE in 1991; and again, outlays equal PCE in 1991 because there was no debt outstanding at the end of 1990. Income and saving in 1991 also are the same as before. Thus, in 1991, it is impossible to recognize from the national income accounting data (columns 1 through 4) whether Blanche paid cash for the car or financed it with a loan. As column 5 shows, however, data on Blanche's bank account would help to distinguish the two cases because the bank balance has been credited with $5,000 of interest income and debited only by the loan payment of $5,122 and not the full purchase price of $10,000. Nonetheless, a full balance sheet for the household sector would also show the outstanding balance on the loan as a liability of Blanche's, and, as a result, the financial net worth of the household sector, shown in column 6, would be unchanged from the case set out in panel A.

In 1992, interesting differences emerge from the earlier case. First, as shown in column 2, the national income accounts record interest paid by Blanche to the bank (which is in the business sector) in the amount of $244—that is, 5 percent of $4,878, which is the amount that was outstanding on the loan after the first payment. Column 3 shows that income also is higher than in the case reported in panel A because Blanche was accumulating interest in her bank account on the difference between the purchase price and the first payment on the loan. Not coincidentally, this higher income exactly offsets the outlays recorded in 1992, and NIPA saving in 1992 is exactly the same as it was in the first case. The balance in the bank account reflects the addition of interest received on the previous balance and the deduction of the second loan payment. Financial net worth, as before, is simply scaled up from the previous period by the factor 1.05.

Thus, NIPA saving in every period is the same, no matter whether the consumer pays cash or borrows from the bank. In the former case, income is lower in succeeding periods because the consumer is accumulating interest on a smaller stock of assets. But, in the latter case, outlays are higher because the consumer has paid interest to the bank on the loan.

Appendix B: Personal Saving and the Inflation Premium

As noted in the text, personal income generally includes an "inflation premium" that compensates the owners of certain assets such as bonds and bank deposits for capital losses induced by inflation. The following example illustrates the influence of the inflation premium on personal interest income, by comparing transactions data from two hypothetical economies that are identical in every respect except one: In the first economy, there is no inflation in the prices of consumer items; in the second economy, prices are rising 10 percent per year.[24] The example shows that, although real consumer spending and the real net worth of the household sector are the same in the two economies, saving differs.

Suppose that a fictitious consumer, Winston, has $1,000 in a checking account paying 2 percent interest per year. Winston's only other

23. The size of the loan payment is set so as to make the discounted present value of the stream of payments equal to the purchase price of the car.

24. This example conveys some of the main ideas that Jump set out in his 1980 article.

B.1. Winston's outlays and income

Year	Outlays (1)	Income (2)	Saving (3)	End-of-year financial net worth (4)	CPI (5)
	A. The noninflationary economy				
1990	. . .	. . .	. . .	1,000	1
1991	120	120	0	1,000	1
	B. The inflationary economy (current dollars)				
1990	. . .	. . .	. . .	1,000	1.0
1991	132	232	100	1,100	1.1
	C. The inflationary economy (constant dollars)				
1990	. . .	. . .	. . .	1,000	1.0
1991	120	210.91	90.91	1,000	1.1

source of income is his wages, at $100 per year; there is no inflation. Winston decides to spend only at a rate that he can sustain without reducing the balance in his checking account. (He may, for example, want to leave a $1,000 bequest to his children.)

Panel A of table B.1 summarizes Winston's transactions in 1991 from the perspective of the national income accounts. As column 1 shows, income in 1991 is $120, consisting of $100 in wages and $20 in interest income. In this noninflationary economy, Winston can spend all his income and the purchasing power of his bank account will be the same at the end of the year as it was at the beginning. With outlays of $120, Winston's saving (and his saving rate) is zero, and his financial net worth at the end of 1991 is $1,000. Because inflation is assumed to be zero, this $1,000 buys just as much at the end of 1991 as it did at the end of 1990.

Now suppose that the inflation rate increases from zero to 10 percent. If the nominal interest rate does not rise at the same time, Winston will be worse off even if his nominal wages rise fast enough to keep pace with the increase in prices. The reason Winston will be worse off is that the rising level of prices will erode the purchasing power of the $1,000 in the checking account. However, an increase in the nominal interest rate could compensate Winston for that erosion; indeed, if the nominal interest rate rose to 12.2 percent, Winston would be just as well off in this inflationary economy as he was in the noninflationary one depicted in panel A.[25] Panel B sets out Winston's outlays and income assuming that the nominal interest rate does rise to 12.2 percent per year when inflation increases to 10 percent. The values are shown in current-dollar terms—that is, not adjusted for the change in the price level from 1990 to 1991.

As before, Winston's bank account begins with a balance of $1,000. For the sake of convenience, the consumer price index (CPI) shown in column 5 is assumed to equal 1 in 1990. By 1991, with inflation at 10 percent per year, the price level has risen to 1.1, and, as shown in columns 1 through 4, this rise in prices—together with the increase in the nominal interest rate—has important effects. First, as shown in column 2, income in 1991 now is $232, consisting of $110 of wages (equal to the original $100 scaled up by the 10 percent rise in prices—Winston's wages are subject to a COLA), plus $122 in interest income—which is just the nominal interest rate of 12.2 percent multiplied by the ending balance in the bank account from 1990. To purchase the same bundle of goods as he did in the noninflationary economy, Winston must boost his nominal outlays by 10 percent in 1991 to $132. Given income of $232 and spending of $132, saving (shown in column 3) is $100; and, accordingly, the increase in nominal financial net worth between 1990 and 1991 (column 4) is $100. Thus, the increase in inflation is associated with an increase in personal saving from zero to $100 in 1991. But the crucial point is that, despite the increase in personal saving and the associated rise in nominal financial net worth in 1991, Winston is no better off than he was in the noninflationary economy: The purchasing power of his financial net worth at the end of 1991 is the same as before, after adjustment for the higher level of prices.

25. The appropriate increase in the nominal interest rate can be computed from the following formula:

$$1 + i = (1 + r) \cdot (1 + p),$$

where i is the nominal rate, r is the real rate, and p is the rate of inflation. In the noninflationary economy, r equaled 0.02, p equaled 0, and, consequently, i equaled 0.02—the nominal interest rate was the same as the real rate. In the inflationary economy, r still equals 0.02 but p equals 0.10, implying that i must rise to 0.122, or 12.2 percent.

This fact is more apparent once the nominal quantities in panel B have been translated into constant (that is, inflation-adjusted) dollars. This translation is accomplished by dividing each of the nominal quantities by the CPI for that period. Panel C, which contains these inflation-adjusted figures, shows that, in every fundamental way, Winston is no better or worse off in the inflationary economy than he was in the noninflationary economy: He is consuming the same amount in 1991, and the purchasing power of his financial net worth at the end of the year is the same as it was in the noninflationary economy. In the inflationary economy, Winston does receive $90.91 in "extra" real income, but this is compensation for the real capital loss that he is taking on his checking account due to inflation. To maintain his consumption in the inflationary economy at the same level as he did in the noninflationary economy, he must save all of this "extra" income. Thus, increases in inflation cause the saving rate as measured in the NIPAs to rise.

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Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period August through October 1990, provides information on Treasury and System foreign exchange operations. It was presented by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York. Thaddeus D. Russell was primarily responsible for preparation of the report.[1]

During the August–October period, sentiment toward the dollar was generally negative. Exchange market participants continued to focus on signs of sluggish economic activity in the United States and on the movement of interest rates against the dollar. The growth prospects of the U.S. economy were widely perceived as weak, and the adverse trend in interest rate differentials, which had narrowed several hundred basis points since early 1989, was expected to continue.

The crisis in the Persian Gulf had both positive and negative effects on the dollar. Immediately after the Iraqi seizure of Kuwait on August 2, the dollar rose to its highs of the period amid expectations that the conflict would trigger heavy flows into the dollar. Thereafter, although market participants were attracted to U.S. assets at times when fears of war intensified, the dollar was undermined by concerns that the U.S. economy was more vulnerable than other major economies to the steep rise in oil prices caused by the conflict.

In this environment, the dollar moved generally lower during the period, declining almost 5 percent on a trade-weighted basis as measured by the index of the staff of the Federal Reserve Board of Governors. Against individual currencies, the dollar declined between 4 percent and 4½ percent on balance against the major European currencies, reaching record lows against the German mark and the Swiss franc. It declined against the Japanese yen almost 11 percent to trade at its lowest levels against that currency since January 1989. The dollar was relatively unchanged against the Canadian dollar. The U.S. authorities did not intervene in the foreign exchange market during the period.

The outlook for the U.S. economy was a focus of attention in the exchange market throughout the period under review as market participants looked to each new economic statistic for signs of how significantly the U.S. economy was slowing. A report released just before the period had shown second-quarter GNP growth to be less rapid than had been expected at an annual rate of 1.2 percent. In early August, several data releases and reports reinforced impressions of slowing economic activity, including data on employment, industrial production, and capacity utilization as well as the Federal Reserve's Beige Book survey of economic conditions around the country.

As the period progressed, subsequent data releases provided mixed and hard-to-interpret signals about the U.S. economy. But the view of the economy in the exchange market and among observers more generally became increasingly negative, in large part due to concern over the economic impact of the sharp increases in oil prices resulting from the Persian Gulf crisis. Market participants believed that the U.S. economy was less able to cope than some of the other industrial economies with the potential effects of sharply higher oil prices on business activity and prices. A September 25 report revising second-

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, mail stop 138, Washington, D.C. 20551.

quarter economic growth downward to a 0.4 percent rate suggested to market participants that the U.S. economy was weakening markedly, even before the economic effects associated with the Persian Gulf crisis had begun to affect it. Other economic data released over the period provided a more mixed impression, including preliminary U.S. GNP data released on October 30 estimating growth of 1.8 percent at an annual rate for the third quarter.

Spreading perceptions of slowing U.S. economic activity added to the view that interest rates in the United States would continue to go down and that interest rate differentials would move further against the dollar. Expectations of lower interest rates were reinforced by the prospect that some form of compromise would be reached to reduce the U.S. fiscal deficit. After a major U.S. money center bank announced large staff cuts and increased provisions for problem loans late in September, U.S. banks also became a focus of discussion in the exchange market, with some market participants believing that the condition of U.S. banks added to the likelihood that the Federal Reserve would ease.

On September 30, news of a budget accord between negotiators from the White House and the Congress also increased expectations that the Federal Reserve would soon allow an easing in the federal funds rate. After that initial budget package failed to pass the Congress on October 5, however, the focus of market attention shifted away from interest rates. As the budget negotiations became protracted, the market grew preoccupied with the stalemate itself, which was widely viewed as evidence of the unmanageability of the budget process and of serious disarray within the U.S. government over economic management generally. Thus, concern over the impasse continued to weigh on the dollar until the closing days of the period. Even when a new budget acceptable to the President was finally approved by the Congress on October 27, it gave little lift to market sentiment toward the dollar.

The decline in the dollar during the period occurred principally during three waves of selling pressure.

The first occurred during the first three weeks of August. Although the dollar initially firmed on news of Iraq's invasion of Kuwait, reaching its period highs on August 2 of DM1.6215 against the mark and ¥151.60 against the yen, it quickly started to decline against the European currencies as market participants became more concerned over U.S. economic prospects. At this time, the dollar showed little net movement against the Japanese yen, the currency initially the most negatively affected by fears of a disruption of oil flow from the Middle East.

The second wave took place around mid-September, when the dollar declined against the yen but traded relatively steadily against other major currencies. The dollar's decline against the yen stalled for a time around the September 22 meeting in Washington of the Group of Seven Finance Ministers and Central Bank Governors. The communiqué released after the meeting stated that the officials had noted the yen's appreciation since their last meeting and that they had "concluded that exchange rates were now broadly in line with continued adjustment of external imbalances."

From late September through mid-October, the third wave occurred, with the yen leading a generalized rise of foreign currencies against the dollar. At that time, market participants became increasingly concerned about the impasse over the U.S. government budget, and perceptions developed in the market that officials, both in the United States and abroad were not concerned about the dollar's decline. The dollar traded as low as ¥123.75 against the yen on October 18 and DM1.4910 against the mark the next day, its lows for the period.

Late in October, steps were taken toward dispelling the impression of a lack of official concern. Treasury officials made clear in statements to the press that the Administration was concerned about the dollar and rejected suggestions that the decline was welcomed. At about the same time, market rumors of U.S. intervention served as a reminder to market participants of the possibility of official action to support the dollar. In fact, the U.S. monetary authorities did not intervene during the three months under review.

The extent to which the dollar moved against individual currencies was further influenced by developments in their respective countries. With the formal unification of Germany on October 3, the pressures and anticipated costs associated with the integration of the East German economy into that of West Germany were a matter for reevaluation in the exchange market. The German mark continued to benefit from the perception that a large fiscal deficit and the fast pace of domestic economic expansion under way in the western part of the country, driven in part by demand from the East, would keep German interest rates firm or rising. Market participants noted repeated assurances from the Bundesbank that it would adhere to a strict, anti-inflationary policy stance, as well as the call for a strong mark to keep inflation in check and to help attract capital to finance economic integration. The mark's strength was dampened periodically during the period, as large upward revisions in estimates of the expenses associated with unification suggested that the costs and difficulties had been misgauged. Concerns about these problems and the upward trend in German interest rates also contributed to the sharp declines in German stock prices during the period.

Among other European currencies, the pound sterling moved higher against the dollar during the period. It thereby moved broadly in line with the rise of the mark, despite signs of a weakening in economic activity, rising unemployment, and declining output and retail sales. The pound gained some support from safe-haven flows and the perception that sterling would benefit from the United Kingdom's North Sea oil fields. Also, through much of the period, sterling was buoyed by expectations that the currency would soon join the Exchange Rate Mechanism (ERM) of the European Monetary System. On October 5, these expectations were borne out when it was announced that the pound was entering the ERM with a 6 percent margin of fluctuation. During the rest of October, the pound declined, moving below its ERM parity rate against the mark of DM2.95.

Like the mark, the Swiss franc closed the three-month period almost 4½ percent higher on balance against the dollar. Early in the period, the Swiss franc led the rise against the dollar and strengthened against all major currencies. At that time, the franc appeared to benefit to some extent from the nervousness and uncertainties surrounding the situation in the Middle East. Its strength was also based on the Swiss National Bank's tight, anti-inflationary policy stance. After moving up to an all-time high of SF1.2525 against the dollar on August 23, the franc fluctuated below this level through the end of October while other foreign currencies subsequently moved higher. The franc's rise stalled after the Swiss central bank took advantage of the leeway provided by the currency's strength to moderate its tight monetary policy slightly, a move acknowledged in public comments toward the end of August.

The Japanese yen appreciated significantly against other major currencies during all but the initial days of the three-month period. The first effect of the invasion of Kuwait was to push the yen down against other currencies as the exchange market initially reacted to Japan's heavy dependence on imported oil and fears of a complete disruption of Persian Gulf oil shipments. However, the yen soon began moving higher against both the dollar and other currencies as these concerns receded and market participants came to focus more on the rising cost of oil—a cost that the Japanese economy seemed better able to absorb than other countries. Furthermore, market participants expected that movements in interest rate differentials would continue to favor the yen. Market participants believed that the Bank of Japan, already concerned about the fast pace of Japan's economic

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, October 31, 1990
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss Francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

2. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury
Millions of dollars; drawings or repayments (−)

Central bank drawing on the U.S. Treasury	Amount of facility	Outstanding as of July 31, 1990	August	September	October	Outstanding as of October 31, 1990
Bank of Guyana[1]	31.8	13.4	0	−13.4	...	...
National Bank of Hungary[2]	20.0	20.0	−12.1	−7.9	...	...
Central Bank of Honduras[3]	82.3	57.3	−22.6	0	0	34.8

NOTE. Data are on a value-date basis. Components may not add to totals due to rounding. The ESF's special facility with the Bank of Mexico, inactive since July 31, 1990, expired on September 14, 1990.

1. Represents the ESF portion of a $178 million short-term credit facility, which expired on September 20, 1990.

2. Represents the ESF portion of a $280 million short-term credit facility, which expired on September 14, 1990.

3. Represents the ESF portion of a $147.3 million short-term credit facility established on June 28, 1990.

expansion and inflationary pressures, would be quick to raise interest rates in response to the increase in energy costs resulting from the Persian Gulf crisis. In fact, the Japanese central bank did raise its discount rate ¾ percentage point on August 30.

In response to rising market interest rates that both preceded and followed the discount rate hike, talk spread that Japanese investors were finding the returns they were getting at home to be adequate and would no longer be investing abroad as much as before, especially in the United States. Meanwhile, the decline in Japanese equity prices resumed, with the Nikkei index of the Tokyo Stock Exchange down 48 percent at the beginning of October from its levels at the start of the year. Accordingly, several Japanese banks, in response to the sharp falls in values of their domestic stock investments as well as their bond holdings, repatriated funds to shore up their domestic capital positions ahead of the end of the fiscal half year on September 30. The yen's rise gained more momentum as Japanese companies and investors also moved to raise their hedge ratios on foreign holdings from below-average to above-average levels.

As the yen rose, Japanese officials were increasingly questioned about their attitudes toward exchange rates as some small- and medium-sized Japanese firms began to report that they were losing export competitiveness. Official comments at first left questions in the market as to whether either the Japanese or the U.S. authorities cared if the yen continued to rise. But, in late October, a large customer purchase of dollars against yen carried out by the Federal Reserve Bank of New York was seen in the market. Then, various remarks by U.S., Japanese, and French officials renewed market participants' wariness that the authorities might intervene to support the dollar.

The U.S. dollar rose slightly on balance against the Canadian dollar during the three months. In the early part of August, the Canadian currency firmed to its highest levels in twelve years against the U.S. dollar. At that time, market concerns over a possible disruption of Persian Gulf oil shipments helped buoy the currency because of Canada's position as a net exporter of oil. However, the currency subsequently began to move lower, particularly after Canadian officials confirmed that the economy had entered a recession and that they were prepared to lower interest rates.

The Exchange Stabilization Fund (ESF) renewed warehousing arrangements with the Federal Reserve, which fell due within the period. These transactions resulted in realized profits of $415.6 million for the ESF, reflecting the difference between the rates at which the Treasury had

3. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]
Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1990	3,547.5	1,519.5
August 1, 1990–October 30, 1990		
Realized	0	415.6
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1990	5,363.3	2,876.3

1. Data are on a value-date basis.

acquired the funds and the rates at which the warehousing agreements were renewed. As of October 31, the last day of the period under review, the ESF's outstanding warehousing of foreign currencies with the Federal Reserve totaled $7,000 million, unchanged for the period under review.

The U.S. Treasury, however, had initiated steps before the end of the period that resulted in the reversal of $2,500 million of the warehousing of foreign currencies effective November 1, the day after the period's close. The reversal of warehousing of foreign currencies finalized on November 1 was financed, in part, by the Treasury's issue on October 31 of an additional $1,500 million of Special Drawing Right (SDR) certificates to Federal Reserve Banks. The remainder was financed from ESF cash balances. As of November 1, outstanding warehousing of foreign currencies with the Federal Reserve totaled $4,500 million, half the level outstanding earlier in the year.

The Treasury also continued to exchange SDRs for dollars with foreign monetary authorities that needed SDRs for payment of IMF charges and for repurchases, exchanging a total of $558.4 million equivalent of SDRs during the period.

Multilateral credit facilities previously established for Guyana and Hungary, in which the ESF participated, were repaid in full during this period while a similar facility for Honduras was partially repaid. On September 14, a special Mexican short-term credit facility established in March by the U.S. monetary authorities expired. All drawings on the facility had been repaid before the period under review.

Guyana. At the beginning of the period, Guyana's outstanding commitment to the Treasury on its multilateral financing facility totaled $13.4 million. Guyana made four payments in September, including final repayment on September 20, the facility's expiration date.

Hungary. The Treasury's $20 million share of the first two drawings by Hungary was outstanding at the start of the period. Hungary reduced the amount outstanding on its second drawing $4.8 million on August 1 and the amount outstanding on its first drawing $7.3 million on August 20. The drawings were fully repaid on September 5. Hungary also completed repayments to the Bank for International Settlements (representing certain member central banks) before the September 14 expiration date of the facility.

Honduras. On August 1, Honduras made a partial repayment of $22.6 million to the Treasury, leaving an outstanding balance of $34.8 million on the Treasury's part of a multilateral facility.

As of the end of October, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $5,363.3 million for the Federal Reserve and $2,876.3 million for the ESF (the latter figure includes valuation gains on warehoused funds). These valuation gains represent the increase in dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with rates prevailing at the time the foreign currencies were acquired.

The Federal Reserve and the ESF invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. A portion of the balances is invested in securities issued by foreign governments. As of the end of October, holdings of such securities by the Federal Reserve amounted to $8,238.7 million equivalent, and holdings by the Treasury amounted to the equivalent of $8,331.6 million valued at end-of-period exchange rates. □

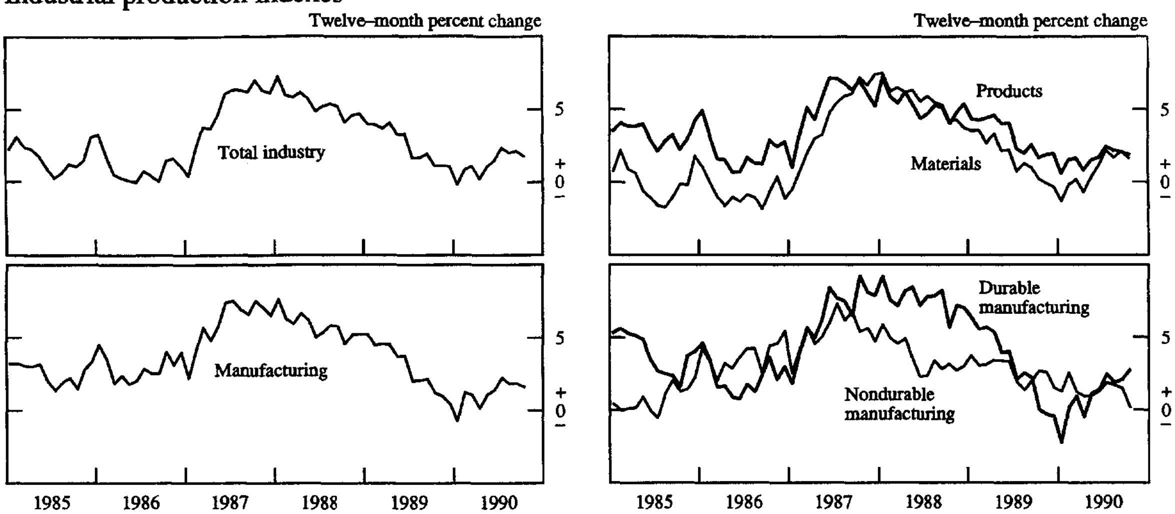
Industrial Production and Capacity Utilization

Released for publication on November 13

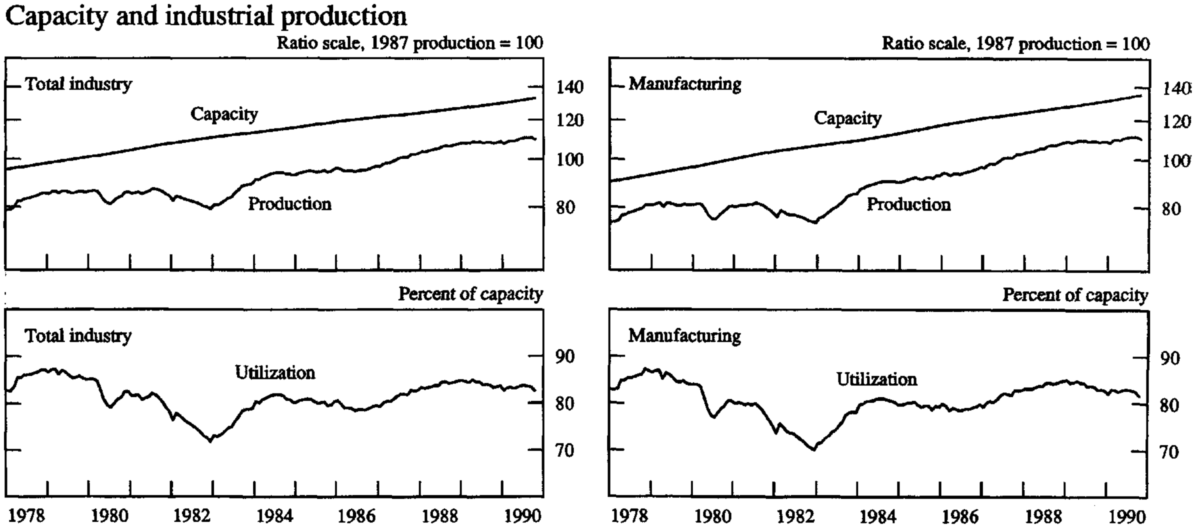
Industrial production dropped 0.8 percent in October after having grown slowly between June and September. A fall of 4.5 percent in the output of motor vehicles and parts in October accounted for about one-fourth of the decline in the overall index; output declines also were widespread among most other major market and industry groups. Industrial capacity utilization dropped 0.9 percentage point in October to 82.6 percent, just above its 1967–89 average. During the past year, total industrial production has risen 1.8 percent to 109.6 percent of its 1987 annual average.

In market groups, the output of consumer goods, business equipment, and materials all

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, October.

were affected by the reductions in production of autos, trucks, and related parts in October. Production of consumer durable goods other than motor vehicles also decreased in October, as the output of appliances, carpeting, and furniture continued to be weak. Output of nondurable consumer goods declined in October as well, reflecting reductions in production of electricity for residential use, gasoline, and clothing.

Excluding motor vehicles, output of business equipment fell about ½ percent in October. Production of industrial equipment showed widespread weakness. Information processing and related equipment dipped in October after having grown at a robust pace during the third quarter. The production of construction supplies is estimated to have contracted sharply for a third month in October; since March, output in this grouping has fallen an average of ¾ percent a month. Output of materials fell 0.8 percent in October, with much of the decline the result of cutbacks in electricity generation and in production of parts for motor vehicles. Steel production dropped sharply in October after having increased in prior months, and the output of textile materials decreased at least a percent for the third consecutive month.

In industry groups, manufacturing output dropped 0.8 percent in October; the factory utilization rate fell 0.8 percentage point to 81.7 percent, its lowest level since September 1987. The operating rate for utilities fell back to the level that prevailed earlier in the summer. The utilization rate for mining also dropped in October, despite an increase in coal mining.

Excluding motor vehicles and parts, manufacturing production fell 0.6 percent in October after having decreased 0.4 percent in September. Output of primary processing industries dropped about 0.7 percent in October, after a similar decline in September. Last month, the

Industrial production	1987 = 100				Percentage change from preceding month				Percentage change, Oct. 1989 to Oct. 1990
	1990				1990				
	July r	Aug. r	Sept. r	Oct. p	June r	July r	Aug. r	Sept. p	
Total index	**110.4**	**110.4**	**110.5**	**109.6**	**.3**	**.0**	**.2**	**−.8**	**1.8**
Previous estimates	110.3	110.4	110.7	...	.2	.1	.2	...	...
Major market groups									
Products, total	**110.9**	**110.9**	**111.1**	**110.1**	**.0**	**.0**	**.2**	**−.9**	**1.9**
Consumer goods	107.5	107.8	108.4	107.2	−.3	.3	.5	−1.1	−.1
Business equipment	125.0	125.3	126.3	125.0	.5	.2	.8	−1.0	7.7
Construction supplies	106.7	105.2	103.8	102.3	.6	−1.4	−1.4	−1.4	−3.7
Materials	109.6	109.6	109.7	108.8	.8	.0	.1	−.8	1.6
Major industry groups									
Manufacturing	111.1	111.1	111.1	110.2	.2	.0	.0	−.8	1.6
Durable	113.4	113.4	113.8	112.4	.0	.0	.3	−1.3	2.7
Nondurable	108.1	108.1	107.6	107.4	.5	.0	−.4	−.2	.2
Mining	104.0	102.4	103.3	102.8	1.8	−1.6	.8	−.4	2.2
Utilities	109.7	111.1	112.1	110.3	−.1	1.3	.9	−1.6	2.7

Capacity utilization	Percent of capacity								Capacity growth, Oct. 1989 to Oct. 1990
	Average, 1967–89	Low, 1982	High, 1988–89	1989	1990				
				Oct.	July r	Aug. r	Sept. r	Oct. p	
Total industry	**82.2**	**71.8**	**85.0**	**83.3**	**83.8**	**83.5**	**83.5**	**82.6**	**2.7**
Manufacturing	81.5	70.0	85.1	82.9	83.0	82.7	82.5	81.7	3.1
Advanced processing	81.1	71.4	83.6	81.4	81.7	81.4	81.5	80.6	3.4
Primary processing	82.3	66.8	89.0	86.6	86.0	85.8	85.0	84.2	2.5
Mining	87.3	80.6	87.2	86.5	90.5	89.2	90.0	89.7	−1.5
Utilities	86.8	76.2	92.3	85.5	86.6	87.6	88.4	86.8	1.1

r Revised.
p Preliminary.

NOTE. Indexes are seasonally adjusted.

largest declines occurred in primary metals, lumber, stone, clay, and glass products, petroleum products, and textiles. The drop for primary metals of 3.0 percent in October about reversed its increases in August and September. The operating rate for primary processing, which had changed little, on balance, during the first half of the year, has dropped, on average, ½ percentage point per month during the past three months. Even so, it remains at 84.2 percent in October, about 2 percentage points above its 1967–89 average.

The output decline for advanced processing industries in October lowered the operating rate to 80.6 percent. Utilization at auto and light truck assembly facilities dropped to about 75 percent. Among other advanced processing industries, output for nonelectrical machinery, furniture, apparel, and leather products fell more than 1 percent.

Statement to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, November 28, 1990.

I appreciate the opportunity to participate in your examination of the economic implications of developments in the Persian Gulf.

The world economy is being profoundly influenced by these developments, including their effects on oil markets during the past four months. However, before turning to an examination of the effects of higher oil prices on the U.S. and world economy, it is useful to step back for a moment and review the trends that our economy appeared to be following before the Iraqi invasion of Kuwait. On the positive side, the data released in recent weeks have confirmed that the economy was still expanding when the oil shock hit. Indeed, real GNP currently is estimated by the Commerce Department to have increased in the third quarter. In addition, the index of industrial production increased at a 3.7 percent annual rate last quarter, indicating that much of the strength in the economy during the summer was in the goods-producing sectors, in which a weakening of overall activity typically would be expected to show through most clearly. On the negative side, however, growth of private payrolls was at a virtual standstill in July, and the unemployment rate, which had fluctuated narrowly for several quarters, began to rise around midyear, albeit from a level that was quite low by recent historical standards.

On the inflation front, data through July suggest that price increases had not yet begun to decelerate as of midsummer. In fact, there were disturbing signs in the first half of the year that the core rate of inflation had crept up somewhat. However, the latest data on hourly compensation hint that labor cost increases were beginning to slow in the third quarter, and, had oil prices not jumped after August 2, some easing of underlying price pressures might well have become evident by now.

The data that we have received during the past four months indicate that, before August 2, the economy was expanding at a moderate pace and underlying inflation pressures probably were beginning to ease. This suggests that things were developing in line with our policy objectives, which were to achieve a slowing of inflation in the context of continued expansion of real activity.

Regrettably, however, the events in the Persian Gulf have altered the immediate economic situation rather substantially. Consumer and producer price indexes have jumped in the past couple of months because of surges in the prices of energy products. Other, less direct, effects are becoming evident as the higher oil costs are being passed through into the prices of items that are heavily dependent on oil—notably airline fares and other transportation costs and materials that rely heavily on petroleum feedstocks. Over time, the higher prices may feed through to labor costs, as workers seek to delay the inevitable declines in their real incomes. These same influences are being felt, in one degree or another, in most other economies regardless of whether they are net oil importers or net oil exporters.

Not only have the higher oil prices added to overall price pressures here and abroad, they also have begun to restrain real activity. These effects work through several channels and are difficult to sort out with great precision. First, to the extent that the United States is a net importer of oil, a hike in oil prices drains away purchasing power from American energy users to foreign oil producers. Specifically, the higher prices cut into the real disposable income of households, which in turn reduces their spending on all categories of goods and services. Second, the weaker path for consumption subsequently is likely to spill over to business investment as many firms—their profit margins already squeezed by higher energy costs—lower capital spending in response to the reduced demand for their output.

Besides the effects of the higher oil prices *per se,* the enormous uncertainty about how, and when, the tensions in the Persian Gulf will be resolved also affects the economy in a negative way. Such uncertainty tends to engender withdrawal by producers and consumers from their normal activities as they respond cautiously to new developments. However, the surveys of people's concerns about the outlook have pointed to greater weakness than has been revealed by what people, at least to date, are actually doing.

Most of these same influences on prices and activity are affecting the economies of our major trading partners. Although countries that are not net oil importers, such as Canada and the United Kingdom, do not face the net drain on real national income from higher oil prices, they are adversely affected by economic developments in the oil-importing countries and by higher oil prices, which tend to depress real personal income, at least in the short run. Consumers and producers in these countries are also affected by the uncertainties surrounding the entire situation. All this has negative feedback effects on our own economy through lower exports.

In the current episode, the clearest manifestation of the actual effects on U.S. activity is in the labor market, in which private employment and hours of work dropped markedly in October, and in which initial claims for unemployment insurance have moved significantly higher over the past several weeks. In addition, industrial production—especially in the motor vehicle and construction supplies sectors—fell in October, and the weekly data through mid-November point to pronounced further weakness. The drop in employment and hours is causing personal income to decline at the very time that rising energy prices are squeezing many household budgets; this drop in real purchasing power, along with plunging consumer sentiment, does not bode well for the near-term trends in consumer demand, especially in the context of an already low saving rate. It is noteworthy that retail sales in October were about unchanged in nominal terms and undoubtedly fell significantly in real terms.

Higher oil prices, however, are not the only force restraining activity. In particular, as I reported to the Congress in July, there was considerable evidence at that time that banks—along with other lenders—had tightened the terms and other conditions for supplying credit. Data since then, including Federal Reserve surveys of bank lending officers as well as the recent sluggishness of the monetary aggregates, suggest that the tightening of credit has proceeded somewhat further since July.

As yet, there is only limited statistical evidence on the extent to which tighter credit conditions have directly affected businesses and consumers. However, the available anecdotal information clearly suggests that many types of businesses are encountering greater difficulty obtaining financing. This has been seen most clearly in the commercial real estate market, but it extends to borrowing for a variety of other purposes as well.

The interaction of rising oil prices, Persian Gulf uncertainties, and credit tightening is apparently creating a greater suppression of economic activity than the sum of the forces individually. Thus, although economic activity seems to have been better maintained through the summer than many forecasters had expected, all indications are that a meaningful downturn in aggregate output occurred as we moved through October and into November.

Amidst these adverse developments, the depreciation of the dollar, which we have seen this year, other influences aside, may be expected to provide some stimulus to our exports and restrain our imports. However, a weaker dollar also is a cause for concern: It adds upward pressure to U.S. import prices, compounds the inflation impulse emanating from the higher oil prices, and may put at risk our ready access to net inflows of foreign saving.

In the oil market itself, rates of overall production of crude petroleum currently appear to have been restored to precrisis levels after a temporary disruption in the wake of the Iraqi invasion. At the end of July, OPEC had agreed to reduce its production rate from about 23½ million barrels per day to 22½ million barrels per day. Before the new accord could take hold, of course, Iraq invaded Kuwait. The subsequent

United Nations-sanctioned embargo removed 4.3 million barrels per day of Iraqi and Kuwaiti crude oil production from the market, an amount equal to almost 10 percent of production in market economies.

This loss has since been fully replaced through increased liftings by other members of OPEC, chiefly Saudi Arabia, as well as significantly increased production in the North Sea. As a result, in October, crude production in market economies was back up to about the same rate as during the first half of this year, almost 46 million barrels per day. Although the replacement crudes are slightly "heavier" than the lost oil, and therefore yield less output of light products such as gasoline and kerosene, such differences appear manageable.

While the response of world crude oil production to the Iraqi invasion can be gauged fairly readily, the reaction of world oil consumption is more difficult to discern. Available data on world shipments of petroleum products actually show a greater-than-normal increase in the third quarter. But a substantial portion of this increase is thought to have been reflected in secondary and tertiary stockbuilding, rather than in an increase in actual consumption. Secondary stocks, incidentally, are those held by product retailers and distributors, while tertiary stocks are held at the point of consumption, such as industrial plants.

Primary commercial stocks of petroleum and products held on land by refiners and marketers in the industrial countries appear to be a bit above normal for this time of year. In addition, rough indicators of the level of stocks afloat suggest that after a small decline in the third quarter, these stocks may be increasing. Some of these stocks, which are held in ocean tankers, represent unsold heavier crude oil from Saudi Arabia and Iran. Overall, world stocks of petroleum and products currently are at levels that, under normal circumstances, probably would be viewed as being comfortable or perhaps even slightly excessive. This relatively comfortable situation is consistent with the current pattern of futures prices, which shows a decline of about $6 to $8 a barrel by the second half of next year from the recent spot price levels of about $33 per barrel for West Texas intermediate crudes. Indeed, at the current apparent balance of supply and demand for crude oil, spot prices might have been expected to be substantially lower were it not for the uncertainties associated with the situation in the Gulf. What we have seen in varying degrees since August 2 is a general scramble for existing inventories by refiners here and abroad to guard against a possible further short-term disruption of supplies. This has contributed to the bidding up of prices on spot markets.

The situation in markets for a few specific oil derivatives may be somewhat tighter than in markets for crude. The shutdown and blockade of refineries in Kuwait and Iraq removed about 2 percent of the world's refinery capacity from the market. The lighter-end products, such as kerosene or jet fuel, produced by these refineries went primarily to Japan and other Asian countries. Attempts by Asian consumers to replace the lost products, coupled with increased Gulf-related military demand, resulted in a bidding up of world kerosene and jet fuel prices during September and October relative to crude and other petroleum products. But these spreads have since retraced most of their earlier increase. At the time of the invasion, refineries in Western Europe had been operating at relatively low utilization rates, and there appeared to be some excess capacity, globally, in operations that convert heavier products into lighter ones. Production rates have presumably risen in these areas since the invasion.

In the United States, gasoline markets were relatively tight over the period before the invasion, owing to strong demand and a series of disruptions at refineries. Stocks of gasoline fell further in August, rebounded through September and the first half of October, and have edged off over the past six weeks. The level of stocks last week was roughly in line with its level a year ago, and about 6 percent more than what is considered the minimum operating inventory required to ensure against normal operating problems and shortages.

The rapid rise in crude oil prices after the Iraqi invasion helped boost the domestic average price of gasoline from $1.10 per gallon in the second quarter to an average of roughly $1.40 per gallon during the past two months. However, average margins between the cost of crude to refiners and retail prices at the pump fell significantly from July through October. Recently, margins have recovered somewhat, but they still appear to be about 5 to 10 cents per gallon below their average level in the second quarter this year.

Turning to the question of how the Gulf crisis has affected monetary policy, the first point is that the uncertainties surrounding the situation are considerable and that it is difficult to isolate the Federal Reserve's response to this particular event when so many other things are affecting the policy equation. Moreover, we must not lose sight of the fact that there is no policy initiative that can, in the end, prevent the transfer of wealth, and cut in our standard of living, that stems from higher prices for imported oil.

The role of monetary policy is to provide the financial environment that is consistent with the nation's longer-run economic objectives. Since the spring of 1989, this role has implied some easing of reserve conditions, and the federal funds rate has come down from near 10 percent to its current level of around 7½ percent. Our latest policy adjustments have been in response to indications of a weaker economy, partly as a consequence of the prospects for a degree of fiscal restraint as a result of the budget agreement, and partly because of some further tightening in the availability of credit since midsummer. In this context, we shall want to make certain that money and credit remain on appropriate growth tracks, with due attention to the credit situation. Whether further adjustments to policy will be needed cannot be spelled out in advance and will depend on the specifics of the circumstances as they develop.

In the final analysis, I can only offer the assurance that the Federal Reserve will seek, as we have in the past, to foster economic stability and sustainable growth. As in the past, this will require not only attention to the level of economic activity but also the pursuit over time of price stability—a task made all the more challenging by the effects of the Gulf crisis. □

Announcements

Increase in the Amount of Net Transaction Accounts to Which a 3 Percent Reserve Requirement Will Apply

The Federal Reserve Board announced on November 28, 1990, an increase from $40.4 million to $41.1 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1991.

The Board left unchanged the amount of reservable liabilities that are exempt from reserves at $3.4 million of total reservable liabilities.

Also, the Board increased from $43.4 million to $44.0 million the deposit cutoff level, which along with the reserve requirement exemption amount, determines the reporting frequency and detail. Institutions with total deposits below the exemption level of $3.4 million are excused from reporting if their deposits can be estimated from other sources.

Restructuring of Interest Rates on Borrowings from the Discount Window for Seasonal Credit

The Federal Reserve Board announced on November 7, 1990, a restructuring of interest rates that are charged on borrowings from the discount window for seasonal credit. The new structure will become effective on January 9, 1992.

Seasonal credit is designed to make funds available at the discount window to small and midsized agricultural banks that do not have access to the national money markets. It is also used to some extent by banks in resort areas. A typical use of the program is to fund farmers over the planting and production cycle.

Under the restructuring, the interest rate charged on seasonal borrowings will be a market-related rate instead of the basic discount rate that was charged on this type of borrowing in past years. The rate will be based on the level of the federal funds rate and the rate in the secondary market for ninety-day certificates of deposit. Under current conditions, this rate would be 8.05 percent.

No charge was made in the basic discount rate for adjustment credit, which is currently 7 percent.

During 1990, more than 700 banks borrowed under the seasonal program. The largest amount of seasonal credit outstanding during any one week in 1990 was $445 million for the week ending August 29, 1990. Historically, the largest amount of seasonal credit outstanding during any one week was $513 million for the week ending July 26, 1989.

Regulation Y: Amendments

The Federal Reserve Board announced on November 8, 1990, approval of an amendment to Regulation Y (Bank Holding Companies and Change in Bank Control) to allow banks owned by bank holding companies to offer a price reduction on credit cards issued to their customers if the customer also obtains a traditional banking product from any of the credit card bank's affiliates. The amendment is effective December 18, 1990.

This limited exemption for reduced-rate credit cards is granted in accordance with the Board's exemptive authority under section 106 of the Bank Holding Company Act Amendments of 1970 (''section 106''). Section 106, generally prohibiting banks from offering reduced consideration for credit on the condition that the customer also obtain some additional service from the holding company affiliate of the bank, authorizes the Board to grant exemptions that are not contrary to its purpose of preventing anticompetitive practices.

To be eligible for the exemption, the credit card and traditional banking products offered as part of an arrangement must also be available for separate purchase by a customer. In addition, the Board retains the right to terminate any exemption if it results in anticompetitive practices.

On November 9, 1990, the Board announced approval of another amendment to Regulation Y to reduce the filing requirements under the Change in Bank Control Act. The amendment is essentially the same as the proposal the Board issued for public comment in July this year.

The amendment will remove the current regulatory requirement that a person who has already received regulatory clearance to acquire 10 percent or more of the shares of a state member bank or bank holding company must file additional notices under the Change in Bank Control Act for subsequent acquisitions resulting in ownership of between 10 and 25 percent of the shares of the bank or bank holding company.

Proposed Actions

The Federal Reserve Board issued for public comment on November 9, 1990, modifications to the criteria for offering a tiered pricing structure in the check collection service. If adopted, the Board anticipates that the revised criteria would become effective midyear 1991. Comment on the proposed modifications is requested by January 25, 1991.

The Board issued for public comment on November 27, 1990, proposed revisions to its staff commentary to Regulation B (Equal Credit Opportunity). The proposed interpretations address the definition of adverse action and state law preemption. Comment is requested by January 28, 1991.

The Board issued for comment on November 20, 1990, proposed amendments to Regulation H (Membership of State Banking Institutions in the Federal Reserve System) and Regulation Y (Bank Holding Companies and Change in Bank Control) regarding real estate appraisal standards. Comment is requested by January 25, 1991.

The Board issued for public comment on November 27, 1990, proposed revisions to its staff commentary for Regulation Z (Truth in Lending). The proposed interpretations address such issues as renewals of home equity lines of credit, credit card substitution, and renewable balloon payment mortgages. Comment is requested by January 28, 1991.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON OCTOBER 2, 1990

Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity had expanded at a slow pace in the third quarter. The available data provided only limited evidence of a retarding effect of the recent large increase in oil prices on production and aggregate spending. Key measures of inflation had been boosted by the rise in oil prices, but on the consumer level the upward march in prices of items other than food and energy also appeared to have quickened somewhat. Data on labor costs suggested no improvement in underlying trends.

Total nonfarm payroll employment declined in July and August, largely because of layoffs of temporary census workers. Employment in the private sector was little changed over the two months as widespread declines in jobs at manufacturing and construction establishments offset limited gains in the service-producing sector. In the weeks after the August employment survey, initial claims for unemployment insurance moved into a slightly higher range than had prevailed in the preceding few months. The civilian unemployment rate edged up to 5.6 percent in August.

After showing strong gains over the previous two months, industrial production was about flat on balance in July and August. Output of construction supplies continued to fall, but production of consumer goods other than motor vehicles firmed a bit on balance after declining earlier in the year. Total industrial capacity utilization slipped in July and August. In manufacturing, operating rates declined further in most industries and were appreciably below year-earlier levels.

Consumer spending in real terms was up slightly on balance in July and August; however, averaged over the two months, spending was significantly above the level for the second quarter. Outlays for services rose in August at a pace well below that registered over the previous several months. Spending for motor vehicles and parts fell, but outlays for other consumer goods posted moderate increases. Major surveys of consumer attitudes indicated a sharp deterioration in the confidence of consumers. Total private housing starts declined for the seventh consecutive month. Single-family starts slid further, evidently in response to continued weakness in sales of new homes.

In August, shipments of nondefense capital goods retraced part of a large July decline. Average shipments for the July–August period were below their second-quarter level, which suggested that overall equipment spending remained in a relatively flat trend. Shipments of office and computing equipment appeared to be somewhat weaker, while shipments of aircraft in July were well above their second-quarter average. New orders for nondefense capital goods changed little in July and August from their level in the second quarter, which pointed to continued sluggish equipment spending in coming months. Nonresidential construction put in place increased in June and July, but anecdotal information and other indicators suggested a downward trend in nonresidential building activity, reflecting the persistence of high vacancy rates for commercial properties and the financial pressures on builders and their lenders. Manufacturing inventories rebounded in July from a sizable June decline; the stock–shipments ratio remained near the lows of the current business expansion. Wholesale and non-auto retail trade inventories expanded in July at a pace near the average rate of accumulation over the second quarter.

The nominal U.S. merchandise trade deficit widened sharply in July from the revised, unusually low rate in June. The value of exports more than retraced its sizable June pickup, with decreases widespread among major trade categories that had risen in June. The value of imports increased in July for a range of commodities, but the total remained below peak monthly rates reached earlier in the year. Higher oil imports in July reflected a rise in the quantity of oil imported as prices paid edged lower that month before turning up in August and September in response to developments in the Middle East.

Markedly higher domestic oil prices in August contributed to substantial increases that month in producer and consumer prices. Producer prices of finished goods reflected a rapid pass-through of the higher oil costs into consumer energy products. Prices of non-energy, nonfood items rose in August at about the moderate average monthly pace evident thus far this year. Consumer prices surged in August, largely reflecting the higher oil prices. Excluding food and energy items, consumer inflation picked up in July and August from the second-quarter rate; the acceleration resulted from price advances for nonenergy services as prices of commodities flattened out in August after rising moderately in July. Average hourly earnings rose in August at a little slower pace; however, over the twelve months ended in August, hourly earnings increased at about the same rate as that recorded during the previous twelve months.

At its meeting on August 21, the Committee adopted a directive that called for maintaining unchanged conditions of reserve availability, at least initially, in the intermeeting period ahead and that provided for giving emphasis to potential developments that might require some easing later in the period. Accordingly, the directive indicated that slightly greater reserve restraint might be acceptable during the intermeeting period, while some easing of reserve pressure would be acceptable, depending on progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of about 4 and 2½ percent respectively over the three-month period from June to September.

With price pressures, even outside of the energy sector, not abating and the economy continuing to advance, albeit slowly, open market operations during the intermeeting period were directed at maintaining unchanged reserve conditions. In the three reserve maintenance periods completed since the August meeting, adjustment plus seasonal borrowing averaged about $800 million, an amount inflated by circumstances that gave rise to sharply higher federal funds rates and unusually heavy adjustment credit extensions on the final day of each of these maintenance periods. The federal funds rate generally remained near 8 percent over the intermeeting period, but it edged higher late in the period in the context of quarter-end pressures and more cautious reserve management policies at some banks. Treasury bill rates fell somewhat over the intermeeting period, apparently reflecting heightened investor preference for liquidity and safety, while rates on private market instruments changed little on balance. In the bond markets, yields on investment-grade securities edged down. Interest rates on lower-rated instruments rose considerably, as higher oil prices were seen as presaging a sluggish real economy and greater strains on issuers of such debt. In addition, yields on subordinated debt obligations of some major banking organizations increased sharply, reflecting growing investor concerns about the effects of softening real estate values and sluggish economic activity on the quality of bank loan portfolios. Broad indexes of stock prices moved lower over the period.

The trade-weighted foreign exchange value of the dollar in terms of the other G-10 currencies declined slightly further on balance from the low level reached at the time of the August meeting. The dollar changed little against most major currencies, but it depreciated substantially against the yen as monetary conditions were tightened further in Japan in response to continued strength in economic activity and potential price pressures in that country. Economic growth in the other G-10 countries slowed, on average, in the second quarter, but recent indicators suggested a rebound in some of those countries.

M2 expanded at an appreciably faster rate in August, and available data suggested continued strength in September. M3 also accelerated in August, but its growth appeared to have slowed somewhat in September. More rapid expansion of M1 and a surge in money market funds, as investors apparently switched out of the stock and bond markets, contributed to the greater strength of the broader aggregates over the two months. Through September, expansion of M2 was estimated to be a little below the middle of the Committee's range for the year, and growth of M3 was in the lower portion of its range. Expansion of total domestic nonfinancial debt appeared to have been near the midpoint of its monitoring range.

The staff projection was prepared against the background of unpredictable developments in the Middle East and the substantial adverse effects of high oil prices on domestic inflation and economic activity. While it was recognized that a range of plausible assumptions could be made about the prospective behavior of oil prices, the projection assumed no further major disruption to oil supplies and an appreciable drop in oil prices in the first half of next year as production expanded worldwide to fill the void left by Kuwait and Iraq. In the interim, the retarding effects of higher energy costs would depress the growth of real disposable incomes and consumer spending. Weaker consumer demand along with uncertainty about the outlook would retard business capital spending. Construction spending—both residential and nonresidential—was expected to continue to decline, reflecting the effects of softer housing prices, reduced credit availability, and high vacancy rates for commercial structures. Under the circumstances, a mild downturn in overall economic activity was projected for the near term. However, the staff continued to anticipate considerable growth in exports over the next several quarters in conjunction with further economic expansion in several major foreign industrial nations and in response to the substantial depreciation that had occurred in the foreign exchange value of the dollar. The impetus from the external sector and a rebound in consumer expenditures fostered by the assumed drop in oil prices in coming quarters would bring a resumption of moderate economic growth. The projection assumed that deficit reduction measures about in line with the proposal now before the Congress would be adopted. The outlook for inflation remained clouded by the very uncertain prospects for oil prices. The sizable decline in oil prices projected for next year along with the opening up of slack in resource utilization would foster a lower rate of consumer price inflation, but the improvement would be limited by the lagged effects of the decline that had occurred in the foreign exchange value of the dollar.

In the Committee's discussion of the economic situation and outlook, members commented that despite weaknesses in some sectors of the economy and parts of the country, overall economic activity appeared to be continuing to expand, although at a relatively slow pace. Many of the members observed that, insofar as could be judged on the basis of traditional indicators, the available data did not point to cumulating weakness and the onset of a recession. At the same time, however, the risks of a recession were felt to have increased. These risks stemmed to an important extent from developments in the Middle East and the continuing financial strains in the economy that were adding to stringency in credit markets. Business and consumer confidence appeared to have deteriorated considerably, especially since early August. The members generally agreed that some tendency for economic growth to moderate and inflation to worsen for a time could not be avoided as a result of oil price developments.

Despite the relatively limited growth of the economy and the apparent fragility of the expansion, the prospects for inflation were viewed with concern. To a considerable extent, recent increases in key measures of inflation reflected the pass-through effects of the surge in oil prices, but many of the members felt that the underlying rate of inflation also had worsened even apart from the effects of higher oil prices. Reduced pressures on resources would help to contain inflationary forces, but there was still some risk that upward movements of oil and import prices would intensify inflationary expectations, fostering increases in wages and other costs that would become more deeply embedded in the cost structure of the economy.

Many of the members observed that the recently negotiated federal budget proposal incorporated a significant degree of fiscal restraint, a potentially workable enforcement mechanism, and a desirable multi-year commitment. Final enactment of a budget along the lines of the proposal would establish a sounder basis for a satisfactory performance of the economy. However, the federal budget deficit would still be extraordinarily large, and the commitment to enforce fiscal restraint measures in the future remained to be tested.

In the course of the Committee's discussion, members focused considerable attention on developments in credit markets. The financial strains being experienced currently by many lending institutions reflected especially the problems in the real estate sector, although the buildup in earlier years of debt owed by less developed countries and the tenuous condition of some highly leveraged domestic business firms tended to aggravate current difficulties. Efforts by banks and other lenders to protect or improve their capital positions in the face of deteriorating loan portfolios were reflected in widespread signs of growing constraints on the availability of credit and increases in its cost, especially to less than prime borrowers that lack direct access to securities markets. This pullback was not limited to domestic lenders; foreign institutions, which previously had been quite aggressive suppliers of funds to U.S. credit markets, now seemed less willing to fill the gap left by domestic lenders. It was difficult to judge the extent of the reduced availability of credit because the weakness in loan growth also reflected an apparently substantial cutback in the demand for credit. In the view of a number of members, the exposure of the economy to a severe downturn in business activity did not stem in present circumstances from potential adjustments of the usual cyclical kind to overcapacity and overproduction, including excessive inventories in relation to orders and sales, but from the possible aggravation of the strains in financial markets, further retrenchment in lending by banks and others, and the increased difficulty of many heavily indebted businesses and individuals to meet and service their debt obligations in a sluggish economy. On the positive side, the financial system and the economy continued to display a remarkable degree of resiliency, and in important respects many financial institutions had improved their ability to resist adverse developments by raising capital and taking corrective measures, such as adjusting their lending policies and loan portfolios.

In their review of developments in key sectors of the economy and parts of the country, many of the members stressed that a considerable divergence appeared to have developed between available economic indicators, which suggested continued if only sluggish growth, and deteriorating business confidence. Such business attitudes in association with adverse credit market conditions could lead to efforts to curb inventories and cut back on investments and thus trigger the recessionary conditions that underlay current concerns. While business activity clearly seemed to have weakened in some areas of the country, slow to moderate growth continued to characterize business conditions in most parts of the nation.

The prospects for consumer spending remained a key element in the outlook for the economy. Available data indicated that real consumer outlays in July and August were well above the second-quarter average. Nonetheless, there was evidence that consumer sentiment had worsened considerably in response to a variety of developments including a decline in the value of many consumer assets, especially homes in numerous parts of the country, the heavy debt burdens of many consumers, declining employment opportunities in a number of areas, and more generally the reduced purchasing power associated with rising prices of energy. These developments appeared likely to hold down consumer spending for some period of time. With regard to the outlook for business capital spending, commercial construction would continue to be curtailed by widespread overbuilding and constraints on credit availability. More generally, business concerns about a possible recession and sluggish consumer spending had induced a cautious approach to planned investment spending, although many producers of capital goods reported that their orders, including demand from abroad, were continuing to hold up. Nonetheless, even in the oil industry the sharp rise in oil prices had elicited a quite limited investment response to date apparently because of the uncertainties that continued to surround the outlook for oil prices and the difficulty of obtaining skilled labor, at least in the short run. The outlook for housing construction also was restrained by soft housing markets and the difficulties that many builders continued to experience in securing construction loans. On the other hand, business inventories generally appeared to be at or near desired levels, and while business contacts around the country pointed to increasingly cautious inventory management policies, there was little evidence of any current or impending cyclical inventory adjustments of the sort that had characterized past recessions. Areas of current or potential strength in the economy included agricultural conditions in many parts of the country and demand for exports that continued to buttress many industries. The substantial decline in the foreign exchange value of the dollar over the past year and the prospects for relatively strong economic growth in some major industrial countries pointed to further improvement in the nation's exports, although some members questioned the potential strength of further expansion in some key foreign countries.

With regard to the outlook for inflation, several members commented that inflation appeared to have intensified even apart from the direct effects of the higher oil prices. There were reports of business efforts to raise prices in markets where demand was relatively vigorous, though it was unclear to what extent competitive forces would permit sizable increases in prices to be sustained. More generally, members expected the decline in the value of the dollar to be reflected over time in greater pressure on domestic prices. Under foreseeable circumstances and assuming no sharp movements in oil prices, whose course remained highly uncertain, overall prices were likely to remain under upward pressure for some time, but the members still anticipated eventual progress in reducing inflation as continued sluggish demand was reflected in diminished pressures on production resources. A major concern in the interim was that the rise in oil prices would become more firmly entrenched in the cost structure of the economy, thereby making more difficult and delaying progress toward price stability.

In the Committee's discussion of policy, a majority of the members were in favor of easing reserve conditions at least slightly during the intermeeting period ahead. In their view, an easing move was warranted in light of the indications that there was a significant risk of a much weaker economy, partly as a consequence of some further tightening in the availability of credit since midsummer; in this context, moreover, the budget proposal, if enacted, would provide a degree of fiscal restraint. Some of these members emphasized that the stronger expansion of the monetary aggregates in recent months did not seem to reflect a healthier intermediation process or a more accommodative monetary policy, but rather sizable increases in components of M2, notably currency and money market funds, that under prevailing circumstances appeared to be related to uncertainty about economic and financial prospects and unsettlement in some foreign countries. Growth in the core components of M2 had remained sluggish, and in the view of these members that development tended to reinforce the conclusion that the overall availability of credit had continued to tighten. In these circumstances, many of the members concluded that some modest easing of reserve pressure would represent a stable monetary policy in the sense that such a move would serve to maintain the appropriate degree of overall credit restraint. In the view of most members, any change in reserve pressures should be limited in light of the danger of leaning too far in either direction in circumstances that were characterized by a sluggish economy and upward pressures on prices. It was argued that the Committee should not try to offset, indeed it could not avoid, some tendency for economic growth to moderate and for inflation to intensify as a result of the oil price developments. One member gave more weight to the recessionary risks in the economy and called for the prompt easing of reserve conditions, preferably by more than a modest amount, although an acceptable compromise in this view would be a slight easing move at this meeting to be followed by some further easing upon passage of the new budget.

Members who favored some easing of reserve conditions agreed that it would be desirable to hold such a move until passage of the federal budget package was more certain. The reasons for the easing were not keyed to the enactment of the new federal budget alone but more broadly to developments in credit markets and the economy, with the prospects for fiscal restraint only one element in the outlook. Nonetheless, market participants expected a monetary policy response to the fiscal policy actions, and a change in monetary policy while the latter were still under consideration might create unnecessary uncertainty and unwarranted reactions in financial markets. The easing could give rise to expectations of a further move once the budget package was enacted. In the view of some members, however, associating any easing move too closely with a fiscal policy action might set an undesirable precedent in terms of producing expectations of similar monetary policy adjustments in the future.

A number of members expressed strong reservations about any easing of reserve conditions under prevailing circumstances. In their view, even a modest move toward ease would be undesirable or at least premature in the weeks ahead. These members acknowledged the risks of a weakening economy, but they believed that policy should continue to focus on controlling inflation. In the absence of more evidence that economic activity might deteriorate substantially, such a focus was likely to involve unchanged reserve conditions for a time. In the prevailing circumstances, they were concerned that any easing in the near term would worsen inflationary expectations by tending to erode the credibility of the System's anti-inflationary effort. Thus, such easing might well have the unintended effects of generating upward pressures on long-term interest rates and adding to the downward pressures on the dollar in foreign exchange markets. In support of this view, some members expressed satisfaction that the overall expansion of M2 for the year was well within the Committee's target ranges and according to a staff forecast was likely to remain comfortably within that range through year-end.

The members also discussed whether any further adjustments in policy should be contemplated for the intermeeting period in the event that a decision was made to implement some modest easing in the near term. A majority opinion emerged in favor of retaining a bias in the directive toward some further easing, but any such move would need to take account of the response to the initial easing as well as developments in the economy and credit markets.

At the conclusion of the Committee's discussion, a majority of the members indicated that they favored or could accept a directive that called for maintaining the existing degree of pressure on reserve positions for at least a short period after this meeting. It was presumed that some slight easing would be implemented later in the intermeeting period, assuming passage of a federal budget resolution calling for a degree of fiscal restraint comparable to that now being negotiated and the absence of major unexpected economic or financial developments. Subsequently, some slight further easing of reserve conditions could be implemented if such a move was deemed to be warranted by incoming data on economic and financial conditions in the context of an already sluggish economy. On the other hand, the Committee did not rule out the potential need for some slight firming should inflationary pressures appear to be intensifying. In keeping with this policy, the directive provided that slightly greater reserve restraint might be acceptable during the intermeeting period or somewhat lesser reserve restraint would be acceptable depending on progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The intermeeting range for the federal funds rate, which provides one mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, was left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting suggests that economic activity expanded at a slow pace in the third quarter. The recent large increase in oil prices has boosted key measures of inflation and eroded real personal income; however, data available thus far provide only limited evidence of a retarding effect on production and aggregate spending. Total nonfarm payroll employment declined in July and August, reflecting layoffs of temporary census workers; employment in the private sector changed little over the two months. The civilian unemployment rate edged up to 5.6 percent in August. Consumer spending appeared to be about unchanged in real terms over July and August but was at a level significantly above the average for the second quarter. Advance indicators of business capital spending point to some softening in investment in coming months. Residential construction weakened further in August. The nominal U.S. merchandise trade deficit increased sharply in July from the low rate in June. Markedly higher oil prices contributed to substantial increases in consumer and producer prices in August; excluding energy and food items, consumer inflation has picked up from the second-quarter rate. Data on labor costs suggest no improvement in underlying trends.

In short-term debt markets, Treasury bill rates have fallen somewhat since the Committee meeting on August 21, while rates on private market instruments are little changed. In the bond markets, most rates have edged lower on balance over this period. The trade-weighted foreign exchange value of the dollar in terms of the other G-10 currencies has declined slightly further on balance from the low level reached at the time of the August meeting.

M2 and M3 expanded at appreciably faster rates in August; available data for September suggest continued strength in M2 and some slowing in the growth of M3. More rapid expansion of M1 and money market funds has contributed to the greater strength in the broad aggregates over the two months. Through September, expansion of M2 was estimated to be a little below the middle of the Committee's range for the year and growth of M3 in the lower portion of its range. Expansion of total domestic nonfinancial debt appears to have been near the midpoint of its monitoring range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives, the Committee at its meeting in July reaffirmed the range it had established in February for M2 growth of 3 to 7 percent, measured from the fourth quarter of 1989 to the fourth quarter of 1990. The Committee in July also retained the monitoring range of 5 to 9 percent for the year that it had set for growth of total domestic nonfinancial debt. With regard to M3, the Committee recognized that the ongoing restructuring of thrift depository institutions had depressed its growth relative to spending and total credit more than anticipated. Taking account of the unexpectedly strong M3 velocity, the Committee decided in July to reduce the 1990 range to 1 to 5 percent. For 1991, the Committee agreed on provisional ranges for monetary growth, measured from the fourth quarter of 1990 to the fourth quarter of 1991, of 2½ to 6½ percent for M2 and 1 to 5 percent for M3. The Committee tentatively set the associated monitoring range for growth of total domestic nonfinancial debt at 4½ to 8½ percent for 1991. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. Taking account of progress toward price stability, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, slightly greater reserve restraint might or somewhat lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from September through December at annual rates of about 4 and 2 percent respectively. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Greenspan, Corrigan, Boehne, Kelley, LaWare, Mullins, and Stern. Votes against this action: Messrs. Angell, Boykin, Hoskins, and Ms. Seger.

Ms. Seger dissented because she favored an immediate easing of reserve conditions. In her view, such a move was needed at this time in light of the spreading weakness in the economy, the growing difficulty being experienced by many borrowers in obtaining credit, and more generally the increasing fragility of the financial system. She also felt that enactment of the deficit-reduction measures now under consideration would provide a desirable opportunity for some additional easing later during the intermeeting period.

Messrs. Angell, Boykin, and Hoskins dissented because they were opposed to the easing of reserve conditions contemplated by the majority. Not only was there a presumption of some easing in the near term, but the bias in the language of the directive suggested the possibility of some further easing later in the intermeeting period. To a considerable extent, this policy seemed to be a response to short-run softening in the economy that was an inevitable outcome of the disruption to oil supplies. By paying close attention to those near-term developments, the Committee risked losing sight of its fundamental objective of controlling and ultimately bringing down inflation. Moreover, the timing of the prospective easing was linked to fiscal policy actions, and such a linkage could establish an undesirable precedent that could limit the flexibility of monetary policy in the future. Mr. Hoskins also questioned the adequacy of the fiscal policy measures being considered in the Congress and the desirability of adjusting monetary policy in response to the enactment of those measures. □

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D, Reserve Requirements of Depository Institutions, to increase the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from $40.4 million to $41.1 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board has left at $3.4 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent. This action is required by section 19(b)(11)(B) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)(B)), and the adjustment is known as the reservable liabilities exemption adjustment. The Board has also increased from $43.4 million to $44.0 million the deposit cutoff level that is used in conjunction with the reservable liabilities exemption amount to determine the frequency of deposit reporting.

Effective December 18, 1990,[1] 12 C.F.R. Part 204 is amended as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for Part 204 continues to read as follows:

Authority: Sections 11(a), 11(c), 19, 25, 25(a) of the Federal Reserve Act (12 U.S.C. 248(a), 248(c), 371a, 371b, 461, 601, 611); section 7 of the International Banking Act of 1978 (12 U.S.C. 3105); and section 411 of the Garn St–Germain Depository Institutions Act of 1982 (12 U.S.C. 461).

2. In section 204.9, paragraph (a)(1) is revised to read as follows:

Section 204.9—Reserve requirement ratios

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement
Net transaction accounts[1]	
$0 to $41.1 million	3 percent of amount
over $41.1 million	$1,233,000 plus 12 percent of amount over $41.1 million
Nonpersonal time deposits	
By original maturity (or notice period):	
Less than 1½ years	3 percent
1½ years or more	0 percent
Eurocurrency liabilities	3 percent

1. Dollar amounts do not reflect the adjustment to be made by the next paragraph.

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y. Section 106 of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971, 1972(1)) ("section 106") generally prohibits banks from offering reduced consideration for credit or other services on the condition that the customer also obtain some additional service from the bank or a holding company affiliate of the bank. This exemption would permit banks to offer a price reduction on credit cards issued to their customers if the customer also obtains a traditional banking product from any of the credit card bank's affiliates.

Effective December 18, 1990, 12 C.F.R. Part 225 is amended as follows:

1. Compliance Dates: For depository institutions that report weekly, the low reserve tranche adjustment will be effective starting with the reserve computation period beginning Tuesday, December 25, 1990, and with the corresponding reserve maintenance periods beginning Thursday, December 27, 1990, for net transaction accounts, and Thursday, January 24, 1991, for other reservable liabilities. For institutions that report quarterly, the low reserve tranche adjustment will be effective with the computation period beginning Tuesday, December 18, 1990, and with the reserve maintenance period beginning Thursday, January 17, 1991. For all depository institutions, the increase in the deposit cutoff level will be used to screen institutions in the second quarter of 1991 to determine reporting frequency beginning September 1991.

Part 225—Bank Holding Companies and Change in Bank Control

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

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. In section 225.4, the heading to paragraph (d) is revised, paragraph (d) is redesignated as paragraph (d)(1) and new paragraph (d)(2) is added to read as follows:

Section 225.4—Corporate Practices

* * * * *

(d)(1) *Limitation on tie-in arrangements.*

* * * * *

(2) *Exemption for credit cards.* A bank (including a credit card bank) owned by a bank holding company may vary the consideration (including interest rates and fees) charged on extensions of credit made pursuant to a credit card offered by the bank on the basis of the condition or requirement that a customer also obtain a loan, discount, deposit, or trust service (but no other products) from another subsidiary of the card-issuing bank's parent holding company, if the credit card and the loan, discount, deposit, or trust service offered in the arrangement are also separately available for purchase by a customer. The exemption granted pursuant to this paragraph shall terminate upon a finding by the Board that the arrangement is resulting in anticompetitive practices.

FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (the Change in Bank Control Act) ("CIBC Act") to remove the current regulatory requirement that a person that has already received regulatory clearance to acquire 10 percent or more of the voting shares of a state member bank or bank holding company file additional notices under the CIBC Act for subsequent acquisitions resulting in ownership of between 10 and 25 percent of the shares of the bank or bank holding company. This amendment is intended to reduce the regulatory burden under the CIBC Act without impairing the Board's ability to properly evaluate acquisitions under the statutory factors set forth under the CIBC Act.

Effective November 9, 1990, 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, 1831i, 1843(c)(8), 1844(b), 3106, 3108, 3907, 3909, 3310, and 3331–3351.

2. In section 225.42, the heading to paragraph (a) is revised, paragraph (a) is redesignated as paragraph (a)(1), and new paragraph (a)(2) is added to read as follows:

Section 225.42—Transactions not requiring prior notice

* * * * *

(a)(1) *Increase of previously authorized acquisitions above 25 percent.* * * *

(2) *Increase of previously authorized acquisitions between 10 percent and 25 percent.* Unless the Board or Reserve Bank otherwise provides by order, the acquisition of additional shares of a class of voting securities of a state member bank or bank holding company by any person (or persons acting in concert) who has lawfully acquired and maintained control of 10 percent or more of that class of voting securities either after filing the notice required under section 225.41(b)(2) of this subpart to acquire voting securities of the bank or bank holding company or in connection with an application approved under section 3 of the Bank Holding Company Act or section 18(c) of the Federal Deposit Insurance Act, if the aggregate amount of voting securities held following the acquisition is less than 25 percent of any class of voting securities of the institution.

AMENDMENT TO RULES REGARDING AVAILABILITY OF INFORMATION

The Board of Governors is amending 12 C.F.R. Part 261, its Rules Regarding Availability of Information; Freedom of Information Reform Act, to reflect changes in the direct costs to the Board to conduct searches, review documents, and copy documents in response to requests made under the Freedom of Information Act by adding an "Appendix A" to Section 261.10—Freedom of Information Fee Schedule.

Effective January 2, 1991 (comments must be received on or before January 2, 1991), 12 C.F.R. Part 261 is amended as follows:

Part 261—Rules Regarding Availability of Information

1. The authority citation for Part 261 continues to read as follows:

Authority: 5 U.S.C. 552, 12 U.S.C. 248(k), 321, and 1844.

2. Appendix A is added at the end of section 261.10 to read as follows:

Section 261.10—Fee schedules; waiver of fees

* * * * *

Appendix A to Section 261.10—Freedom of Information Fee Schedule

Duplication:	
Photocopy, per standard page	$ 0.10
Paper copies of microfiche, per frame	$ 0.10
Duplicate microfiche, per microfiche	$ 0.30
Search and Review:	
Clerical/Technical, hourly rate	$ 17.00
Professional/Supervisory, hourly rate	$ 32.00
Manager/Senior Professional, hourly rate	$ 53.00
Computer search and production:	
Operator search time, hourly rate	$ 25.00
Cassette tapes	$ 5.00
PC computer output, per minute	$ 0.10
Mainframe computer output	Actual Cost

Special Services:

The Secretary of the Board may agree to provide, and set fees to recover the costs of, special services not covered by the Freedom of Information Act, such as certifying records or information and sending records by special methods such as express mail. The Secretary may provide self-service photocopy machines and microfiche printers as a convenience to requesters.

Fee Waivers:

For qualifying educational and noncommercial scientific institution requesters and representatives of the news media, the Board will not assess fees for review time, for the first 100 pages of reproduction, or, when the records sought are reasonably described, for search time. For other noncommercial use requests, no fees will be assessed for review time, for the first 100 pages of reproduction, or for the first two hours of search time. For requesters qualifying for 100 free pages of reproduction, the fees for duplicate microfiche will be prorated to eliminate the charge for 100 frames.

The Board will waive in full fees that total less than $5.

The Secretary of the Board or his or her designee will also waive or reduce fees, upon proper request, if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government and is not primarily in the commercial interest of the requester. A fee reduction is available to employees, and applicants for employment who request records for use in prosecuting a grievance or complaint against the Board.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

BanPonce Corporation
Hato Rey, Puerto Rico

Order Approving Acquisition of a Bank and Merger of Banks

BanPonce Corporation, Hato Rey, Puerto Rico ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the shares of Banco Popular de Puerto Rico, Hato Rey, Puerto Rico ("Banco Popular"). In connection with the proposed acquisition, Banco de Ponce, Ponce, Puerto Rico, a state member bank subsidiary of Applicant, has applied under the Bank Merger Act (12 U.S.C. § 1828(c)) to merge with Banco Popular under the charter of Banco de Ponce.[1] In addition, Banco de Ponce has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to retain the United States branches of Banco Popular following the proposed merger. Banco de Ponce also has applied under section 24A of the Federal Reserve Act (12 U.S.C. § 371d) to make an additional investment

1. BanPonce proposes to effect the acquisition and merger through a series of transactions. In the first step, Newco, a wholly owned subsidiary of BanPonce, will merge with and into BanPonce, with BanPonce being the surviving corporation. Immediately after that merger, Banco Popular will merge into Banco de Ponce, and Banco de Ponce will change its name to Banco Popular de Puerto Rico.

in bank premises. In addition, Banco de Ponce has applied under section 25(a) of the Federal Reserve Act (12 U.S.C. § 611) to retain the United States Virgin Islands branches of Banco Popular following the proposed merger.[2]

Notice of the applications, affording interested parties opportunity to comment, has been duly published (55 *Federal Register* 26,775 (1990)). As required by the Bank Merger Act, reports of the competitive effects of the merger were requested from the United States Attorney General, the Office of 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 comments received in light of the factors set forth in section 3(c) of the BHC Act and in the Bank Merger Act.

Competitive Considerations

BanPonce is the fourth largest commercial banking organization in Puerto Rico, controlling deposits of $2.2 billion, representing approximately 9.8 percent of the deposits in commercial banks and savings banks ("bank deposits") in Puerto Rico. Banco Popular is the largest commercial bank in Puerto Rico, controlling deposits of $4.6 billion, representing approximately 20.2 percent of bank deposits in Puerto Rico. Upon consummation of the proposed transaction, BanPonce would become the largest commercial banking organization in Puerto Rico, controlling deposits of $6.8 billion, representing approximately 30.0 percent of the bank deposits in Puerto Rico.[3] Consummation of the proposal would not have a significantly adverse effect on the concentration of banking resources in Puerto Rico.

BanPonce and Banco Popular compete in all four banking markets in Puerto Rico[4] and in the Metropolitan New York banking market. In the Aguadilla market,[5] Applicant is the third largest of five commercial banking organizations, controlling deposits of $35.3 million, representing approximately 9.9 percent of the total deposits in commercial banking organizations in the market. Banco Popular is the largest commercial banking organization in the market, controlling deposits of $178.3 million, representing approximately 50.0 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market, controlling deposits of $213.6 million, representing approximately 59.9 percent of the total deposits in commercial banking organizations in the market. The Aguadilla banking market is considered to be highly concentrated. The Herfindahl–Hirschman Index ("HHI") would increase by 987 points to 4302 upon consummation of the proposal.[6]

Although consummation of the proposal would result in the elimination of competition in the Aguadilla banking market, the Board believes that a number of factors mitigate the potentially anticompetitive effects of this proposal. Following consummation, four commercial banking organizations and two thrift institutions would remain in the market. The Board believes that thrift institutions are active competitors in providing bank services in the Aguadilla banking market. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks.[7] In a limited number of decisions, the Board has considered 75 to 100 percent of a market's thrift deposits in analyzing the competitive effects of a proposed transaction.[8] Such Board decisions have emphasized that the subject thrifts not only were empowered to exercise virtually the same powers granted commercial banks, but also did in fact exercise such powers to a significant extent.

The record indicates that, in general, thrifts in Puerto Rico compete actively in the full range of banking products and services. Thrifts in Puerto Rico provide transaction as well as traditional savings accounts. In addition, thrifts in Puerto Rico are active in providing commercial and consumer loans. Commer-

2. Banco de Ponce has also applied under section 25 of the Federal Reserve Act (12 U.S.C. § 601) and section 211.4(f) of the Board's Regulation K (12 C.F.R. 211.4(f)) to acquire Consumer Services, Inc., a consumer finance company that is affiliated with Banco Popular.

3. Island-wide deposit data are as of September 30, 1989. All other deposit data are as of June 30, 1989.

4. The banking markets in Puerto Rico are Aguadilla, Mayaguez, Ponce, and San Juan.

5. The Aguadilla banking market is approximated by the Aguadilla Metropolitan Statistical Area ("MSA"), with the addition of the town of Rincon.

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

7. *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *First Union Corporation*, 76 *Federal Reserve Bulletin* 83 (1990); *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989).

8. *See, e.g., Centura Banks, Inc.*, 76 *Federal Reserve Bulletin* 869 (1990) (considering 75 percent of market thrift deposits); *Banknorth Group, Inc.*, 75 *Federal Reserve Bulletin* 703 (1989) (considering 100 percent of market thrift deposits).

cial lending constitutes on average 6.6 percent of the total assets of Puerto Rico thrifts, in comparison to an average of 2.8 percent of total assets for thrifts nationwide. Consumer lending constitutes on average 19.1 percent of the total assets of Puerto Rico thrifts, as compared with the average of 4.5 percent for thrifts nationally. In addition, thrifts in Puerto Rico on average devote only approximately 29.3 percent of their total assets to the traditional thrift activity of consumer real estate lending, a significantly lower percentage than the 45.6 percent average of thrifts nationwide. On the basis of the activities, size, number, and market shares of thrift institutions in Puerto Rico, the Board has concluded that thrift institutions exert a competitive influence that mitigates in part the potentially anticompetitive effects of this proposal.[9]

The Board has also considered the presence of savings and credit union cooperative societies ("cooperatives") in the Aguadilla banking market. Cooperatives are commonwealth-insured depository institutions unique to Puerto Rico.[10] Although they are membership organizations, few impose membership restrictions, and cooperatives are authorized to provide a full range of products and services to nonmembers. Cooperatives provide transaction accounts and are authorized to lend to both members and nonmembers for any purpose, including business purposes. In addition, the Puerto Rico Inspector of Cooperatives is authorized to grant broad lending authority, including commercial lending authority, to cooperatives upon request. The record indicates that cooperatives are significant providers of credit to individuals to fund small businesses in Puerto Rico. On the basis of the activities, size, number, and market shares of cooperatives in Puerto Rico, the Board has concluded that cooperatives exert a competitive influence that mitigates in part the potential anticompetitive effects of this proposal.[11]

In order to mitigate further the potential anticompetitive effects of this proposal, Applicant has committed to divest between $18.5 and $21.0 million of deposits in the Aguadilla market. Applicant has submitted a plan of divestiture and has commenced discussions with potential purchasers regarding the sale of the branch to be divested. Applicant expects to complete the divestiture within six months of the consummation of the proposal. Upon consummation of the planned divestiture and after consideration of thrift institutions and cooperatives, as discussed above, Applicant's *pro forma* market share would be 37.7 percent of market deposits and the HHI would increase by 200 points to 2166. The Board believes that the planned divestiture substantially mitigates the potential anticompetitive effects of the proposal. On the basis of the facts of record, including the divestiture plan, the competition offered by thrift institutions and cooperatives, the number of competitors remaining in the market, and other facts of record, the Board has concluded that consummation of the proposal is not likely to result in a significantly adverse effect on competition in the Aguadilla banking market.

In the Ponce banking market,[12] Applicant is the second largest of eight commercial banking organizations, controlling deposits of $132.5 million, representing approximately 18.4 percent of the total deposits in commercial banking organizations in the market. Banco Popular is the largest commercial banking organization in the market, controlling deposits of $260.5 million, representing approximately 36.1 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market, controlling deposits of $393.0 million, representing approximately 54.5 percent of the total deposits in commercial banking organizations in the market. The Ponce banking market is considered to be highly concentrated. The HHI would increase by 1328 points to 3500 upon consummation of the proposal.

The Board has considered a number of factors that mitigate the potentially anticompetitive effects of the proposal in this market. As discussed above, the record indicates that thrifts are active competitors in this market, and exert a considerable competitive influence in the Ponce market.[13] In addition, following

9. Thrift institutions exert a considerable competitive influence in the Aguadilla market. Commercial lending constitutes on average 9.5 percent of the total assets of Aguadilla thrifts, which is significantly greater than the national thrift average of 2.8 percent. Their average ratio of consumer loans to total assets is 17.3 percent, in comparison to the national thrift average of 4.5 percent. Aguadilla thrift institutions also provide approximately 13.0 percent of the market's consumer and small business transaction accounts. Upon consummation and after including 100 percent of the deposits of thrift institutions in market share calculation, the HHI would increase 583 points to 2993.

10. The Shares and Deposits Insurance Program, an agency of the Commonwealth of Puerto Rico, insures deposits in cooperatives to a maximum of $40,000 per person. P.R. Stat. Ann. tit. 7, § 1151(b).

11. Seven cooperatives compete with banks in the Aguadilla banking market, and they are significant competitiors in that market. Cooperatives account for 18.6 percent of total deposits in the market and, according to a survey conducted by the Federal Reserve Bank of Atlanta, cooperatives account for an estimated 24.4 percent of the consumer loans and 11.1 percent of small business loans in the market. Upon consummation and after including 50 percent of the deposits of cooperatives in the calculation of market share, the HHI would increase by 470 points to 2432.

12. The Ponce banking market is approximated by the Ponce MSA, with the addition of the towns of Adjuntas, Coamo, Guanica, Guaynilla, Peneulas, Santa Isabel, Villalba, and Yauco.

13. Commercial lending constitutes on average 10.5 percent of total assets of Ponce thrifts, which is significantly greater than the national thrift average of 2.8 percent. The average ratio of consumer loans to

consummation, seven commercial banks (including four large foreign banks) and two thrifts would remain in the market. For the reasons discussed above, the Board has also considered the presence of cooperatives, which are significant competitors for bank products and services in the Ponce banking market.[14]

In order to mitigate further the potential anticompetitive effects of this proposal, Applicant has committed to divest branches in the Ponce market that control deposits of approximately $70.0 million. Applicant has submitted a plan of divestiture and has commenced negotiations regarding the sale of the branches to be divested. Applicant expects to complete the divestitures within six months of consummation of the proposal. Upon consummation of the planned divestitures and after consideration of thrift institutions and cooperatives, as discussed above, Applicant's *pro forma* market share would be 29.1 percent of market deposits and the HHI would increase by 193 points to 1864. The Board believes that the planned divestiture substantially mitigates the potential anticompetitive effects of the proposal. On the basis of the facts of record, including the divestiture plan, the competition offered by thrift institutions and cooperatives, the number of competitors remaining in the market, and other facts of record, the Board has concluded that consummation of the proposal is not likely to result in a significantly adverse effect on competition in the Ponce banking market.

Applicant and Banco Popular also compete in the San Juan and Mayaguez, Puerto Rico; and New York, New York, banking markets. The San Juan[15] and Mayaguez[16] markets are moderately concentrated, and would remain moderately concentrated following consummation of the proposal.[17] In addition, a large number of competitors, including large foreign banks, would remain in the markets following consummation. The New York market is unconcentrated, and would remain so following consummation, with numerous competitors remaining in the market.[18] In light of the facts of record, the Board concludes that consummation of the proposal would not result in significantly adverse effects on competition in the San Juan, Mayaguez, or New York banking markets.

For these reasons, and based on all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market. In making this determination, the Board has relied on the plan of divestiture offered by Applicant and expects that Applicant will complete the planned divestitures within six months of consummation of the proposal.

Financial, Managerial, and Convenience and Needs Considerations

The financial and managerial resources and future prospects of Applicant, its subsidiary bank, and Banco Popular are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has reviewed the performance of both Banco de Ponce and Banco Popular under the Community Reinvestment Act (12 U.S.C. § 2901, *et seq.*) (the "CRA") and the Joint Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act (the "Joint Statement").[19] Applicant has initiated a plan that implements many of the elements of an effective CRA plan as outlined in the Joint Statement. The Board expects Applicant to continue the steps it has already taken in implementing this plan and intends to monitor Applicant's progress in connection with future proposals by Applicant. On the basis of the overall CRA records of Applicant and Banco Popular and

total assets is 18.3 percent, in comparison to the national thrift average of 4.5 percent. Ponce thrift institutions also provide approximately 11.5 percent of the consumer and small business transaction accounts in the market. Upon consummation of the proposal and after including 100 percent of the deposits of thrift institutions in the market share calculation, the HHI would increase 623 points to 2484.

14. Twenty-seven cooperatives compete with banks in the Ponce banking market. Cooperatives account for 10.0 percent of total deposits and, according to a survey conducted by the Federal Reserve Bank of Atlanta, cooperatives account for approximately 19.0 percent of the total consumer loans in the market. Upon consummation and after including 50 percent of the deposits of cooperatives in the calculation of market share, the HHI would increase by 560 points to 2231.

15. The San Juan banking market is approximated by the San Juan-Caguas Consolidated Metropolitan Statistical Area, with the addition of the Arecibo MSA and the following towns: Aibonito, Arroyo, Barranquitas, Ceiba, Ciales, Comerio, Guayama, Jayuya, Lares, Maunabo, Morovis, Naguabo, Orocovis, Patillas, Salinas, Utuado, and Yabucoa.

16. The Mayaguez banking market is approximated by the Mayaguez MSA, with the addition of the towns of Lajas, Las Marias, Maricao, and Sabana Grande.

17. In the San Juan market, upon consummation of the proposal and after including 100 percent of thrift deposits in the market share calculation, Applicant would become the largest of 25 commercial banking and thrift organizations, controlling 32.3 percent of bank deposits. The HHI would increase by 471 points to 1763. In the Mayaguez banking market, upon consummation of the proposal and after including 100 percent of thrift deposits in the market share calculation, Applicant would become the largest of ten commercial banking and thrift organizations, controlling 26.0 percent of bank deposits. The HHI would increase by 319 points to 1755.

18. The New York, New York banking market is approximated by New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey: and part of Fairfield County in Connecticut. Upon consummation, the HHI would increase by less than 1 point to 663.

19. The Community Coalition for Fair Banking of East Harlem ("CCFB") submitted comments critical of the CRA performance of the New York branches of both Applicant and Banco Popular. Following discussions with Applicant and Banco Popular, CCFB has withdrawn its comments.

other facts of record, the Board concludes that convenience and needs considerations, including the records of performance under the CRA of both Applicant and Banco Popular, are consistent with approval of these applications.

International Banking Act Considerations

As banks chartered in Puerto Rico, Banco de Ponce and Banco Popular are deemed to be foreign banks for purposes of the requirements of the International Banking Act of 1978 ("IBA"). Applicant and Banco de Ponce have selected New York as their home state for purposes of section 5 of the IBA, and, consistent with that section, Banco de Ponce currently operates 14 state-licensed branches in New York, New York. Banco Popular has selected Illinois as its home state, and operates a branch in Chicago, Illinois, as well as eight state-licensed branches in New York; a branch in Los Angeles, California; and a limited purpose agency in Florida. Banco Popular is permitted to retain its branches in New York and California pursuant to section 5(b) of the IBA, which permits foreign banking organizations to continue to operate branches established before July 27, 1978, outside their home state. 12 U.S.C. § 3103(b).

Following consummation of the proposed transactions, Applicant and Banco de Ponce, the bank that will survive the proposed merger, propose to continue to designate New York as their home state for purposes of section 5 of the IBA. Accordingly, Banco de Ponce may retain all of its domestic branches as well as the branches of Banco Popular in New York.

Applicant contends that, following the bank merger, the resulting bank should also be permitted to retain the branches of Banco Popular in California and Illinois. Applicant argues that a foreign bank that results from the merger of two foreign banks should be permitted to retain all of the branches in the United States of each of the merging banks. In the alternative, Applicant argues that the resulting foreign bank should be permitted to choose to retain the grandfather rights of either of the merging banks.

Section 5 of the IBA generally provides that no foreign bank may establish and operate a branch outside of its home state unless operation of the branch is expressly permitted by state law and the foreign bank agrees to limit the deposit-taking activities of that branch to those permissible for an Edge corporation. 12 U.S.C. § 3103. The Board has previously determined that grandfather rights to retain branches established outside of a foreign bank's home state before July 27, 1978, are extinguished when that foreign bank is acquired by another foreign banking institution.[20] In its previous review of this question, the Board noted that a broad interpretation of section 5 of the IBA to permit a foreign bank to operate a branch established by another bank prior to the relevant grandfather date would allow foreign banks to acquire extensive branch networks in the United States outside of the foreign bank's home state, and beyond the branching networks grandfathered in the IBA. This result is contrary to the purpose of section 5 of the IBA of limiting the branching activities of foreign banks outside their home states, and would give foreign banks a significant competitive advantage over domestic banks in establishing new interstate branch networks in the United States that was not intended by the IBA.[21]

For these reasons, and consistent with its previous decisions, the Board has determined that the grandfather privileges accorded to Banco Popular to operate a branch in California would not survive the merger of Banco Popular into Banco de Ponce. Because the home state for Banco de Ponce would continue to be New York following the merger, the resulting bank would be without authority under the IBA to operate a branch in Illinois. Accordingly, Applicant must divest or conform the activities of the California and Illinois branches of the resulting bank within six months of consummating the proposed merger.

Other Considerations

Applicant has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*) to retain the Banco Popular branches located in New York following the merger. The Board has considered the factors it is required to consider when reviewing applications for the establishment of branches pursuant to section 9 of the Federal Reserve Act and finds those factors to be consistent with approval.

Applicant also has requested permission under section 24A of the Federal Reserve Act (12 U.S.C. § 371d) to make an additional investment in bank premises in connection with this proposal. The Board concludes that Applicant's additional investment in bank premises is consistent with approval.

Applicant also has applied under section 25 of the Federal Reserve Act (12 U.S.C. § 601 *et seq.*) to retain the branches of Banco Popular located in the United

20. *See The Mitsui Bank, Limited*, 76 *Federal Reserve Bulletin* 381 (1990) (merger of two foreign banking organizations); *Lloyds Bank Plc*, 72 *Federal Reserve Bulletin* 841 (acquisition of stock of a second foreign bank) (1986). The Board has reached this conclusion both when the acquisition has been a stock acquisition in which both foreign banks survive, and in the case of a merger of two foreign banks in their home country in which only one institution would survive.

21. *See Lloyds Bank Plc*, 72 *Federal Reserve Bulletin* 841 (1986).

States Virgin Islands following the merger. The Board concludes that Applicant's retention of these branches is consistent with approval.

Applicant also has applied under section 25 of the Federal Reserve Act for permission to acquire Consumer Services, Inc., through the resulting bank. Applicant has agreed to conform the activities of Consumer Services, Inc. to the requirements of section 25 of the Federal Reserve Act and the Board's Regulation K. The Board concludes that Applicant's acquisition of Consumer Services, Inc. is consistent with approval and with the purposes of the Federal Reserve Act.

On the basis of the foregoing and other facts of record, including the commitments and divestiture proposals made in this case by Applicant, the Board has determined that the applications should be, and hereby are, approved. The transactions shall not be consummated before the thirtieth day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 5, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Chemical Banking Corporation New York, New York

Texas Commerce Bancshares, Inc. Houston, Texas

Texas Commerce Equity Holdings, Inc. Wilmington, Delaware

Order Approving Formation of Bank Holding Company and Acquisition of Banks

Chemical Banking Corporation, New York, New York ("Chemical"), and Texas Commerce Bancshares, Inc., Houston, Texas ("Texas Commerce"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire, as part of a corporate reorganization, a wholly owned new subsidiary, Texas Commerce Equity Holdings, Inc., Wilmington, Delaware ("Equity Holdings"). Equity Holdings would become a bank holding company by acquiring all of the voting shares of Texas Commerce's subsidiary banks located in Texas.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (55 *Federal Register* 31,231 (1990)). 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.

Chemical, with total consolidated assets of $75.2 billion, is the sixth largest banking organization in the nation.[2] Chemical operates banking subsidiaries in New York, New Jersey, Delaware, and Texas, and engages through certain other subsidiaries in a variety of nonbanking activities. In Texas, where it operates 18 banks, Chemical has total assets of $16.9 billion and is the second largest banking organization. This proposal represents a corporate reorganization.

The Board has received comments alleging that two Texas Commerce subsidiary banks, Texas Commerce Bank-Houston, Houston, Texas ("TCB-Houston"), and Texas Commerce Bank-Rio Grande, National Association, McAllen, Texas ("TCB-Rio Grande"), have been unresponsive in meeting the credit needs of their local communities. The comments regarding TCB-Houston are based on a non-profit organization's business dealings with the bank to secure loans and grants from the bank for community projects.[3] The comments regarding TCB-Rio Grande allege deficiencies in the bank's service to the Hispanic community, especially small businesses.[4]

The Board has carefully reviewed these comments in considering whether this proposal is consistent with the convenience and needs of the community to be served. This review requires the Board to take into account the record of Chemical's and Texas Commerce's subsidiary banks under the Community Rein-

1. This reorganization is for the purpose of reducing corporate tax liability and does not represent an expansion of existing activities.

2. All financial data are as of June 30, 1990.

3. Freedmen's Town Association, Inc. ("FTA") is a non-profit organization supporting economic and social development in Freedmen's Town, a community of predominately low- and moderate-income black residents. Although FTA has been unsuccessful in obtaining loans for proposed projects or substantial grants, including foreclosed real property, from the bank, TCB-Houston has contributed approximately $9,000 to FTA as grants and reimbursement for loan application expenses. FTA also alleges that TCB-Houston's CRA officer recommends funding for projects on a discriminatory basis.

4. According to the individual commenting, TCB-Rio Grande's Hispanic loan officers are inadequately trained to receive and process loan applications. In addition, the commenter generally criticizes the bank's visitation program to the Hispanic small business community and states that Hispanics are inadequately represented on TCB-Rio Grande's board of directors. Finally, the commenter alleges that loan procedures and required documentation are applied in a discriminatory manner against Hispanic borrowers.

vestment 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.[5]

The Board has carefully reviewed the CRA performance record of TCB-Houston and TCB-Rio Grande, as well as the responses to those comments by applicants, 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").[6] 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. The Agency CRA Statement also indicates that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance, and will be based on the actual record of performance of the institution.[7]

Initially, the Board notes in this case that TCB-Houston and TCB-Rio Grande have received satisfactory ratings from their primary regulator in the most recent examination of their CRA performance.[8] The Agency CRA Statement provides that, although CRA examination reports do not provide conclusive evidence of an institution's CRA record, these reports will be given great weight in the application process.[9]

The record also indicates that substantially all of Chemical's subsidiary banks outside of Texas, controlling substantially all of Chemical's assets, have received satisfactory ratings from their primary regulators during the most recent examinations of each bank's CRA performance.[10] In addition, all banking subsidiaries of Texas Commerce, except one subsidiary, have received satisfactory CRA performance ratings in recent CRA examinations of these institutions.[11]

In addition, Texas Commerce has put in place various elements outlined in the Agency CRA Statement that contribute to an effective CRA program. Specifically, Texas Commerce has established a program for reviewing and supervising the CRA programs of its subsidiary banks, including a training program that increases CRA awareness throughout the system at officer and staff levels. This program includes regular review of reports made by each subsidiary bank to Texas Commerce concerning the bank's CRA program, and annual review of each bank's CRA statement. Texas Commerce provides information to subsidiary banks regarding evolving areas of emphasis under the CRA, and suggests guidelines to assure that subsidiary banks are meeting their responsibilities to the community under the CRA.

Regarding TCB-Houston CRA programs, the bank has formed a CRA Board Committee of outside directors and has established an Advisory Council composed of representative community leaders. In addition, TCB-Houston has established several programs aimed at serving the needs of low- and moderate-income residents in its community.[12] TCB-Houston has special mortgage, checking account, and student loan programs that are targeted to low- and moderate-income individuals in bilingual promotional materials. The bank also makes grants to specific community organizations.[13]

TCB-Rio Grande's board of directors has established a committee to oversee its CRA program by meeting quarterly and reporting to the full board of directors as well as a CRA self-assessment program to meet the needs of its community, especially Hispanic

5. 12 U.S.C. § 2903.
6. 54 *Federal Register* 13,742 (1989).
7. *Id.*
8. The Board also notes that the record contains no evidence to support protestants' allegations of discriminatory practices by officers of TCB-Houston and TCB-Rio Grande.
9. 54 *Federal Register* at 13,745.

10. The CRA performance of one of Chemical's recently formed subsidiary banks has never been examined.
11. The subsidiary bank with a less than satisfactory rating accounts for less than 2 percent of the total assets of Texas Commerce. The Board notes that Texas Commerce has taken steps to improve the CRA performance of this bank, and the Board expects that Texas Commerce will continue to improve the CRA performance of this bank.
12. For example, TCB-Houston's three-year commitment to New Foundations, a program established in conjunction with the United Way of Houston to support community-based groups working to build affordable housing in Houston, totals $216,000.
13. In 1989, TCB-Houston contributed $20,000 to Sunnyside Up, an organization placing individuals in formerly vacant homes as part of a rent-to-buy program. This year, the bank contributed a single family dwelling and $15,000 to Houston Habitat for Humanity, a non-profit organization, to assist disadvantaged individuals to build and own homes.

residents.[14] The bank uses a variety of means to market its products and services to Hispanic businesses and to determine their credit needs.[15] The officers and directors of TCB-Rio Grande are active in promoting minority business in the community, including a loan call program targeted to Hispanic businesses.[16] The bank estimates that it will make calls on over 1,000 Hispanic small businesses in 1990.

Based on the record of this case, including the past CRA performance of TCB-Houston and TCB-Rio Grande, the generally satisfactory record of performance under the CRA as indicated by the examination ratings received by substantially all of Chemical's banks, and the actions taken by Texas Commerce in the past to address deficiencies identified in its CRA performance record, the Board concludes that considerations relating to the convenience and needs of the community to be served are consistent with approval.

The Board has also considered the competitive aspects of this reorganization, as well as the financial, managerial and future prospects of the applicants. After reviewing all of these factors, and based on all of the facts of record, the Board has determined that the application should be, and hereby is, approved. This 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, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 30, 1990.

Voting for this action: Chairman Greenspan and Governors Seger, Angell, LaWare, and Mullins. Abstaining from this action: Governor Kelley.

JENNIFER J. JOHNSON
Associate Secretary of the Board

14. The senior lending officer and executive vice president of the bank is Hispanic, as are three of the bank's eleven directors.

15. TCB-Rio Grande's primary consumer brochures for basic checking, special mortgages and student loans are available in all branches in Spanish and English.

16. In addition to the Hispanic community, TCB-Rio Grande assists other minority businesses. The bank and The Brownsville Minority Business Development Center ("MBDC"), an organization which focuses on preparing loan packages for area minority business ventures, have worked together since the MBDC began its Brownsville operation in late 1988. The bank meets periodically with MBDC to review services and loan packages available to small minority businesses. The bank's commercial loan officers also periodically meet with the staff of The Center of Entrepreneurship and Economic Development to discuss loan proposals and small business loan services. TCB-Rio Grande is also involved in other loan programs aimed at minority small businesses and is in the preferred lending program of the Small Business Administration.

First Community Bancshares, Inc.
Milton, Wisconsin

Order Approving Acquisition of Shares of a Bank

First Community Bancshares, Inc., Milton, Wisconsin ("First Community"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire up to 24.9 percent of the outstanding voting shares of Ottawa National Bank, Ottawa, Illinois ("Ottawa Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (55 *Federal Register* 32,304 (1990)). The time for filing comments has expired, and the Board has considered the application and all comments received, including comments by Ottawa Bank ("Protestant") opposing this proposal, in light of the factors set forth in section 3(c) of the BHC Act.[1]

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which bank is located, by language to that effect and not merely by implication."[2] First Community's home state is Wisconsin,[3] Ottawa Bank's home state is Illinois. The Board has determined that the interstate banking statutes of Illinois and Wisconsin expressly authorize a Wisconsin bank holding company, such as First Community, to acquire banking organizations in Illinois.[4] In light of the foregoing, the Board has determined that its approval of the proposal is not barred by the Douglas Amendment.

The Board has previously indicated that the acquisition of less than a controlling interest in a bank is not a normal acquisition for a bank holding company.[5]

1. An Ottawa resident also has protested the application on the grounds that, in the past, banking services to the local community have in the past diminished when banks are acquired by institutions located outside the community and reorganized. As discussed in this order, however, First Community will not exercise a controlling influence over Ottawa Bank. In addition, First Community has committed that it will do nothing to affect the level of services provided to the local community.

2. 12 U.S.C. § 1842(d).

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

4. *First Interstate Corporation of Wisconsin*, 76 *Federal Reserve Bulletin* 375 (1990).

5. *State Street Boston Corporation*, 67 *Federal Reserve Bulletin* 862, 863 (1981).

However, the requirement in section 3(a)(3) of the BHC Act that the Board's approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank suggests that Congress contemplated the acquisition by bank holding companies of between 5 percent and 25 percent of the voting shares of banks. Moreover, nothing in section 3(c) of the BHC Act requires denial of an application solely because a bank holding company proposes to acquire less than a controlling interest in a bank or a bank holding company. On this basis, the Board has previously approved the acquisition by a bank holding company of less than a controlling interest in a bank.[6] For these reasons, the Board concludes that the purchase by First Community of less than a controlling interest in Ottawa Bank is not a factor that, by itself, warrants denial of this application.

Protestant argues that, through the control of 24.9 percent of the voting shares of Ottawa Bank, First Community will be able to exercise a controlling influence over Ottawa Bank because the Articles of Association of Ottawa Bank require approval of 75 percent of the shares voting at a meeting to approve any proposed shareholder action to merge, consolidate or exchange the shares of Ottawa Bank. First Community contends that it has no intention to exercise a controlling influence over Ottawa Bank and has offered a number of commitments that the Board has previously found helpful in determining that an investing bank holding company will not be able to exercise a controlling influence over another bank for purposes of the BHC Act.[7] In particular, First Community has committed not to:

(1) take any action causing Ottawa Bank to become a subsidiary of First Community;

(2) acquire or retain shares that would cause the combined interest of First Community and its officers, directors and affiliates to equal or exceed 25 percent of the outstanding voting shares of Ottawa Bank;

(3) exercise or attempt to exercise a controlling influence over the management or policies of Ottawa Bank;

(4) seek or accept representation on the board of directors of Ottawa Bank:

(5) have or seek to have any employees or representatives serve as an officer, agent or employee of Ottawa Bank;

(6) propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or board of directors of Ottawa Bank;

(7) solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Ottawa Bank;

(8) attempt to influence the dividend policies or practices of Ottawa Bank;

(9) attempt to influence the loan and credit decisions or policies of Ottawa Bank, the pricing of services, any personnel decision, the location of any offices, branching, the hours of operation or similar activities of Ottawa Bank;

(10) enter into any other banking or nonbanking transactions with Ottawa Bank, except in the ordinary course of business and on substantially the same terms as comparable transactions entered into with other unaffiliated banks; or

(11) without the prior written approval of the Board, dispose or threaten to dispose of shares of Ottawa Bank in any manner as a condition of specific action or nonaction by Ottawa Bank.

The Board also has relied on these commitments to address concerns that a shareholder may attempt to exercise control over issues requiring a two-thirds vote of shareholders in light of historical voting patterns of a bank holding company's shareholders.[8] Accordingly, based on the facts of record, including commitments by First Community, the Board does not believe that First Community would acquire control of Ottawa Bank for purposes of the BHC Act through this transaction.[9] The Board notes, however, that this determination does not preclude the Board from initiating a control proceeding under the BHC Act later if

6. *See, e.g., Marine Midland Banks, Inc.*, 75 *Federal Reserve Bulletin* 455 (1989) (retention of warrants to acquire up to 24.99 percent of the voting shares of a bank holding company); *Midlantic Banks, Inc.*, 70 *Federal Reserve Bulletin* 776 (1984) (acquisition of 24.9 percent of the voting shares of a bank holding company); *Comerica Incorporated*, 69 *Federal Reserve Bulletin* 911 (1983) (acquisition of 21.6 percent of the voting shares of a bank).

7. *See, e.g., First State Corporation*, 76 *Federal Reserve Bulletin* 376 (1990); *United Counties Bancorporation*, 75 *Federal Reserve Bulletin* 714 (1989); *The Summit Bancorporation*, 75 *Federal Reserve Bulletin* 712 (1989).

8. *See* letter dated August 5, 1987, from James McAfee, Associate Secretary of the Board, to H. Rodgin Cohen, Esq.

9. Protestant also has requested that the Board hold a public hearing in this case. Generally under the Board's rules, the Board may, in its discretion, hold a public hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. §§ 262.3(e) and 262.25(d).

The Board has carefully considered the Protestant's request for a public hearing in this case. In the Board's view, the parties have had ample opportunity to present their arguments in writing and to respond to one another's submissions, and have submitted substantial written comments that have been considered by the Board. In light of these facts, the Board has determined that a public hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, Protestant's request for a public hearing on this application is hereby denied.

facts indicate that First Community controls Ottawa Bank for purposes of the BHC Act.[10]

Section 3(c) of the BHC Act requires the Board in every case under section 3 of the BHC Act to analyze competitive, financial, managerial, future prospects, and convenience and needs considerations. In accordance with the terms of this section of the BHC Act, the Board has considered these factors in its analysis of this application, even though First Community's proposal involves the acquisition of less than a controlling interest in Ottawa Bank.[11]

First Community is the 260th largest commercial banking organization in Wisconsin, controlling one bank subsidiary with $18 million in deposits, representing less than one percent of total deposits in commercial banking organizations in Wisconsin.[12] Ottawa Bank is the 393rd largest commercial banking organization in Illinois, controlling deposits of $41.2 million, representing 0.3 percent of total deposits in commercial banking organizations in Illinois. Consummation of this proposal would not have a significantly adverse effect on the concentration of commercial banking resources in Wisconsin or Illinois.

First Community and Ottawa Bank do not compete directly in any banking markets. However, Marseilles Bancorporation, Inc., Marseilles, Illinois ("Marseilles"), a bank holding company controlled by a principal of First Community, does compete with Ottawa Bank in the La Salle banking market.[13] Marseilles, a one-bank holding company controlling Union National Bank of Marseilles, Marseilles, Illinois, is the 16th largest commercial banking organization in the market, controlling deposits of $15.6 million, representing 1.6 percent of total deposits in commercial banking organizations in the market. Ottawa Bank is the ninth largest commercial banking organization in the market, controlling deposits of $41.2 million, representing 4.3 percent of total deposits in commercial banking organizations in the market. If considered a combined banking organization upon consummation of the proposal, First Community would become the seventh largest commercial banking organization in the market, controlling $56.8 million in deposits, representing 5.9 percent of total deposits in commercial banking organizations in the market. The market is not concentrated and the Herfindahl–Hirschman Index ("HHI") would increase by 14 points to 893 upon consummation of this proposal.[14] Based on these and other facts of record, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition in the La Salle banking market.

On the basis of all of the facts of record, and after careful review of the comments submitted by Protestant, the Board believes that the financial and managerial resources of First Community, its subsidiary bank, and Ottawa Bank and the future prospects of these organizations are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective November 26, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

First Hawaiian, Inc.
Honolulu, Hawaii

Order Approving the Acquisition of a Bank Holding Company

First Hawaiian, Inc., Honolulu, Hawaii ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire First Interstate of Hawaii, Inc., Honolulu, Hawaii ("FIH"), and thereby indirectly acquire FIH's subsidiary bank, First Interstate Bank of Hawaii, Honolulu, Hawaii ("Bank").[1] Applicant has also applied to acquire indi-

10. The Board notes that the Douglas Amendment would not bar Board approval of a proposal by First Community to acquire control of Ottawa Bank for the reasons set forth above.

11. *State Street Boston Corporation, supra.* In the event that First Community would be required to submit an application for such an acquisition, and the Board would reexamine the competitive effects of such an acquisition as well as all of the other factors in section 3(c) of the BHC Act in view of the new facts and circumstances.

12. All data are as of June 30, 1990.

13. The La Salle banking market consists of La Salle County, Illinois.

14. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is below 1000 is considered unconcentrated, and the Department of Justice will not challenge a merger with a post-merger HHI below 1000, except in extraordinary circumstances.

1. Applicant proposes to effect the acquisition of FIH through the merger of a newly-formed direct subsidiary of Applicant with FIH.

rectly the shares of FIH International, Inc., a corporation chartered pursuant to section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*) (the "Edge Act").

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (55 *Federal Register* 18,177 (1990)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including comments from the United States Department of Justice, in light of the factors set forth in section 3(c) of the BHC Act.

Competitive Considerations

Section 3(c)(2) of the BHC Act provides that the Board may not approve an application by a bank holding company to acquire another bank holding company if the effect of the acquisition in any section of the country "may be substantially to lessen competition . . . unless [the Board] finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." 12 U.S.C. § 1842(c)(2). In order to determine whether a particular transaction is likely to lessen competition and, consequently, would be prohibited under the BHC Act, it is necessary first to determine the area of effective competition between the parties. The courts have determined that the area of effective competition is decided by reference to the "line of commerce" or product market, and a geographic market.

Product Market

The Board traditionally has recognized that the appropriate product market for evaluating bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions.[2] The Supreme Court has emphasized that it is this cluster of products and services that as a matter of trade reality makes banking a distinct line of commerce.[3] According to the Court, this clustering facilitates the convenient access to these products and services, and vests the cluster with economic significance beyond the individual products and services that constitute the cluster.[4] The courts have continued to follow this position.[5]

A recent study conducted by Board staff supports the conclusion that customers still seek to obtain this cluster of services.[6] In particular, the businesses surveyed tended to purchase other banking products and services from the financial institutions where they maintained their primary transaction accounts.[7] Consistent with these precedents and the recent staff study, and on the basis of the facts of record in this case, the Board believes that the cluster of banking products and services represents the appropriate line of commerce for analyzing the competitive effects of this acquisition proposal.[8]

Geographic Market

Once the relevant line of commerce or product market has been defined, the appropriate geographic market in which competition for the supply and demand of this line of commerce occurs must be defined. In defining the relevant geographic market, the Board consistently has sought to identify the area in which the cluster of products and services is provided by the competing institutions and in which purchasers of the products and services seek to obtain these products and services.[9] The Supreme Court has indicated that

FIH would be the surviving corporation, thereby becoming a wholly owned subsidiary of Applicant.

2. *The Bank of New York Company, Inc.*, 74 *Federal Reserve Bulletin* 257, 261 (1988).

3. *United States v. Philadelphia National Bank*, 374 U.S. 321, 357 (1963) ("*Philadelphia National*"). *Accord United States v. Connecticut National Bank*, 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank*, 399 U.S. 350 (1969) ("*U.S. v. Phillipsburg*").

4. *U.S. v. Phillipsburg*, 399 U.S. at 361 (1969).

5. *See United States v. Central State Bank*, 621 F.Supp. 1276 (W.D. Mich. 1985), *aff'd per curiam*, 817 F.2d 22 (6th Cir. 1987).

6. Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Small- and Medium-Sized Businesses*, 76 *Federal Reserve Bulletin* 726 (1990).

7. According to the study, businesses surveyed obtained a mean of 2.29 services from financial institutions where they maintained transaction accounts and a mean of 1.08 services from institutions where the businesses did not maintain transaction accounts. The study also concluded that, on average, businesses surveyed obtained 2.37 services from their primary financial institutions.

8. The Board believes that its practice of recognizing the significant competitive influence of thrift institutions in analyzing bank acquisition proposals is consistent with its definition of the relevant product market. As the Board previously has explained, thrift institutions have been granted statutory authority in recent years to offer virtually all of the products and services that previously were available only through commercial banks, including authority to offer personal and commercial transaction accounts, to make all types of commercial and consumer loans, and to engage in certain leasing, credit card, and other activities. *WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *First Union Corporation*, 76 *Federal Reserve Bulletin* 83 (1990); *Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989). As noted below, thrift institutions do in fact exercise these broader powers to compete directly in providing the full cluster of banking products and services. Thus, inclusion of thrift institutions in the analysis of the competitive effects of bank acquisition proposals reflects the fact that thrift institutions have become significant participants in marketing the cluster of products and services.

9. *See, e.g., Sunwest Financial Services, Inc.*, 73 *Federal Reserve Bulletin* 463 (1987); *Pikeville National Corporation*, 71 *Federal Reserve Bulletin* 240 (1985); *Wyoming Bancorporation*, 68 *Federal Reserve Bulletin* 313 (1982), *aff'd*, 729 F.2d 687 (10th Cir. 1984).

this is the area in which the effect of an acquisition will be direct and immediate.[10] In applying these standards to bank acquisition proposals, the Board and the Court consistently have held that the geographic market for the cluster of services is local in nature.[11]

In applying these principles in Hawaii, the Board previously has identified five local geographic markets in Hawaii in which effects of bank expansion proposals on competition must be analyzed.[12] The Board's definitions of Hawaii's local banking markets are based on a number of factors, including an analysis of relevant commuting data, recognition of the state's mountainous island geography, the economic integration of the local areas identified as banking markets, and evidence that banking customers actually conduct most of their banking business in local markets.[13]

Based on these and all of the other facts of record, the Board continues to believe that Hawaii comprises five local markets and that the record in this case supports a competitive analysis based on these five local markets.

Competitive Analysis

Applicant is the second largest commercial banking organization in Hawaii, controlling deposits of $4.5 billion, representing approximately 32.3 percent of the total deposits in commercial banking organizations in the state. FIH is the fourth largest commercial banking organization in Hawaii, controlling deposits of $770.9 million, representing approximately 5.6 percent of the total deposits in commercial banking organizations in the state. Upon consummation of the proposal and all planned divestitures, Applicant would remain the second largest banking organization in Hawaii, controlling deposits of approximately $5.2 billion, representing approximately 37.3 percent of the total deposits in commercial banking organizations in the state.[14]

Applicant and FIH compete directly in all five banking markets in Hawaii. In the Maui banking market,[15] Applicant is the second largest of six commercial banking organizations, controlling deposits of $316.1 million, representing approximately 37.6 percent of the total deposits in commercial banks in the market. FIH is the third largest commercial banking organization in the market, controlling deposits of $52.3 million, representing approximately 6.2 percent of the total deposits in commercial banks in the market. The Maui banking market is considered to be highly concentrated. Upon consummation of the proposal, Applicant would control approximately 43.8 percent of the total deposits in commercial banks in the market, and the Herfindahl–Hirschman Index ("HHI") would increase by 467 points to 4313.[16]

There are a number of other significant and relevant factors that must be considered in analyzing the effects of this proposal on competition in this market. First, Applicant has committed to divest two branches of Bank in this market, controlling approximately $27.5 million in deposits, to either a smaller competitor in the market or a new entrant into the market.[17] With

10. *Philadelphia National*, 374 U.S. at 357 (1963). In that case, the Court stated that the "area of effective competition in the known line of commerce must be charted by careful selection of the market area in which the seller operates, *and to which the purchaser can practicably turn for supplies*." *Id.* at 359 (emphasis in original) (quoting *Tampa Electric Co. v. Nashville Coal Co.*, 365 U.S. 320, 327 (1961)).

11. *Philadelphia National*, 374 U.S. at 361 (1963). The Court has reasoned that banking is a service industry in which "convenience of location is essential to effective competition," and that "the factor of inconvenience localizes banking competition as effectively as high transportation costs in other industries." *Id.* at 358.

12. *Bancorp Hawaii, Inc.*, 76 *Federal Reserve Bulletin* 759 (1990). The following are the banking markets identified by the Board in Hawaii: Honolulu; Maui; East Hawaii Island; West Hawaii Island; and Kauai.

13. Data on commuting patterns in Hawaii reveal negligible inter-island commuting. For example, only 4.0 percent of the workers living on Kauai work on another island; 3.2 percent of Oahu workers work on another island; and 1.4 percent of workers in Maui County (comprising the islands of Maui, Molokai, and Lanai) work outside of Maui County.

This evidence was confirmed by a telephone survey conducted by the Federal Reserve Bank of San Francisco, which found that banking markets in Hawaii tend to be limited to either a major island, or a major island and certain dependent islands that are not individually large enough to support economically distinct local markets. All of the consumers surveyed reported that they maintain their primary transaction accounts within local markets. All of the businesses surveyed maintained their primary transaction accounts with the local offices of depository institutions, and all the businesses that borrowed from depository institutions received their loans from local offices. In addition, only three of the 25 businesses surveyed reported that depository institutions located outside their local markets had solicited them for banking business.

14. State deposit data are as of June 30, 1990; market specific deposit data are as of June 30, 1989.

15. The Maui banking market is approximated by Maui County, Hawaii, which is coextensive with the Islands of Maui, Molokai, and Lanai.

16. 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 Department of Justice is likely to challenge a merger that increases the HHI by more than 50 points. The Department of Justice has informed the Board that, as a general matter, a bank merger or acquisition will not be challenged, in the absence of other factors indicating anticompetitive effects, unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities. As explained below, the Justice Department has indicated that it believes that the more lenient thresholds normally applied in bank merger cases are not applicable in this case.

17. Applicant has submitted a plan of divestiture and has commenced discussions with potential purchasers regarding the sale of the branches discussed in this Order. Applicant has committed that it will obtain signed agreements for each of the proposed divestitures prior to consummating the acquisition of FIH. The Board expects that the proposed divestitures will be consummated within six months of

this proposed divestiture, the HHI would increase by at most 233 points as a result of consummation of this acquisition.[18]

The Board also believes that thrift institutions must be recognized as competitors in the market. As explained above, the Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. During the evolutionary period of the past several years in which thrifts have begun to act in the marketplace increasingly like banks, the Board's practice has been to shade down the market share of banks to account for the growing competition from thrifts. Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. In this case, the Board notes that the thrifts in Hawaii in fact offer all or virtually all of the cluster of products and services, and that one thrift, American Savings Bank, has a significant portion of its portfolio invested in commercial loans.[19] The Board believes that the actual provision of most of these products and services by thrifts in Hawaii as well as the potential that these institutions will exercise their existing authority to expand these activities justify including thrift institutions on at least a 50 percent weighted basis in the calculation of market share in each banking market in this case.[20] Upon consummation of the proposal and the planned divestitures, and after including 50 percent of market thrift deposits in the calculation of market share, the HHI in the Maui banking market would increase by at most 183 points to 3131.[21]

In addition, the Board notes that five commercial banks, including the largest banking organization in Hawaii, and five thrift institutions, including a large thrift institution owned by the current owners of Bank, would remain in the market following consummation of this proposal. Credit unions and industrial loan companies also have a strong presence in the market.[22]

In light of these and all of the other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in the Maui banking market.

In the East Hawaii Island market,[23] Applicant is the second largest of six commercial banking organizations, controlling deposits of $192.8 million, representing approximately 34.1 percent of the total deposits in commercial banks in the market. FIH is the fourth largest commercial bank in the market, controlling deposits of $30.4 million, representing approximately 5.4 percent of the total deposits in commercial banks in the market. The East Hawaii Island banking market is considered to be highly concentrated. Upon consummation of the acquisition, Applicant would control approximately 39.5 percent of the market deposits and the HHI would increase by 367 points to 3956.

Applicant has committed to divest a branch office controlling approximately $17.9 million in deposits in the East Hawaii Island banking market. Following this divestiture, the HHI in this market would increase by at most 181 points to 3770.[24]

For the reasons discussed above, the Board also has considered the competitive influence of thrift institutions in this market. After including 50 percent of the market thrift deposits in the calculation of market share and the planned divestiture in this market, the HHI would increase by at most 121 points to 2909.[25]

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consummation of the proposal. Should any divestiture agreement be terminated without consummation of the planned divestiture, Applicant will assign the assets and liabilities of the branch being divested to an independent trustee with irrevocable instructions to sell the branch immediately.

18. Applicant has committed to sell these branches, and each of the other branches that it proposes to divest, to purchasers that are new entrants into the market or that control a smaller market share than Applicant. The increase in the HHI in the Maui banking market as a result of this proposal would be 202 points if these branches are sold to a new entrant into the market.

19. The Department of Justice suggests that only thrift institutions that conduct a significant amount of commercial lending should be included in the analysis of the competitive effects of this proposal. The Department contends that recent changes in federal legislation regulating the activities of thrift institutions and the costs associated with developing a commercial lending business make it unlikely that thrift institutions will respond to any anticompetitive price manipulation in the commercial lending market.

The record indicates that thrift institutions in Hawaii provide the full range of banking products and services, including providing FDIC-insured transaction accounts, consumer loans, commercial real estate loans and other commercial loans, as well as mortgage and home improvement loans. The Board does not believe that enactment of the Financial Institutions Reform, Recovery, and Enforcement Act or its implementing regulations will prevent thrift institutions from exercising their authority to offer bank products and services, including commercial loans, in competition with banks.

20. The Board has recognized in other cases that thrifts in certain markets compete fully with banks and should be fully weighted in analyzing the competitive effect of bank expansion proposals. *See, e.g., BanPonce Corporation*, 77 *Federal Reserve Bulletin* 43 (1991); *Fleet Financial Group, Inc.*, 74 *Federal Reserve Bulletin* 62 (1988). The Board believes that thrift institutions are becoming more bank-like in their operations and products and services, and the Board will continue to consider the competitive effects of thrifts on a fully weighted basis where the record indicates this approach is appropriate.

21. The HHI would increase by only 136 points to 3084 if Applicant transfers the two offices that it proposes to divest to a new entrant into the market.

22. Credit unions control approximately 12.0 percent of the deposits in financial institutions in the market. *See Bancorp Hawaii, Inc.*, 76 *Federal Reserve Bulletin* 759, 760–61 (1990).

23. The East Hawaii Island banking market is approximated by the northeastern half of Hawaii Island, including Hilo and nearby communities.

24. This assumes the sale of the branch to a smaller competitor in the market. If the branch is sold to a new market entrant, the HHI would increase by 137 points to 3726 as a result of this proposal.

25. If the divestiture is to a new market entrant, this proposal would cause the HHI to increase by 88 points to 2876 after the inclusion of thrift institutions on a 50 percent weighted basis.

Following consummation of the proposal, five banks and four thrift institutions, including the largest financial institutions in Hawaii, would remain in the market. In addition, a number of credit unions and industrial loan companies would continue to exert a competitive influence in the market.

In light of these and all of the other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in the East Hawaii Island banking market.

In the Honolulu market,[26] Applicant is the second largest of eight commercial banking organizations, controlling deposits of $3.0 billion, representing approximately 30.5 percent of the total deposits in commercial banks in the market. FIH is the fourth largest commercial bank in the market, controlling deposits of $551.2 million, representing approximately 5.6 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would control approximately 36.1 percent of the total deposits in commercial banks in the market and the HHI would increase by 341 points to 3656.

After including 50 percent of the market thrift deposits in the calculation of market share, consummation of the proposal would cause the HHI to increase by 172 points to 2696. Following consummation of the proposal, seven commercial banks and five thrift institutions would remain in the Honolulu banking market, as well as a significant number of credit unions. In light of all of the facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in the Honolulu banking market.

The Board also has examined the effects of the proposal in the other two banking markets in which Applicant and FIH compete. Applicant has committed to divest the sole FIH branch in each of the West Hawaii Island[27] and Kauai[28] banking markets. With the planned divestitures, Applicant would continue to control approximately 39.6 percent of the market deposits in the West Hawaii Island banking market, and approximately 40.4 percent of the market deposits in the Kauai banking market, after including 50 percent of market thrift deposits in the calculation of market share. Consummation of the proposal would not increase Applicant's market share in either market.[29]

Although both markets are considered to be highly concentrated, after taking into account the planned divestitures, the competitive effects of thrift institutions, the number of competitors remaining in these markets, the role of credit unions in these markets, and the other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect in competition in the West Hawaii Island or Kauai banking markets.

Report of the Department of Justice

The United States Department of Justice (the "Department") has submitted comments to the Board that set forth its analysis of the likely competitive effects of the proposed transaction (the "Report"). The Report concludes that the proposed acquisition would result in a substantially adverse effect on competition for banking services in Hawaii. The Report's conclusion appears to be based primarily on the determination that commercial lending to small- and medium-sized businesses[30]—rather than the cluster of banking products and services—constitutes the relevant product market, and the State of Hawaii in its entirety constitutes the relevant geographic market. On the basis of these market definitions, the Report states that the HHI would increase by 440 points to 2925 upon consummation of the transaction.[31]

The Report's structural analysis appears to be based on a definition of the relevant product market that differs from the traditional definition of the product market established by the Supreme Court, and is not supported by recent studies of the market behavior of

26. The Honolulu banking market is approximated by Honolulu County, Hawaii, which is coextensive with the Island of Oahu.

27. The West Hawaii Island banking market is approximated by the southwest half of Hawaii Island, including Kailua-Kona and nearby communities.

28. The Kauai banking market is approximated by Kauai County, Hawaii.

29. If Applicant divests the branch office in the West Hawaii Island banking market to a competitor in the market, the HHI would increase by at most 49 points to 3455. If the planned divestiture were made to a banking organization that does not operate currently in the market, the market would become less concentrated and the HHI would decline by 33 points to 3373.

If Applicant divests the branch office in the Kauai banking market to a competitor in the market, the HHI would increase by at most 62 points to 3224. If the planned divestiture were made to a new entrant into the Kauai market, the market would become less concentrated and the HHI would decrease by 19 points to 3143.

30. The Report defines commercial loans as loans to businesses, including term loans and lines of credit, that are not secured by mortgages. Small- and medium-sized businesses are defined as businesses that are not large enough to obtain commercial loans in excess of $5 million.

31. The Department has concluded in this case that potential entry into the small- and medium-sized commercial lending field by small commercial banks, thrift institutions, and nonbank financial organizations would be unlikely within three years. Based on this analysis, the Department has applied the general standards of the merger guidelines rather than the more lenient standards that the Department routinely applies to bank mergers and acquisitions to account for nonbank competition.

bank customers. The Department has not provided detailed legal or empirical justification for its position. As explained above, after reviewing the record in this case in light of relevant Board and judicial precedents, the Board believes that the appropriate product market in this case is the cluster of banking products and services, and the relevant geographic markets for analyzing the effects of this expansion proposal are the five local markets identified above.[32]

In addition, the competitive analysis of the Report relies on data that are disputed by Applicant. Applicant, for example, contends strenuously that the Report exaggerates significantly both the size of the small- and medium-sized business loan market and Applicant's post-consummation share of this business. The Report estimates that the size of the small- and medium-sized business loan market is $1.8 billion, and that Applicant and FIH together control loans in that market of $619.7 million, representing 35 percent of the market. Applicant contends that the Report overstates the size of the market by including participations in loans that exceed $5 million, loans with current balances of less than $5 million but with original balances that exceeded $5 million, and certain loans supported by personal guarantees. According to Applicant, Applicant and FIH together control only approximately $56.6 million in loans to small- and medium-sized businesses as those loans are defined in the Report. Applicant suggests that the market is so small that the type of loan identified by the Report cannot be the principal type of credit used by small- and medium-sized businesses in Hawaii. Moreover, the Report does not appear to address the competition offered by a significant number of nonfinancial institutions providing credit to small- and medium-sized businesses, including finance companies, vendors that provide trade credit, and sellers of capital goods that provide financing.

The data referenced in the Report on which the Department based its analysis of the small- and medium-sized commercial loan market were obtained by the Department from a limited number of banks in Hawaii. These data are proprietary, and comparable information from the other competing banks in Hawaii was not available to the Department or the Board, and is not publicly available. As a result, the Board is unable to reconcile or evaluate the contrasting assertions of the Department and Applicant regarding the appropriate interpretation of these data.

The Board also notes that, since the Report was filed with the Board, Applicant has proposed a number of divestitures, with the result that Applicant will not increase its market share in two markets as a result of the proposal. The Board believes that each of these divestitures significantly mitigates the potentially anticompetitive effects of the proposal in the relevant markets. The Board also notes that the Commissioner of Financial Institutions for the State of Hawaii has considered the competitive effects of this proposal, and has determined that consummation of the transaction would not have a significantly adverse effect on competition in Hawaii or any part of Hawaii.

After consideration of these matters and all the facts of record in this case, the Board believes, for the reasons discussed in this order, that consummation of the proposed transaction, as amended to include the divestitures proposed by Applicant, would not result in a substantially anticompetitive effect in any relevant market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicant, FIH, and their subsidiary banks are consistent with approval. The Board also finds that considerations relating to the convenience and needs of the communities to be served are consistent with approval.[33]

The Board also has considered Applicant's proposal to acquire FIH International, Inc., under the Edge Act. Based on all of the facts of record, the Board has determined that disapproval of this proposed investment is not warranted.

Based on the foregoing and other considerations reflected in the record, and subject to all the commitments made by Applicant in this case, the Board has determined that the applications should be, and hereby are, approved. The transactions shall not be consummated before the thirtieth calendar day following the

32. The Report indicates that, even if the relevant product market is viewed to be a "package" of banking services that includes loans and transaction accounts, the market share of a particular institution does not differ significantly when measured by reference to the commercial loan market or measured by reference to transaction accounts. Comparable loan data are not readily available, and the Board believes that deposits represent the best available measure of an institution's market share. The Report also states summarily that the proposal would be anticompetitive if market share were measured on the basis of deposit data. According to the Report, the HHI would increase by 273 points to 3379 on that basis. This calculation does not account for the presence of thrift institutions in the market (with the exception of one thrift that is fully included), does not account for any of Applicant's planned divestitures, and assumes a statewide geographic market. As explained above, the Board believes that an analysis of these data, as well as the other relevant factors, supports the conclusion that the proposal is not likely to lessen competition substantially in any relevant market.

33. The Board received comments after the close of the comment period from an individual alleging that Applicant unlawfully foreclosed on certain property in which the commenter claims an interest. The commenter's allegations are only tangentially related to the statutory financial and managerial factors that the Board is required to consider under the BHC Act in analyzing this application, and the record in this case does not support the commenter's allegations regarding Applicant, or warrant denial of this proposal.

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, pursuant to delegated authority.

By order of the Board of Governors, effective November 30, 1990.

Voting for this action: Governors Seger, Kelley, and LaWare. Voting against this action: Governors Angell and Mullins. Abstaining from this action: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governor Angell

I believe that the competitive effects of this proposed merger of the second- and fourth-largest banking organizations in Hawaii are substantial enough to warrant denial, and therefore I dissent from the Board's action in this case. While the resulting increases in concentration, as measured by the Herfindahl–Hirschman Index (HHI), are not so large as to violate the guidelines used by the Board to screen bank acquisitions, I believe that an analysis based entirely upon structural measures does not accurately reflect the anticompetitive effects of this particular merger. In my judgment, an analysis that goes beyond structural indexes indicates that this proposal would have substantial adverse effects on competition even though the immediate structural effect does not exceed the levels specified in the Board's screening guidelines.

The five Hawaiian banking markets where these two firms both compete are very highly concentrated even before this acquisition. In four of these five markets, the two largest firms control over 70 percent of market deposits, and the HHI is well over 2500. Extensive economic research indicates that bank behavior is less competitive in such markets than in relatively unconcentrated markets. Moreover, information specific to the five Hawaiian banking markets indicates that loan prices are higher and interest rates paid on deposits are lower in Hawaii than in local markets in other states; also, profits of Hawaiian banks have been consistently higher than profits of other U.S. banks. Thus, competition in Hawaiian banking markets appears to be weak prior to this acquisition. Approval of the proposal is likely to further diminish the intensity of competition.

In addition, Hawaii is one of only four states that prohibits entry by all out-of-state banking organizations. Information in the record suggests that the applicant has opposed attempts to allow entry by out-of-state banks, thereby reducing the procompetitive effect of potential competition in Hawaiian banking markets. Thus, potential competition is a significant consideration in this case. However, in contrast to some recent Board decisions where potential competition has offset rather substantial structural effects, it is weak in this case. For these reasons, I agree with the conclusion of the U.S. Department of Justice and would deny this proposal.

November 30, 1990

Dissenting Statement of Governor Mullins

I believe that the competitive factors in this case warrant denial of the proposal, though I believe this is, in many respects, a close and difficult case. As a starting point, I agree with the analysis of the majority regarding the appropriate definition of the product market in this case, and I strongly disagree with the definition suggested by the Department of Justice. I also generally agree with and support the Board's screening guidelines for bank mergers.

However, I believe that a number of factors indicate that the proposed acquisition will substantially lessen competition in the relevant banking markets in Hawaii. Each of the five banking markets is very highly concentrated without giving effect to the merger, with a Herfindahl–Hirschman Index in excess of 2500 in each market, and in excess of 3000 in two markets, after giving effect to the presence of thrifts in the market. An HHI in excess of 3000 is roughly equivalent to the concentration level resulting from three firms sharing an entire market with equal market shares. Consummation of the proposal would further increase the concentration level in four of these markets, even with the divestitures proposed by the Applicant.

The performance data for banks in Hawaii indicates that banks in Hawaii may be able to take advantage of this high concentration in pricing their products and services. Banks in Hawaii appear to have higher profit ratios than similar banks outside of Hawaii, and higher ratios of market value to book value. The premium paid for First Interstate Bank of Hawaii in this case indicates that this higher profit expectation has been capitalized into the price paid for the Bank.

The presence of these factors is particularly troubling in this case because Hawaii does not permit interstate banking. This bar to out-of-state banking organizations substantially limits new entrants into the Hawaii markets that would be able to offset the existing concentration levels or the increased concentration that would result from this proposal.

Applicant has not presented evidence that the merger would result in significant public benefits, such as increased banking services or substantial cost savings from operational improvements, that would offset the anti-competitive effects of this proposal. Accordingly, I believe that consummation of the proposal would substantially lessen competition in the relevant Hawaii markets.

In reaching this conclusion, I note that the Board is likely to be presented in the future with a number of in-market bank merger proposals that would in fact represent useful and beneficial acquisitions. Usually these cases do not include any significant performance advantage or pricing differential that can be attributed to high market concentration, and often the possible anti-competitive effects of these mergers are mitigated substantially by other factors. I believe that this case stands apart because of the severe barriers to entry into the Hawaii banking markets, the very high concentration levels in these markets in conjunction with the performance and price data, and the absence of crucial mitigating factors.

November 30, 1990

First Marengo Financial Corporation Marengo, Illinois

Order Approving Acquisition of a Bank

First Marengo Financial Corporation, Marengo, Illinois ("First Marengo"), has applied for the Board's approval pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1841, *et seq.*) ("BHC Act"), to become a bank holding company by acquiring First National Bank of Marengo, Marengo, Illinois ("Bank"). Bank will be the surviving institution of a merger of Bank and a newly chartered national bank that has been formed to effect the acquisition by First Marengo of all of the shares of Bank.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (55 *Federal Register* 38,391 (1990)). 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.

First Marengo, a non-operating corporation with no subsidiaries, was formed for the purpose of becoming a bank holding company by acquiring Bank. Bank is the 557th largest commercial banking organization in Illinois, with deposits of $27.7 million, representing less than one percent of the total deposits in commercial banks in Illinois.[1] This proposal represents a change in the corporate structure of Bank, which will convert from a unit bank to part of a one-bank holding company. Accordingly, the Board has concluded that consummation of this proposal would not have a significantly adverse effect on the concentration of banking resources in Illinois, or have a significantly adverse effect upon competition in any relevant banking market. The financial and managerial resources and future prospects of First Marengo and Bank are also considered satisfactory and consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the record of Bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("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."[2]

In this regard, the Board has received comments filed by an individual ("Protestant") who is critical of the CRA performance of Bank. Specifically, Protestant has alleged that:

(1) Bank has not made any significant effort to ascertain the credit needs of its community;

(2) Bank's board of directors has not participated in the development of a CRA policy in a significant manner;

(3) Bank's record of lending to Hispanics and women is deficient;

(4) Bank is not participating in local community and civic development;

(5) Bank is not lending to small businesses and farmers, especially with regard to farm mortgage lending; and

(6) Bank is not participating in any government insured or subsidized loan programs.[3]

1. Deposit data are as of June 30, 1990. Market data are as of December 31, 1988.

2. 12 U.S.C. § 2903.

3. Protestant also alleged that Bank has failed to comply with the notice provisions of the National Bank Act (12 U.S.C. § 1, *et seq.*) and that Bank insiders have violated certain securities laws. The record contains no evidence to support these allegations. Moreover, the Board notes that violations of such laws would be appropriately addressed by the Office of the Comptroller of the Currency ("OCC") and the Securities Exchange Commission ("SEC"), which are the agencies with primary responsibility for enforcing securities laws as

The Board has carefully reviewed the CRA performance record of Bank, as well as Protestant's comments and Bank'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 Joint Statement").[4] The CRA Joint 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 Bank has received a satisfactory rating from its primary regulator in the most recent examination of its CRA performance. The CRA Joint Statement provides that, although CRA examination reports do not provide conclusive evidence of an institution's CRA record, these reports will be given great weight in the applications process.[5]

In addition, the Board notes that the record does not substantiate Protestant's claims. In response to Protestant's allegations, the Federal Reserve Bank of Chicago conducted an on-site examination over a three-day period. The record indicates that the community in which Bank is located is a small rural community, and that Bank's management is involved in a number of community outreach programs. All members of the board of directors reside within the delineated community, own or operate businesses in the local area, are very knowledgeable of the area's credit needs, and are involved with numerous local organizations. Further, all of the directors are members of Bank's loan review committee. The Board believes that, taking into account the size of Bank and its community, Bank's ascertainment efforts to establish the credit needs of its community and the involvement of the members of Bank's board of directors are currently satisfactory.

Further, the record presented to the Board does not indicate that Bank engages in discriminatory lending practices. Despite Protestant's claims, Bank has an adequate record of extending credit to Hispanics and women; denials of credit to these two groups appear to have been based on valid credit criteria. Moreover, discussions with several community groups did not result in any charges of discrimination.

Protestant has alleged that Bank is not participating in local community and civic development projects. However, Bank has frequently purchased government bonds and provided credit and financial services to local governments. For example, Bank has committed to extend credit for building a new library and a Children's Center. The Board also notes that members of Bank's board of directors are active in local civic groups.

Contrary to Protestant's assertion that Bank does not extend credit to small businesses and farmers, the record indicates that Bank actively lends to these enterprises. Bank has a satisfactory record with regard to considering commercial loan applications to farmers and small businesses. Bank extends credit to farmers to finance machinery, equipment, and livestock needs. Many farmers in Bank's community obtain farm mortgage loans through programs sponsored by the Farmers Home Administration, which mitigates Protestant's concern that Bank is not actively making mortgage loans to farmers, since the farmers have access to this form of credit.

Protestant contends that Bank does not participate in government sponsored lending programs. However, Bank is a member of the Federal National Mortgage Association, which is an important tool in addressing affordable housing needs. Bank also participates in the Guaranteed Student Loan Program.

On the basis of the record of this case, including the past CRA performance of Bank, the Board concludes that considerations relating to the convenience and needs of the community to be served are consistent with approval.

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

By order of the Board of Governors, effective November 13, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

they apply to national banks. In this regard, the OCC and SEC have reviewed the allegations made by Protestant and have taken no action against Bank or anyone affiliated with Bank. Protestant also makes an unsubstantiated allegation that Bank will breach certain verbal promises made to existing shareholders of Bank if the proposal is consummated. Even if this allegation were substantiated, the contractual dispute does not reflect adversely on the factors that the Board is to consider when reviewing an application under section 3 of the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 740 (10th Cir. 1973). Finally, Protestant alleges that a management interlock between Bank and another financial institution currently exists in violation of the Board's Regulation L (12 C.F.R. Part 212). However, there are no interlocks between the institutions in question.

4. 54 *Federal Register* 13,742 (1989).

5. 54 *Federal Register* at 13,745.

Towerbank Corporation
Miami, Florida

Order Approving Formation of a Bank Holding Company

Towerbank Corporation, Miami, Florida ("Applicant"), has applied for the Board's approval, pursuant to section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), to become a bank holding company by acquiring 100 percent of the voting shares of Key Biscayne Bank and Trust Company, Key Biscayne, Florida ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (55 *Federal Register* 2698 (1990)). 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.

Applicant is a non-operating company formed for the purpose of acquiring Bank. Bank is the 86th largest commercial banking organization in Florida, controlling deposits of $95.1 million, representing less than one percent of the total deposits in commercial banking organizations in the state.[1] Applicant will be owned by the three family trusts that currently control Bank. The Federal Deposit Insurance Corporation ("FDIC"), and the State of Florida, following a hearing, have previously reviewed and approved the acquisition of control of Bank by these family trusts.[2] This proposal represents only a restructuring of existing ownership interests. Principals of Applicant and Bank are not associated with any other banking organizations in the market. Based on the facts of record, consummation of this proposal would not result in any significantly adverse effect on competition or the concentration of banking resources in Florida or in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of this application.

The financial and managerial resources and future prospects of Applicant and Bank appear to be consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective November 30, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

1. Banking data are as of June 30, 1990.
2. The State of Florida's approval is dated April 20, 1990, and the FDIC's approval is dated February 27, 1990.

Orders Issued Under Section 4 of the Bank Holding Company Act

Banc One Corporation
Columbus, Ohio

Order Approving Application to Engage in Acting as Agent in the Private Placement of All Types of Securities and Acting as "Riskless Principal"

Banc One Corporation, Columbus, Ohio ("Banc One"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. 225.23(a)(2)) for its wholly owned subsidiary, Banc One Capital Corporation, Columbus, Ohio ("Company"), to act as agent in the private placement of all types of securities, including providing related advisory services, and to buy and sell securities on the order of customers as a "riskless principal."

Company is currently authorized to underwrite and deal in securities eligible to be underwritten and dealt in by U.S. member banks, and to underwrite and deal in, to a limited extent, municipal revenue bonds, 1–4 family mortgage-related securities, commercial paper, and consumer receivable-related securities. Company is also authorized to provide futures commission merchant services pursuant to sections 225.25(b)(18) and (19) of Regulation Y (12 C.F.R. 225.25(b)(18) and (19)), financial advisory services, and investment advisory and securities brokerage services both separately and on a combined basis.[1] Company is registered as a broker–dealer under the securities laws of the United States (and certain states) and is a member of the National Association of Securities Dealers, Inc.

Banc One, with approximately $12.5 billion in assets, is the second largest commercial banking organi-

1. *See Banc One Corporation*, 76 *Federal Reserve Bulletin* 756 (1990).

zation in Ohio.[2] It operates 51 subsidiary banks and engages directly and through subsidiaries in a broad range of permissible nonbanking activities in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (55 *Federal Register* 39,210 (1990)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

The Board has previously determined by order that, subject to certain prudential limitations established to address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed private placement and "riskless principal" activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act. The Board has also previously determined that acting as agent in the private placement of securities and purchasing and selling securities on the order of investors as "riskless principal" do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass-Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.[3] Banc One has committed that Company will conduct its private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* order, as modified by the *J.P. Morgan* order.

Banc One proposes to have its affiliated banks extend credit to an issuer whose debt securities have been placed by the section 20 subsidiary where the proceeds would be used to pay the principal amount of the securities at maturity. Banc One has committed that these extensions of credit will conform to the limitations set forth in the Board's decision in *J.P. Morgan*, including the requirement that a period of at least three years elapse from the time of the placement of the securities to the decision to extend credit, that Banc One maintain adequate documentation of these transactions and decisions, and that the extensions of credit meet prudent and objective standards, as well as the standards set out in section 23B of the Federal Reserve Act.[4] The Federal Reserve Bank of Cleveland will closely review loan documentation of bank affiliates to ensure that an independent and thorough credit evaluation has been undertaken with respect to the participation of the bank in these credit extensions to issuers of securities privately placed by an agent affiliated with the bank.

Banc One also proposes to have Company place securities with its parent holding company or with a nonbank subsidiary of the parent company consistent with the Board's ruling in *J.P. Morgan*. In this regard, Banc One will establish both individual and aggregate limits on the investment by affiliates of the section 20 subsidiary in any particular issue of securities that is placed by the section 20 subsidiary and will establish appropriate internal policies, procedures, and limitations regarding the amount of securities of any particular issue placed by Company that may be purchased by Banc One and each of its nonbanking subsidiaries, individually and in the aggregate.[5] These policies and procedures, as well as the purchases themselves, will be reviewed by the Federal Reserve Bank of Cleveland.

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

Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Consummation of the proposal would provide added convenience to Banc One's customers. In addition, the Board expects that the *de novo* entry of Banc One into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Banc One can reasonably be expected to produce public benefits which would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

2. Asset data and ranking, based on deposits, are as of June 30, 1990.

3. *J.P. Morgan and Company, Inc.*, 76 *Federal Reserve Bulletin* 26 (1990)("*J.P. Morgan*"); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989)("*Bankers Trust*").

4. 12 U.S.C. § 371c-1.

5. The limit established shall not exceed 50 percent of the issue being placed. Additionally, in the development of these policies and procedures, Banc One will incorporate, with respect to placements of securities, the limitations established by the Board in condition 12 of its order regarding aggregate exposure of the holding company on a consolidated basis to any single customer whose securities are underwritten or dealt in by Company. *J.P. Morgan & Company, Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp and Security Pacific Corporation*, 75 *Federal Reserve Bulletin* 192 (1989).

Based on the above, the Board has determined to, and hereby does, approve the application subject to the commitments made by Banc One, as well as all of the terms and conditions set forth in this order and in the above-noted Board orders that relate to these activities. The Board's determination is also subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective November 21, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Luxemburg Bancshares, Inc. Luxemburg, Wisconsin

Order Approving Application to Engage in Community Development Activities

Luxemburg Bancshares, Inc., Luxemburg, Wisconsin ("Bancshares"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire all the voting shares of a *de novo* subsidiary, Area Development Corporation, Luxemburg, Wisconsin ("ADC"), and through ADC to make equity investments in projects designed to promote community welfare and provide advice on community development projects to community groups.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (55 *Federal Register* 21,652 (1990)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Bancshares, with approximately $54.5 million in banking assets, is the 128th largest commercial banking organization in Wisconsin.[2] It operates one commercial bank in the state.

The Board has recognized the benefit of allowing bank holding companies to participate in community development activities based on their unique role in the community.[3] Section 225.25(b)(6) of Regulation Y permits bank holding companies to make equity and debt investments in corporations or projects designed primarily to promote community welfare and the Board has approved advisory services to community development programs as a permissible activity for bank holding companies.[4]

To provide bank holding companies flexibility in approaching community problems, the Board has not defined the full scope of investments that may be made through community development corporations. The Board has noted, however, that projects organized to rehabilitate office or commercial facilities that are not designed explicitly to create improved job opportunities for low-income persons are presumed not to be designed primarily to promote community welfare, unless there is substantial evidence to the contrary, even though to some extent the investment may benefit the community.[5]

As an example of the type of investment ADC proposes to conduct, ADC has outlined a project to acquire and redevelop the only medical clinic in Luxemburg, Wisconsin. Bancshares maintains the project is primarily designed to promote community welfare because it would assure the continuation of medical services currently available in Luxemburg.[6] In light of recent efforts by Luxemburg to recruit physicians, Bancshares states that a renovated facility is neces-

1. To ensure that ADC's activities conform with Regulation Y, Bancshares has committed that ADC's corporate by-laws will require any proposed project to "be accompanied with a detailed plan . . . specifying how the proposed project is primarily designed to provide necessary services to and/or create jobs for the low to moderate income segment of the community." In addition, the Federal Reserve Bank of Chicago will monitor ADC's compliance with Regulation Y through periodic on-site visitations.

2. Asset data are as of June 30, 1990. Ranking is as of December 31, 1988.

3. *See* 12 C.F.R. 225.127 ("Bank holding companies possess a unique combination of financial and managerial resources making them particularly suited for a meaningful and substantial role in remedying our social ills.").

4. *See First Financial Corporation*, 76 *Federal Reserve Bulletin* 671 (1990); *First American Corporation*, 75 *Federal Reserve Bulletin* 576 (1989); *Shorebank Corporation*, 74 *Federal Reserve Bulletin* 140 (1988).

5. 12 C.F.R. 225.127(e).

6. Luxemburg is a town in rural Wisconsin with a population of approximately 1,000 individuals. The nearest alternative medical facility is located about 30 miles from the town and there is no public transportation system connecting the two areas.

sary to attract physicians to the clinic to replace the current physicians who will be retiring in the near future.

Bancshares also contends that the redeveloped medical facility would specifically benefit the low- and moderate-income communities in Luxemburg. The facility is located within five blocks of the community's low-income housing projects. Under the proposed management plan, the clinic would accept all patients equally and low- and moderate-income patients would be eligible in certain instances to make time payments for services or have fees for services waived. In addition, office space, supplies, and equipment would be provided to a visiting nurse for administering medical tests and certain immunizations to low- and moderate-income groups at no cost. Free transportation for the elderly to the clinic also would be provided. In the event of a disaster, the clinic would provide immediate medical attention to patients before making a compensation determination.

Under these circumstances, the Board believes that Bancshares's proposal presents substantial evidence that the promotion of community welfare is its primary purpose, and that it is the type of investment permissible for bank holding companies under section 225.25(b)(6) of the Board's Regulation Y.

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

Consummation of this proposal can reasonably be expected to result in public benefits that outweigh adverse effects.The Board expects that ADC's *de novo* entry into the market for community development services will increase competition in this market. Bancshares's financial investment is comparatively small—$200,000 in ADC, with $50,000 to be invested in the medical clinic—and is unlikely to pose any significant risk to its safety or soundness.[7] Officers of Bancshares and its subsidiary bank will serve as ADC officers to ensure proper staffing and supervision. Although the community development activities will be conducted for profit, Bancshares intends to retain any earnings as an additional equity investment in ADC.

7. Also, Bancshares has committed to seek prior approval from the Federal Reserve Bank of Chicago before making any additional investments in ADC.

There is no evidence in the record to indicate that consummation of this proposal is likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval.

Based on the foregoing and all the other facts of record, including the commitments by Bancshares, the Board has determined that the proposed application should be, and hereby is, approved. This determination is subject to all of the conditions set forth in the Board's Regulation Y, including sections 225.4(d) and 225.23, and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective November 15, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

The Sanwa Bank, Limited
Osaka, Japan

Order Approving Application to Engage in Various Interest Rate and Currency Swaps, Foreign Exchange, Brokerage of Futures Contracts on Stock and Bond Indexes and Options Thereon, Private Placement, "Riskless Principal" and Related Investment Advisory Activities

The Sanwa Bank, Limited, Osaka, Japan ("Sanwa"), a registered bank holding company, has applied for the Board's approval under section 4(c)(8) of the Bank Holding Company Act ("BHC Act"), 12 U.S.C. § 1843(c)(8), and section 225.23(a)(3) of the Board's Regulation Y, 12 C.F.R. 225.23(a)(3), for its wholly owned subsidiary, Sanwa Securities (Delaware) Inc., Dover, Delaware ("Company"), to engage *de novo* in the following activities:

(1)(a) Intermediating in the international swap markets by acting as an originator and principal in interest rate swap and currency swap transactions;

(b) Acting as an originator and principal with respect to certain risk-management products, such as caps, floors and collars, as well as options on swaps, caps, floors and collars ("swap derivative products");

(c) Acting as a broker or agent with respect to the foregoing transactions and instruments;

(d) Acting as an advisor to institutional customers regarding financial strategies involving interest rate and currency swaps and swap derivative products;

(2) Through Sanwa-BGK Securities Company, New York, New York ("Sanwa-BGK Securities"), engaging in foreign exchange spot, forward, options, futures and options on futures transactions for the Company's own account for hedging purposes and for other purposes;

(3) Through Company's indirect subsidiary, Sanwa-BGK Futures, Inc., Chicago, Illinois ("Sanwa-BGK Futures"), a futures commission merchant ("FCM"), providing investment advice and execution and clearance services to affiliates and nonaffiliated persons and institutions regarding futures contracts and options thereon on certain stock and bond indexes traded on major commodity exchanges;

(4) Through Company's broker/dealer subsidiary, acting as agent in the private placement of all types of securities, including providing related advisory services, and buying and selling all types of securities on the order of investors as "riskless principal."

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (55 *Federal Register* 40,715 (1990)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Sanwa, with total consolidated assets equivalent to approximately U.S. $387 billion, is the fifth largest banking organization in the world.[1] Applicant owns a bank subsidiary in San Francisco, California, and operates branches in New York, New York; Chicago, Illinois; Boston, Massachusetts; San Francisco, California; and Los Angeles, California; agencies in Atlanta, Georgia; and Dallas, Texas; and representative offices in Houston, Texas; and Lexington, Kentucky. Applicant engages in various activities in the United States under section 4(c)(8) of the BHC Act.

Company owns a 90 percent partnership interest in and is the sole general partner of Sanwa-BGK Securities, a primary dealer in United States government securities, which is currently authorized to engage in a variety of nonbanking activities including securities brokerage, underwriting, investment advisory, and futures commission merchant activities.[2]

Swap Activities

Applicant proposes to intermediate in the international swap markets by acting as an originator and principal in interest rate swap and currency swap transactions; act as an originator and principal with respect to certain risk-management products, such as caps, floors, collars, and swap derivative products; act as a broker or agent with respect to the foregoing transactions and instruments; and act as an advisor to institutional customers regarding financial strategies involving interest rate and currency swaps and swap derivative products.[3] The Board has previously determined by order that these proposed activities are closely related to banking and permissible for bank holding companies within the meaning of section 4(c)(8) of the BHC Act.[4] Sanwa proposes to engage in these swap activities in accordance with all of the provisions and conditions set forth in these orders.

Company appears to be capable of managing the risks associated with the proposed activities. Sanwa, which has extensive experience in lending and financing services worldwide, has undertaken to provide credit screening for all potential counterparties of Company through Sanwa's main credit desk. In appropriate cases, Company will obtain a letter of credit on behalf of, or collateral from, a counterparty.[5] In addition, Company will establish separate credit and exposure limits for each swap counterparty. Company will monitor this exposure on an ongoing basis, in the aggregate and with respect to each counterparty. Sen-

1. Asset data are as of March 31, 1990. Ranking is as of July 26, 1990.

2. *The Sanwa Bank, Limited*, 76 *Federal Reserve Bulletin* 568 (1990); *The Sanwa Bank, Limited*, 74 *Federal Reserve Bulletin* 578 (1988).

3. Sanwa proposes to engage in these activities through a newly-formed subsidiary of Company that it expects to name Sanwa Financial Products.

4. *The Fuji Bank, Limited*, 76 *Federal Reserve Bulletin* 768 (1990); *The Sumitomo Bank, Limited*, 75 *Federal Reserve Bulletin* 582 (1989).

5. Sanwa has indicated that it may be the provider of the letter of credit through a non-United States office or its New York branch.

ior management will be informed periodically of the potential risk to which Company is exposed.

In order to manage the risk associated with adverse changes in interest rates ("price risk"), Company will match all the swaps and related instruments in which it is a principal and will hedge any unmatched positions pending a suitable match. Company will not enter into unmatched or unhedged swaps for speculative purposes. Company's management will set absolute limits on the level of risk to which its swap portfolio may be exposed. Company's exposure to price risk will be monitored by both business management and internal auditing personnel to guarantee compliance with the risk limitations imposed by management. Auditing personnel will report directly to senior management to ensure that any violations of portfolio risk limitations are reported and corrected.

With respect to the risk associated with the potential for differences between the floating rate indexes on two matched or hedged swaps ("basis risk"), Company's management will impose absolute limits on the aggregate basis risk to which Company's swaps portfolio may be exposed. If the level of risk threatens to exceed the limits at any time, Company will actively seek to enter into matching transactions for its unmatched positions. Company's internal auditing staff, together with management, will monitor compliance with the management-imposed basis risk limits.[6]

In addition, Company intends to minimize operations risk through the recruitment and training of an experienced back-office support staff and the use of a separate operational and data processing structure for processing swap and hedging transactions.

In order to minimize any possible conflicts of interest between Company's role as a principal or broker in swap transactions and its role as advisor to potential counterparties, Company will disclose to each customer the fact that Company may have an interest as a counterparty principal or broker in the course of action ultimately chosen by the customer. Also, in any case in which Company has an interest in a specific transaction as an intermediary or principal, Company will advise its customer of that fact before recommending participation in that transaction.[7] In addition, Company's advisory services will be offered only to sophisticated customers who would be unlikely to place undue reliance on investment advice received and better able to detect investment advice motivated by self-interest.

The Board has expressed its concerns regarding conflicts of interest and related adverse effects that, absent certain limitations, may be associated with financial advisory activities. In order to address these potential adverse effects, Sanwa has committed that:

(i) Company's financial advisory activities will not encompass the performance of routine tasks or operations for a client on a daily or continuous basis;

(ii) Disclosure will be made to each potential client of Company that Company is an affiliate of Sanwa;

(iii) Company will not make available to Sanwa or any of Sanwa's subsidiaries confidential information received from Company's clients, except with the client's consent; and

(iv) Advice rendered by Company on an explicit fee basis will be without regard to correspondent balances maintained by a client of Company at Sanwa or any of Sanwa's depository subsidiaries.

Foreign Exchange

Sanwa proposes to engage through Sanwa-BGK Securities in foreign exchange spot, forward, options, futures and options on futures transactions for the Company's own account for hedging purposes and for other purposes. The Board has previously determined that these activities are permissible nonbanking activities.[8] Sanwa will conduct these activities in accordance with the prudential and other limitations and conditions relied upon by the Board in those cases.

As a primary dealer, Sanwa-BGK Securities has broad experience trading and monitoring futures and options positions, and its affiliated bank, Sanwa Bank California, has extensive experience in foreign exchange transactions, including futures and options. The resulting familiarity with the operations and controls associated with these derivative products should serve to ensure prudent operations, since Sanwa-BGK Securities already has the operational, accounting and control systems in place to properly monitor positions resulting from trading these contracts.

6. In addition to rate and basis risk, the value of a swap option is subject to market expectations of the future direction and rate of change in interest rates, or volatility risk. Company's management will impose absolute limits on the level of volatility risk to which Company's swap portfolio may be exposed.

7. In any transaction in which Company arranges a swap transaction between an affiliate and a third party, the third party will be informed that Company is acting on behalf of an affiliate.

8. *See The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 654 (1990) (trading for its own account for other than hedging purposes); *The Hongkong and Shanghai Banking Corporation*, 75 *Federal Reserve Bulletin* 217 (1989) (trading for its own account for hedging and other purposes).

In this regard, the board of directors of Sanwa-BGK Securities will establish, and periodically review and revise, written policies, position limits, internal review procedures and financial controls to govern these transactions. Management will review such activities on a regular basis, and the internal audit department will review contract positions daily to ensure conformity with established policies and position limits.

The proposed foreign exchange activities will similarly be monitored in connection with the overall risk management and monitoring of Sanwa-BGK Securities' primary business activities. Sanwa has indicated that the proposed foreign exchange activities would bear a reasonable relationship to the size of Sanwa-BGK Securities' government securities portfolio, that revenues to be generated from these activities are expected to represent only a small percentage of Sanwa-BGK Securities' gross revenues, and that the trading of foreign exchange products will comprise only a small portion of Sanwa-BGK Securities' total trading volume. Moreover, as a primary dealer, Sanwa-BGK Securities is subject to regular reporting requirements and review by the Federal Reserve Bank of New York.

Accordingly, the Board finds that these controls and limitations should minimize any potential financial risks involved in the proposed activities of engaging in foreign exchange spot, forward, options, futures and options on futures transactions for the Company's own account.

The Board has previously reviewed other applications that involved trading by a bank holding company in foreign exchange. The issue of trading for a holding company's own account in commodities generally was raised by an application to engage through a FCM subsidiary in pit arbitrage activities on several commodities exchanges. Pit arbitrage involves the actions of floor traders on commodities exchanges in taking advantage of temporary price differentials between futures contracts.[9] The Board determined that this type of speculative trading in commodities for a holding company's own account would involve significant financial risks and would represent an unsound banking practice.

Sanwa will not engage in pit arbitrage activities. Floor traders who execute Sanwa-BGK Securities transactions will not have any discretion to engage in transactions other than those directed by Sanwa-BGK Securities' staff. Sanwa-BGK Securities' staff will have limited trading authority, based upon established position limits, as determined by senior management. Accordingly, the activity proposed by Sanwa should not involve the type and degree of financial risks associated with pit arbitrage activities previously disapproved by the Board.

The Board also has denied an application to act as a specialist in options on French francs traded on the Philadelphia Stock Exchange.[10] In a second application, the Board permitted acting as a trader by making a market in foreign currency options.[11] Sanwa-BGK Securities will not engage in market-making or specialist activities without further approval of the Board, and, as noted above, will trade in foreign currency only within specified and regularly monitored limits.

Sanwa-BGK Securities does not propose to advise third parties regarding foreign exchange matters.[12] Based on the facts of record, the Board believes that Sanwa-BGK Securities' proposed foreign exchange operations do not involve significant conflicts of interest.

Futures Commission Merchant Activities

Sanwa has proposed to expand the execution and investment advisory services of Sanwa-BGK Futures to include futures contracts and options on futures contracts on certain stock and bond indexes traded on major commodity exchanges set forth in the attached Appendix. The Board has, by order, previously approved the execution and clearance of futures contracts and options on futures contracts on most of the stock and bond indexes proposed by Sanwa in this case, and the provision of related investment advisory services.[13] Sanwa-BGK Futures is currently conduct-

9. Futures market spread positions are taken by floor traders at their own discretion in anticipation of favorable price movements that will subsequently enable traders to close out positions at a profit. *See Citicorp/Citicorp Futures Corporation*, 68 *Federal Reserve Bulletin* 776, 777 (1982).

10. *Compagnie Financiere de Suez/Banque Indosuez*, 72 *Federal Reserve Bulletin* 141 (1986).

11. *Societe Generale*, 76 *Federal Reserve Bulletin* 776 (1990).

12. An affiliate of Sanwa-BGK Securities, Sanwa-BGK Futures, has authority under sections 225.25(b)(18) and (19) of the Board's Regulation Y to act as a FCM and provide related investment advice as to futures contracts and options on futures contracts for foreign exchange. Sanwa has committed that in any transaction in which Sanwa-BGK Futures purchases futures contracts or options on futures contracts from an affiliate, Sanwa-BGK Futures will make prior disclosure of that fact to the customer and obtain the customer's consent. This disclosure will occur both at the beginning of the relationship with the customer and upon confirmation of each order. The Board has previously found that these disclosure procedures are adequate to address potential adverse effects. *See The Hongkong and Shanghai Banking Corporation*, 76 *Federal Reserve Bulletin* 770 (1990). *See also Bankers Trust New York Corporation*, 74 *Federal Reserve Bulletin* 695 (1988).

13. *See, e.g., Chemical Banking Corporation*, 76 *Federal Reserve Bulletin* 660 (1990); *The Long-Term Credit Bank of Japan, Limited*, 76 *Federal Reserve Bulletin* 554 (1990); *The Long-Term Credit Bank of*

ing FCM activities, including providing investment advice, on futures contracts for bullion, foreign exchange, government securities, certificates of deposit, and other money market instruments that a bank may buy or sell in the cash market for its own account. Sanwa-BGK Futures is conducting these activities pursuant to sections 225.25(b)(18) and (19) of the Board's Regulation Y, and Sanwa commits that the proposed FCM activities will also be conducted in accordance with the limitations imposed by those sections. Furthermore, a FCM is subject to regulation under the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission in order to prevent potential abuses by a registered advisor.

One instrument that Sanwa proposes to execute and clear as a FCM—options on the Long-Term Municipal Bond Index futures contract—has not been previously approved by the Board for execution, clearance, or investment advisory services. The Long-Term Municipal Bond Index is a broad based bond index similar to other bond indexes approved by the Board, and the proposed activities in options on futures on this index are functionally identical to the activities on other bond indexes previously approved by the Board.[14] Accordingly, the Board finds that these proposed activities in this index are closely related to banking. In light of the Board's previous approval of all of the other indexes for purposes of execution and clearance activities, the Board believes that the proposed execution, clearance, and investment advisory services are closely related to banking.

Private Placement and "Riskless Principal" Activities

The Board has previously determined that, subject to certain prudential limitations established to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed private placement and "riskless principal" activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act. The Board has also previously determined that acting as agent in the private placement of securities and purchasing and selling securities on the order of investors as a "riskless principal" do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.[15] Sanwa has committed that the broker/dealer subsidiary of Sanwa-BGK Securities will conduct its private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* and *J.P. Morgan* orders, as modified to reflect Sanwa's status as a foreign bank.[16]

Sanwa has proposed to have its U.S. affiliates, branches or agencies extend credit to an issuer whose debt securities have been placed by the broker/dealer subsidiary where the proceeds would be used to pay the principal amount of the securities at maturity.[17] Sanwa has committed that these extensions of credit will conform to the limitations set forth in the Board's decision in *J.P. Morgan*, including the requirement that a period of at least three years elapse from the time of the placement of the securities to the decision to extend credit, that Sanwa maintain adequate documentation of these transactions and decisions, and that the extensions of credit meet prudent and objective standards as well as the standards set out in section 23B of the Federal Reserve Act.[18] The Federal Reserve Bank of San Francisco will closely review loan documentation of Sanwa's U.S. affiliates, branches or agencies to ensure that an independent and thorough credit evaluation has been undertaken with respect to the participation of the affiliates, branches or agencies in these credit extensions to issuers of securities privately placed by an agent affiliated with the affiliates, branches or agencies.

Sanwa also has proposed to have the broker/dealer subsidiary place securities with Sanwa or a nonbank subsidiary of Sanwa consistent with the Board's ruling in *J.P. Morgan*. In this regard, Sanwa will establish both individual and aggregate limits on the investment by affiliates of the broker/dealer subsidiary in any particular issue of securities that is placed by the broker/dealer subsidiary and will establish appropriate internal policies, procedures, and limitations regarding the amount of securities of any particular issue placed by the broker/dealer subsidiary that may be purchased by Sanwa and each of its nonbanking subsidiaries,

Japan, Limited, 74 *Federal Reserve Bulletin* 573 (1988); *The Chase Manhattan Corporation*, 72 *Federal Reserve Bulletin* 203 (1986).

14. *E.g., The Hongkong and Shanghai Banking Corporation*, 76 *Federal Reserve Bulletin* 770 (1990).

15. *See J.P. Morgan & Company Inc.*, 76 *Federal Reserve Bulletin* 26 (1990) ("*J.P. Morgan*"); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust*").

16. *See The Sanwa Bank, Limited*, 76 *Federal Reserve Bulletin* 568 (1990); *Canadian Imperial Bank of Commerce, The Royal Bank of Canada, Barclays PLC, and Barclays Bank PLC*, 76 *Federal Reserve Bulletin* 158 (1990).

17. *See The Toronto-Dominion Bank*, 76 *Federal Reserve Bulletin* 573 (1990).

18. 12 U.S.C. § 371c-1.

individually and in the aggregate.[19] These policies and procedures, as well as the purchases themselves, will be reviewed by the Federal Reserve Bank of San Francisco.

Financial Factors, Managerial Resources and Other Considerations

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

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[20] In this case, the primary capital ratio of Sanwa, as publicly reported, is below the minimum level specified in the Board's Capital Adequacy Guidelines. After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Sanwa's portfolio of equity securities consistent with the principles in the Basle capital framework, Sanwa's capital ratio meets United States standards.

Consummation of the proposal would provide added convenience to Sanwa's customers. In addition, the Board expects that the *de novo* entry of Sanwa into the market for these services in the United States would increase the level of competition among providers of these services. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significant undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Sanwa can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the above, the Board has determined to, and hereby does, approve the application subject to the commitments made by Sanwa, as well as all of the terms and conditions set forth in this order and in the above-noted Board orders that relate to these activities. The Board's determination is also subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective November 6, 1990.

Voting for this action: Chairman Greenspan and Governors Angell, Kelley, LaWare, and Mullins. Voting against this action: Governor Seger.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governor Seger

I dissent from the Board's action in this case. I believe that foreign banking organizations whose primary capital, based on U.S. accounting principles, is below the Board's minimum capital guidelines for U.S. banking organizations have an unfair competitive advantage in the United States over domestic banking organizations. In my view, such foreign organizations should be judged against the same financial and managerial standards, including the Board's capital adequacy guidelines, as are applied to domestic banking organizations. The majority concludes that Applicant's primary capital meets United States standards. To do so, however, the majority makes adjustments that are not available for United States banks under guidelines that have not yet become effective for U.S. or foreign banking organizations.

In addition, I am concerned that while some progress is being made in opening Japanese markets to U.S. banking organizations and other financial institutions, U.S. banking organizations, in my opinion, are

19. The limit established shall not exceed 50 percent of the issue being placed. Additionally, in the development of these policies and procedures, Sanwa will incorporate, with respect to placements of securities, the limitations established by the Board in condition 12 of its order regarding aggregate exposure of the holding company on a consolidated basis to any single customer whose securities are underwritten or dealt in by Sanwa-BGK Securities. *J.P. Morgan & Company, Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp and Security Pacific Corporation*, 75 *Federal Reserve Bulletin* 192 (1989). Sanwa has committed that the broker/dealer subsidiary will not place any securities with the primary dealer subsidiary.

20. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155, 156 (1987).

still far from being afforded the full opportunity to compete in Japan.

November 6, 1990

APPENDIX

Futures Contracts and Options Thereon

Chicago Mercantile Exchange

— Standard & Poor's 100 Stock Price Index futures contract;
— Standard & Poor's 500 Stock Price Index futures contract ("S&P 500");
— options on the S&P 500;
— Standard & Poor's Over-the-Counter 250 Stock Index futures contract;[1]

Chicago Board of Trade

— Bond Buyer Municipal Bond Index futures contract;
— options on the Bond Buyer Municipal Bond Index futures contract;
— Long-Term Municipal Bond Index futures contract;[2]
— options on the Long-Term Municipal Bond Index futures contract;[3]
— Major Market Index futures contract;
— Major Market Index Maxi Stock Index futures contract;
— Major Market Index Mini Stock Index futures contract;[4]

London International Financial Futures Exchange

— Financial Times Stock Index;[5]
— FT-SE 100 Equity Index futures contract;[6]

New York Futures Exchange (a subsidiary of the New York Stock Exchange)

— New York Stock Exchange Composite Index futures contract ("NYSE Composite");
— options on the NYSE Composite;

Singapore International Monetary Exchange

— Nikkei Stock Average futures contract.[7]

1. *Chemical Banking Corporation*, 76 *Federal Reserve Bulletin* 660 (1990) ("Chemical").
2. *The Hongkong and Shanghai Banking Corporation*, 76 *Federal Reserve Bulletin* 770 (1990) ("*Hongkong and Shanghai*").
3. These options have not been previously approved.
4. *Hongkong and Shanghai*.
5. *The Chase Manhattan Corporation*, 72 *Federal Reserve Bulletin* 203 (1986) ("*Chase*").
6. *Chase* (execution and clearance only).
7. *Chemical*.

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

Young Americans Education Foundation Denver, Colorado

Order Approving Formation of a Bank Holding Company and Provision of Community Development Activities

Young Americans Education Foundation, Denver, Colorado ("Young Americans"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become a bank holding company by acquiring 100 percent of the voting shares of Young Americans Bank, Denver, Colorado ("Bank"). Young Americans has also applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to continue to engage in community development activities pursuant to section 225.25(b)(6) of the Board's Regulation Y (12 C.F.R. 225.25(b)(6)) after becoming a bank holding company.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been published (55 *Federal Register* 33,392 (1990)). 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.

Young Americans is a nonprofit, tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code developed for the purpose of sponsoring educational workshops and programs for young people on economic and banking topics. Young Americans has no banking subsidiaries and its principals are not associated with any other banking organizations in the relevant banking market.[1] Bank is a very small institution that was recently organized specifically to further the economic and financial education of young people. Bank provides checking and savings accounts and personal loans exclusively to customers under the age of twenty-two. Bank is the 215th largest banking organization in Colorado with total deposits of $6.7 million, representing less than one percent of total

1. The relevant banking market is the Denver-Boulder, Colorado, market, which is approximated by the Denver RMA and all of Boulder County, Colorado.

deposits in commercial banks in the State.[2] Bank ranks as the 71st largest banking organization in the Denver-Boulder, Colorado market with less than one percent of total market deposits. Based on all the facts of record, the Board believes that consummation of this proposal would not result in any adverse effects upon competition or increase in concentration of commercial banking resources in the relevant banking market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval.

Section 3(c) of the BHC Act requires in every case that the Board consider the financial resources of the applicant and the banking organization to be acquired. Upon consummation, Young Americans and Bank will meet all applicable regulatory capital requirements. All of Bank's stock will be donated to Young Americans and Young Americans will not incur any debt in connection with this proposal. In addition, Young Americans's founder has, in the past, made contributions to Bank sufficient to cover any operating losses, and has committed that he and his estate will continue to maintain Bank's capital at required levels and provide funds to offset any future net operating losses. In view of the unique circumstances of this case, the Board has determined that the financial factors are consistent with approval.

The managerial resources and future prospects of Young Americans and Bank are consistent with approval. Considerations relating to the convenience and needs of the community to be served also are consistent with approval.

Young Americans also has applied, pursuant to section 4(c)(8) of the BHC Act, to continue to engage in community development activities pursuant to section 225.25(b)(6) of Regulation Y after acquiring Bank. Specifically, Young Americans seeks to continue offering educational programs to children. These programs include week-long educational programs focusing on the American economic system; a series of presentations on banking and finance; and courses on how to start a business, college financial planning, personal financial planning, personal investment planning and career opportunities in banking. Young Americans also will publish a quarterly newsletter announcing these programs.[3]

The Board previously has recognized the benefit of allowing bank holding companies to participate in community development activities based on their unique role in the community and has determined that the provision of community development activities is closely related to banking. Section 225.25(b)(6) of Regulation Y permits bank holding companies to make debt and equity investments in community development corporations or projects.[4] The Board also has determined that the provision of advisory and related services designed to promote community development is permissible for bank holding companies.[5] The educational activities that Young Americans proposes to continue are designed to promote community welfare by providing financial education to young people in its community.

Accordingly, the Board believes that the nonbanking activities that Young Americans proposes to engage in after acquiring Bank are community development activities that are closely related to banking for purposes of section 4(c)(8) of the BHC Act. There is no evidence in the record to indicate that approval of these proposals would result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of these applications.

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transactions would be consistent with the public interest. In light of the unique nature of this case, the Board expects that prior to any alteration in the operational characteristics of Bank, by Young Americans or Bank, Young Americans will consult the Federal Reserve Bank of Kansas City to determine whether Young Americans may retain its ownership of Bank following such alteration. Accordingly, the Board has determined that the applications should be, and hereby are, approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

2. State and market deposit data are as of December 31, 1989.

3. Young Americans also seeks to continue conducting limited fundraising activities to finance its educational and scholarship programs. The fundraising activities are designed exclusively to support the educational functions of Young Americans described above, and are incidental to these programs.

4. *See* 12 C.F.R. 225.127 ("Bank holding companies possess a unique combination of financial and managerial resources making them particularly suited for a meaningful and substantial role in remedying our social ills.").

5. *See Luxemburg Bancshares, Inc.*, 77 *Federal Reserve Bulletin* 63 (1991); *First Financial Corporation*, 76 *Federal Reserve Bulletin* 671 (1990); *First American Corporation*, 75 *Federal Reserve Bulletin* 576 (1989); *Shorebank Corporation*, 74 *Federal Reserve Bulletin* 140 (1988).

The determination as to the nonbanking activities approved in this case are subject to all the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such notification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and Orders issued thereunder.

By order of the Board of Governors, effective November 26, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

ORDERS ISSUED UNDER THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT ("FIRREA ORDERS")

Recent orders have been issued by the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel 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.

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval date
American National Corporation, Omaha, Nebraska	Heritage Federal Savings Bank, Omaha, Nebraska (Omaha and Allison Branches)	American National Bank, Omaha, Nebraska	November 30, 1990
Anmer Corporation, Neligh Nebraska	Heritage Federal Savings Bank, Omaha, Nebraska (Schuyler Branch)	Schuyler State Bank & Trust Co., Schuyler, Nebraska	November 30, 1990
Archer, Inc., Palmer, Nebraska Osceola Insurance, Inc., Osceola, Nebraska	Heritage Federal Savings Bank, Omaha, Nebraska (Osceola Branch)	The First National Bank of Osceola, Osceola, Nebraska	November 30, 1990
Arvest Bank Group, Inc., Bentonville, Arkansas	First Federal Savings and Loan Association of Fayetteville, Fayetteville, Arkansas (Eureka Springs and Rogers Branches)	First National Bank and Trust of Rogers, Rogers, Arkansas	November 2, 1990
Arvest Bank Group, Inc., Bentonville, Arkansas	First Federal Savings and Loan Association of Fayetteville, Fayetteville, Arkansas (Siloam Springs Branch)	First National Bank of Siloam Springs, Siloam Springs, Arkansas	November 2, 1990

FIRREA Orders—Continued

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval date
Arvest Bank Group, Inc., Bentonville, Arkansas	First Federal Savings and Loan Association of Fayetteville, Fayetteville, Arkansas (Fayetteville and Prairie Grove Branches)	McIlroy Bank and Trust, Fayetteville, Arkansas	November 2, 1990
BankAmerica Corporation, San Francisco, California	Southwest Federal Savings Association, Los Angeles, California	Bank of America National Trust and Savings Association, San Francisco, California	November 16, 1990
Bankers Corp., Perth Amboy, New Jersey	Carteret Savings Bank, FA, Morristown, New Jersey (5 Branches)	Bankers Savings, Perth Amboy, New Jersey	November 13, 1990
BankWorcester Corporation, Worcester, Massachusetts	Home Federal Savings Bank of Worcester, Worcester, Massachusetts	Worcester County Institution for Savings, Worcester, Massachusetts	November 9, 1990
CB&T Financial Corp., Fairmont, West Virginia	First Standard Savings, F.S.A., Fairmont, West Virginia	Community Bank & Trust, N.A., Fairmont, West Virginia	November 2, 1990
Citizens State Bankshares of Bald Knob, Inc., Bald Knob, Arkansas	Madison Guaranty Savings and Loan Association, McCrory, Arkansas (Bradford Branch)	Citizens State Bank, Bald Knob, Arkansas	November 30, 1990
Continental Bancorporation, Inc., Sikeston, Missouri	Colonial Savings and Loan Association, F.A., Cape Girardeau, Missouri (Chaffee and Caruthersville Branches)	The First National Bank of Sikeston, Sikeston, Missouri	November 9, 1990
Farmers & Merchants Investment Company, Inc., Lincoln, Nebraska	Heritage Federal Savings Bank, Omaha, Nebraska (David City Branch)	Union Bank & Trust Co., Lincoln, Nebraska	November 30, 1990
Firstbank of Illinois, Co., Springfield, Illinois	New Athens Federal Savings and Loan Association, New Athens, Illinois	United Illinois Bank of New Athens, New Athens, Illinois	November 16, 1990

FIRREA Orders—Continued

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval date
First Dodge City Bancshares, Inc., Dodge City, Kansas	Valley Savings, A Federal Savings and Loan Association, Hutchinson, Kansas (Dodge City Branch)	First National Bank and Trust Company in Dodge City, Dodge City, Kansas	November 9, 1990
Firstier Financial, Inc., Omaha, Nebraska	Equitable Federal Savings Bank, Fremont, Nebraska	Firstier Bank, N.A., Omaha, Nebraska	November 16, 1990
First Midwest Bancorp, Inc., Naperville, Illinois	Community Federal Savings Bank, East Moline, Illinois (Kennedy and Moline Branches)	First Midwest Bank/Western Illinois, Moline, Illinois	November 2, 1990
First Midwest Bancorp, Inc., Naperville, Illinois	Home Savings, A Federal Savings and Loan Association, Joliet, Illinois	First Midwest Bank/Illinois, N.A., Joliet, Illinois	November 21, 1990
First National Nebraska, Inc., Omaha, Nebraska	FirsTier Savings Bank, FSB, Omaha, Nebraska (Chadron Branch)	First National Bank, North Platte, Nebraska	November 21, 1990
Old National Bancorp, Evansville, Indiana	Henderson Home Savings and Loan Association, F.A., Henderson, Kentucky	Farmers Bank & Trust Company, Henderson, Kentucky	November 30, 1990
Southeast Texas Bancshares, Inc., Beaumont, Texas	Deep East Texas Savings Association, Jasper, Texas	Community Bank, Kirbyville, Texas	November 2, 1990
Union Bancshares, Inc., Wichita, Kansas	Valley Savings, A Federal Savings and Loan Association, Hutchinson, Kansas (Hutchinson Branch)	Union National Bank of Wichita, Wichita, Kansas	November 9, 1990
Union Illinois Company, East St. Louis, Illinois	Frontier Federal Savings Bank, Belleville, Illinois	Union Bank of East St. Louis, East St. Louis, Illinois	November 29, 1990
United Missouri Bancshares, Inc., Kansas City, Missouri FCB Corp., Collinsville, Illinois	Midwest Home Federal Savings Bank, Belleville, Illinois	UMB First National Bank, Collinsville, Illinois	November 30, 1990
Western Bancorp, Inc., Garden City, Kansas	Valley Savings, A Federal Savings and Loan Association, Hutchinson, Kansas (Garden City Branch)	Western State Bank, Garden City, Kansas	November 9, 1990

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 4

Applicant(s)	Bank(s)	Effective date
BankAmerica Corporation, San Francisco, California	BAC Interim Federal Savings Bank, Los Angeles, California	November 16, 1990

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(s)	Bank(s)	Reserve Bank	Effective date
Community Bankshares of Wyoming, Guernsey, Wyoming	Oregon Trail Bank, Guernsey, Wyoming	Kansas City	November 15, 1990
Decatur Investment, Inc., Oberlin, Kansas	Western Kansas Investment Corp., Inc., Winona, Kansas	Kansas City	November 15, 1990
Exeter Bancorporation, Inc., St. Paul, Minnesota	First State Bank of Ada, Ada, Minnesota Karlstad State Bank, Karlstad, Minnesota Crookston Financial Services, Inc., Crookston, Minnesota	Minneapolis	November 15, 1990
Fidelity Company, Dyersville, Iowa	Clarence Bancshares, Inc., Clarence, Iowa	Chicago	November 2, 1990
First Abilene Bankshares, Inc., Abilene, Texas	First Abilene Bankshares of Delaware, Inc., Wilmington, Delaware First National Bank in Cleburne, Cleburne, Texas	Dallas	November 13, 1990

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
First National Bancorp, Inc., Joliet, Illinois	Bank of Lockport, Lockport, Illinois	Chicago	October 26, 1990
First Norton Corporation, Norton, Kansas	First Security Bank and Trust Company, Norton, Kansas	Kansas City	November 13, 1990
First Peoria Corp., Peoria, Illinois	The Tazewell County National Bank of Delavan, Delavan, Illinois	Chicago	November 13, 1990
First State Management Corporation, Inc., Salina, Kansas	Kanopolis Bankshares, Inc., Kanopolis, Kansas	Kansas City	November 13, 1990
First York Ban Corp., York, Nebraska	Albion National Management Company, Albion, Nebraska	Kansas City	November 6, 1990
F & M Bank Services, Inc., Wichita, Kansas	Farmers and Merchants State Bank, Derby, Kansas	Kansas City	November 9, 1990
FS Banco, Inc., Malta, Montana	The First State Bank of Malta, Malta, Montana	Minneapolis	November 16, 1990
Grand Valley Corporation, Grand Junction, Colorado	Grand Valley National Bank, Grand Junction, Colorado	Kansas City	November 13, 1990
GSB Holding, Inc., Mangum, Oklahoma	Guarantee State Bancshares, Inc., Mangum, Oklahoma	Kansas City	October 26, 1990
Guaranty Bancshares, Inc., Mount Pleasant, Texas	Guaranty Bank, Mount Pleasant, Texas The Talco State Bank, Talco, Texas	Dallas	November 13, 1990
Guaranty Financial Corp., Wilmington, Delaware	Guaranty Bank, Mount Pleasant, Texas The Talco State Bank, Talco, Texas	Dallas	November 13, 1990
INB Financial Corporation, Indianapolis, Indiana	F L & T Financial Corporation, Columbia City, Indiana	Chicago	November 14, 1990
Kirkwood Bancorporation Co., Bismarck, North Dakota	Kirkwood Bank & Trust Co., Bismarck, North Dakota	Minneapolis	November 9, 1990
Klossner Bancorporation, Inc., Klossner, Minnesota	Security State Investments, Inc., Houston, Minnesota	Minneapolis	November 1, 1990

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Libanco, Inc., Gowrie, Iowa	The First State Bank of Gowrie, Gowrie, Iowa	Chicago	November 20, 1990
Mechanicsville Trust & Savings Bank Employee Stock Ownership Plan and Trust, Mechanicsville, Iowa	Mechanicsville Bancshares, Inc., Mechanicsville, Iowa	Chicago	November 19, 1990
Mountain-Valley Bancshares, Inc., Parsons, West Virginia	Bank of Mill Creek, Mill Creek, West Virginia	Richmond	November 7, 1990
Nebraska Bankshares, Inc., Farnam, Nebraska	Cozad Interim Federal Savings Bank, Cozad, Nebraska Nebraska State Bank, Cozad, Nebraska	Kansas City	October 30, 1990
North Milwaukee Bancshares, Inc., Milwaukee, Wisconsin	North Milwaukee State Bank, Milwaukee, Wisconsin	Chicago	November 9, 1990
Owatonna Bancshares, Inc., Owatonna, Minnesota	Farmers State Bank, Hope, Minnesota	Minneapolis	November 2, 1990
Paloma Bancshares, Inc., Paloma, Illinois	Paloma Exchange Bank, Paloma, Illinois	St. Louis	November 13, 1990
Piper Bankshares, Inc., Piper City, Illinois	First National Bancorp of Cullom, Inc., Cullom, Illinois	Chicago	October 31, 1990
Plains Bancorp Delaware, Inc., Wilmington, Delaware	The First State Bank of Dimmitt, Dimmitt, Texas	Dallas	November 6, 1990
Plains Bancorp, Inc., Dimmitt, Texas	Seagraves Bancshares, Inc., Seagraves, Texas	Dallas	November 6, 1990
Rock Rivers Bancorp, Rock Rapids, Iowa	Rock Rapids State Bank, Rock Rapids, Iowa	Chicago	October 25, 1990
Rurban Financial Corp., Defiance, Ohio	The First National Bank of Ottawa, Ottawa, Ohio	Cleveland	November 5, 1990
Southwest Florida Banks, Incorporated, Murdock, Florida	Southwest Florida Bank, National Association, Murdock, Florida	Atlanta	October 31, 1990
Staples Financial Services, Inc., Staples, Minnesota	Staples State Bank, Staples, Minnesota	Minneapolis	October 29, 1990
Stockmen's Management Co., Rushville, Nebraska	Cozad Interim Federal Savings Bank, Cozad, Nebraska Nebraska State Bank, Cozad, Nebraska	Kansas City	October 30, 1990
Summit Bancorp, Akron, Ohio	The Summit Bank, Akron, Ohio	Cleveland	October 30, 1990
Taylor Bancshares, Inc., North Mankato, Minnesota	Valley Bank Minnesota, Jordan, Minnesota	Minneapolis	November 9, 1990
TNB Bancorp, Inc., Tuscola, Illinois	Tuscola National Bank, Tuscola, Illinois	Chicago	October 26, 1990

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
United Nebraska Financial Co., Ord, Nebraska	United Nebraska Savings and Loan Association, O'Neill, Nebraska United Nebraska Bank, O'Neill, Nebraska	Kansas City	November 7, 1990
Valley Bancorporation, Appleton, Wisconsin	Independent Community Bancshares, Kiel, Wisconsin	Chicago	November 2, 1990

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective date
Bankers Corp., Perth Amboy, New Jersey	Interim Federal Savings Bank, Perth Amboy, New Jersey	New York	November 13, 1990
Boatmen's Bancshares, Inc., St. Louis, Missouri Mercantile Bancorporation Inc., St. Louis, Missouri	Credit Systems Incorporated, St. Louis, Missouri	St. Louis	November 2, 1990
Caisse Nationale de Credit Agricole S.A., Paris, France	Index Futures Group, Inc., Chicago, Illinois	Chicago	October 26, 1990
First Bank System, Inc., Minneapolis, Minnesota	Binsfield & Associates, Inc., Duluth, Minnesota	Minneapolis	November 21, 1990
First Commercial Corporation, Little Rock, Arkansas	in providing trust services and investment advice	St. Louis	November 16, 1990
Guaranty Bancshares, Inc., Mount Pleasant, Texas Guaranty Financial Corp., Wilmington, Delaware	Guaranty Leasing Company, Inc., Mount Pleasant, Texas	Dallas	November 13, 1990
National Penn Bancshares, Inc., Boyertown, Pennsylvania	Sellersville Savings and Loan Association, Perkasie, Pennsylvania	Philadelphia	November 8, 1990
United Missouri Bancshares, Inc., Kansas City, Missouri	Credit Systems, Inc., St. Louis, Missouri	Kansas City	November 2, 1990

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(s)	Bank(s)	Reserve Bank	Effective date
Crestar Bank, Richmond, Virginia	Community Trust Bank, Portsmouth, Virginia	Richmond	November 14, 1990
State Bank of Croswell, Croswell, Michigan	First Federal Savings Bank and Trust, Pontiac, Michigan	Chicago	November 16, 1990

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.

State of Illinois v. Board of Governors, No. 90-C-6863 (N.D. Illinois, filed November 27, 1990). Action seeking to restrain the Board from providing state examination materials in response to a Congressional subpoena.

Citicorp v. Board of Governors, No. 90–4124 (2d Circuit, filed October 4, 1990). Petition for review of Board order requiring Citicorp to terminate certain insurance activities conducted pursuant to Delaware law by an indirect nonbank subsidiary. Insurance trade associations, the Delaware Bankers Association, and the State of Delaware have moved to intervene in the action.

Stanley v. Board of Governors, No. 90–3183 (7th Circuit, filed October 3, 1990). Petition for review of Board order imposing civil money penalties on five former bank holding company directors.

Sibille v. Federal Reserve Bank of New York and Board of Governors, No. 90-CIV-5898 (S.D. New York, filed September 12, 1990). Appeal of denial of Freedom of Information Act request.

Kuhns v. Board of Governors, No. 90–1398 (D.C. Cir., filed July 30, 1990). Petition for review of Board order denying request for attorney's fees pursuant to Equal Access to Justice Act. Oral argument is scheduled for February 15, 1991.

May v. Board of Governors, No. 90–1316 (D.C. Cir., filed July 27, 1990). Appeal of District Court order dismissing plaintiff's action under Freedom of Information and Privacy Acts. Board's motion for summary affirmance filed October 12, 1990.

Burke v. Board of Governors, No. 90–9509 (10th Circuit, filed February 27, 1990). Petition for review of Board orders assessing civil money penalties and issuing orders of prohibition.

BancTEXAS Group, Inc. v. Board of Governors, No. CA 3–90–0236-R (N.D. Texas, filed February 2, 1990). Suit for preliminary injunction enjoining the Board from enforcing a temporary order to cease and desist requiring injection of capital into plaintiff's subsidiary banks under the Board's source of strength doctrine. District court granted preliminary injunction on June 5, 1990, in light of *MCorp v. Board of Governors*, 900 F.2d 852 (5th Cir. 1990).

Rutledge v. Board of Governors, No. 90–7599 (11th Cir., filed August 21, 1990). Appeal of district court grant of summary judgment for defendants in tort suit challenging Board and Reserve Bank supervisory actions. Board's brief filed November 27, 1990.

Kaimowitz v. Board of Governors, No. 90–3067 (11th Cir., filed January 23, 1990). Petition for review of Board order dated December 22, 1989, approving application by First Union Corporation to acquire Florida National Banks. Petitioner objects to approval on Community Reinvestment Act grounds.

Babcock and Brown Holdings, Inc. v. Board of Governors, No. 89–70518 (9th Cir., filed November 22, 1989). Petition for review of Board determination that a company would control a proposed insured bank for purposes of the Bank Holding Company Act. Awaiting scheduling of oral argument.

Consumers Union of U.S., Inc. v. Board of Governors, No. 90–5186 (D.C. Cir., filed June 29, 1990). Appeal of District Court decision upholding amendments to Regulation Z implementing the Home Equity Loan Consumer Protection Act. Oral argument scheduled for February 20, 1991.

Synovus Financial Corp. v. Board of Governors, No. 89–1394 (D.C. Cir., filed June 21, 1989). Petition for review of Board order permitting relocation of a bank holding company's national bank subsidiary from Alabama to Georgia. Oral argument was held on October 11, 1990. On October 15, the court ordered the Office of the Comptroller of the Currency to submit a brief regarding an issue in the case.

MCorp v. Board of Governors, No. 89–2816 (5th Cir., filed May 2, 1989). Appeal of preliminary injunction against the Board enjoining pending and future enforcement actions against a bank holding company now in bankruptcy. On May 15, 1990, the Fifth Circuit vacated the district court's order enjoining the Board from proceeding with enforcement actions based on section 23A of the Federal Reserve Act, but upheld the district court's order enjoining such actions based on the Board's source-of-strength doctrine. 900 F.2d 852 (5th Cir. 1990).

MCorp v. Board of Governors, No. CA3–88–2693 (N.D. Tex., filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. Stayed pending outcome of MCorp v. Board of Governors, 900 F.2d 852 (5th Cir. 1990).

White v. Board of Governors, No. CU-S-88–623-RDF (D. Nev., filed July 29, 1988). Age discrimination complaint. Board's motion to dismiss or for summary judgment pending.

Final Enforcement Orders Issued by the Board of Governors

Provident Bancorp of Texas, Inc.
Dallas, Texas

The Federal Reserve Board announced on November 27, 1990, the issuance of an Order of Assessment of Civil Money Penalty against Provident Bancorp of Texas, Inc., Dallas, Texas.

Celestino Torres Romero

The Federal Reserve Board announced on November 27, 1990, the issuance of an Order of Prohibition against Celestino Torres Romero, a former employee of the Banco de Ponce, Hato Rey, San Juan, Puerto Rico.

Financial and Business Statistics

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

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

Monetary and credit aggregates	1989	1990			1990				
	Q4	Q1	Q2	Q3r	June	July	Aug.r	Sept.	Oct.
Reserves of depository institutions[2]									
1 Total	5.1	2.4	−1.4	−1.4	−1.0	−8.2	8.6	6.7	−9.4
2 Required	5.0	2.5	−.9	−1.5	2.8	−10.1	8.6	6.0r	−8.3
3 Nonborrowed	7.2	−3.9	−1.0	2.0	8.3	−5.8	5.2	13.0r	−5.2
4 Monetary base[3]	4.0	8.5	7.0	8.8	7.6	6.4	13.1	14.6	6.9
Concepts of money, liquid assets, and debt[4]									
5 M1	5.1	4.8	3.5	4.1	6.0	−.6r	10.1	9.3r	−2.9
6 M2	7.1	6.4	3.2r	3.1	3.0r	1.9r	6.4	5.0r	.3
7 M3	2.0	2.9	1.1r	1.5	1.4r	1.1r	4.3	.3r	−1.2
8 L	3.1	2.7	1.1r	2.4	4.8	2.4r	2.7	6.2	n.a.
9 Debt	7.3	6.1	6.8	6.8	6.6	6.9r	7.5	7.2	n.a.
Nontransaction components									
10 In M2[5]	7.7	6.9	3.1r	2.8	2.0r	2.7	5.2	3.7r	1.3
11 In M3 only[6]	−16.6	−10.4r	−7.3	−5.3	−5.4r	−2.0	−4.6	−19.7r	−7.8
Time and savings deposits									
Commercial banks									
12 Savings	7.2	9.5	5.1	3.9	9.3	3.7r	1.2	4.9	7.9
13 MMDAs	12.3	9.1	10.6	9.4	9.5	8.8	12.0	4.5	1.0
14 Small-denomination time[7]	11.3	7.8	12.0	15.3	18.7	18.9	6.5	8.2r	21.3
15 Large-denomination time[8,9]	2.7	−1.1	−2.7	−.9	2.4	5.1r	−10.2	−13.9	−7.7
Thrift institutions									
16 Savings	.2	1.3	.5	−2.3	−3.8	−.5	−1.1	−6.5	−13.7
17 MMDAs	4.7	5.7	2.6	−10.4	−15.1	−12.6	−5.5	1.8r	−10.1
18 Small-denomination time[7]	−2.5	−3.3	−7.1r	−12.9	−20.0r	−15.3r	−4.1	−8.7r	−19.2
19 Large-denomination time[8]	−28.6	−24.7	−30.3	−31.6	−29.5	−36.5	−28.4	−26.3	−37.5
Money market mutual funds									
20 General purpose and broker-dealer	29.1	19.8	1.3r	13.1	6.0r	11.9	32.3	21.4r	9.8
21 Institution-only	3.3	10.2	11.7	21.9	.0	17.9	56.2	22.1	38.2
Debt components[4]									
22 Federal	10.2	6.8	9.5	14.2	14.3	13.6	19.1	11.0	n.a.
23 Nonfederal	6.4	5.9	5.9	4.6	4.2	4.8r	3.9	6.0	n.a.

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

2. Figures incorporate adjustments for discontinuities associated with regulatory changes in reserve requirements. (See also table 1.20.)

3. Seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

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 depository institutions 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 all depository 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. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. 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.

6. Sum of large time deposits, term RPs, term Eurodollars of U.S. residents, and 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. 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.

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

9. 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						
	1990			1990						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**280,961**	**285,966**	**284,920**	**287,090**	**283,761**	**285,290**	**286,452**	**284,709**	**283,846**	**284,370**
U.S. government securities[1, 2]										
2 Bought outright-system account	231,366	233,704	234,588	233,687	234,214	234,131	234,890	234,224	234,623	234,880
3 Held under repurchase agreements	2,139	2,797	1,050	3,427	1,015	1,341	2,289	1,451	0	0
Federal agency obligations[2]										
4 Bought outright	6,408	6,377	6,366	6,377	6,377	6,377	6,377	6,377	6,362	6,343
5 Held under repurchase agreements	551	930	284	1,394	318	456	549	365	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions[2]										
7 Adjustment credit	318	240	62	552	73	95	42	44	27	104
8 Seasonal credit	433	419	331	422	440	408	357	333	318	295
9 Extended credit	134	5	18	5	9	8	11	15	20	31
10 Float	566	752	704	393	320	1,294	652	580	914	665
11 Other Federal Reserve assets	39,045	40,742	41,517	40,833	40,996	41,182	41,285	41,320	41,582	42,052
12 Gold stock	11,064	11,064	11,061	11,064	11,063	11,063	11,062	11,062	11,061	11,060
13 Special drawing rights certificate account	8,518	8,518	8,566	8,518	8,518	8,518	8,518	8,518	8,518	8,732
14 Treasury currency outstanding	20,145	20,198	20,254	20,199	20,213	20,223	20,237	20,251	20,265	20,279
ABSORBING RESERVE FUNDS										
15 Currency in circulation	270,536	272,891	274,662	272,940	271,913	272,344	274,601	275,467	274,829	274,533
16 Treasury cash holdings	544	525	529	519	519	526	526	525	530	536
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,415	6,358	5,544	7,570	6,666	7,701	4,461	5,505	4,931	6,274
18 Foreign	265	258	250	247	208	298	257	241	255	249
19 Service-related balances and adjustments	1,873	2,017	2,024	1,911	2,203	1,942	1,872	2,274	1,945	2,039
20 Other	236	279	309	287	295	331	240	259	225	524
21 Other Federal Reserve liabilities and capital	9,219	9,905	9,375	9,594	9,310	9,597	9,552	9,332	9,162	9,346
22 Reserve balances with Federal Reserve Banks[3]	32,600	33,513	32,108	33,803	32,442	32,356	34,759	30,936	31,812	30,940

Factors	End-of-month figures			Wednesday figures						
	1990			1990						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**284,445**	**284,364**	**288,586**	**292,300**	**285,241**	**288,919**	**286,837**	**285,482**	**281,627**	**288,586**
U.S. government securities[1, 2]										
24 Bought outright-system account	233,498	234,373	237,763	234,030	233,855	233,913	236,724	233,484	232,764	237,763
25 Held under repurchase agreements	2,936	0	0	4,505	2,720	4,594	0	2,532	0	0
Federal agency obligations[2]										
26 Bought outright	6,377	6,377	6,343	6,377	6,377	6,377	6,377	6,377	6,343	6,343
27 Held under repurchase agreements	1,186	0	0	1,701	564	1,454	0	737	0	0
28 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions[2]										
29 Adjustment credit	50	77	297	3,587	49	213	45	49	23	297
30 Seasonal credit	412	423	262	435	441	376	346	323	314	262
31 Extended credit	3	5	33	5	11	10	15	16	27	33
32 Float	−97	1,832	918	794	87	517	2,162	785	401	918
33 Other Federal Reserve assets	40,081	41,277	42,972	40,867	41,138	41,466	41,168	41,177	41,755	42,972
34 Gold stock	11,065	11,063	11,060	11,065	11,063	11,062	11,062	11,061	11,061	11,060
35 Special drawing rights certificate account	8,518	8,518	10,018	8,518	8,518	8,518	8,518	8,518	8,518	10,018
36 Treasury currency outstanding	20,171	20,227	20,279	20,199	20,213	20,223	20,237	20,251	20,265	20,279
ABSORBING RESERVE FUNDS										
37 Currency in circulation	272,690	271,905	275,043	272,516	271,849	273,307	275,645	275,292	274,779	275,043
38 Treasury cash holdings	534	527	544	518	521	527	525	530	535	544
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	4,453	7,638	7,607	16,758	5,402	7,977	4,397	6,244	5,547	7,607
40 Foreign	337	360	297	180	198	254	270	201	283	297
41 Service-related balances and adjustments	1,953	1,942	2,039	1,911	2,204	1,942	1,872	2,274	1,945	2,039
42 Other	219	374	1,777	308	367	262	249	302	202	1,777
43 Other Federal Reserve liabilities and capital	10,504	9,606	9,995	9,241	9,127	9,421	9,174	9,015	8,917	9,995
44 Reserve balances with Federal Reserve Banks[3]	33,509	31,820	32,642	30,650	35,366	35,034	34,521	31,452	29,263	32,642

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. Beginning with the May 1990 *Bulletin*, this table has been revised to correspond with the H.4.1 statistical release.
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]									
	1987	1988	1989	1990						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 Reserve balances with Reserve Banks[2]	37,691	37,837	35,436	35,409	32,771	33,878	32,946	32,448	33,303	32,130
2 Total vault cash[3]	26,675	28,204	29,812	29,281	29,812	29,632	30,457	30,843	30,622	31,516
3 Applied vault cash[4]	24,449	25,909	27,374	27,103	27,461	27,318	27,996	28,280	28,149	28,925
4 Surplus vault cash[5]	2,226	2,295	2,439	2,178	2,351	2,314	2,460	2,563	2,473	2,591
5 Total reserves[6]	62,141	63,746	62,810	62,512	60,232	61,197	60,943	60,728	61,452	61,054
6 Required reserves	61,094	62,699	61,888	61,615	59,269	60,423	60,081	59,860	60,544	60,206
7 Excess reserve balances at Reserve Banks[7]	1,046	1,047	922	897	962	774	862	868	909	849
8 Total borrowings at Reserve Banks	777	1,716	265	1,628	1,335	881	757	927	624	410
9 Seasonal borrowings at Reserve Banks	93	130	84	122	244	311	389	430	418	335
10 Extended credit at Reserve Banks[8]	483	1,244	20	1,403	875	346	280	127	6	18

	Biweekly averages of daily figures for weeks ending									
	1990									
	June 27	July 11	July 25	Aug. 8	Aug. 22	Sept. 5	Sept. 19	Oct. 3[r]	Oct. 17	Oct. 31
11 Reserve balances with Reserve Banks[2]	33,390	33,958	32,390	32,389	32,463	32,477	34,316	32,389	32,833	31,370
12 Total vault cash[3]	30,097	30,264	30,549	30,597	31,379	30,229	30,291	31,222	31,673	31,422
13 Applied vault cash[4]	27,676	27,885	28,094	27,974	28,815	27,720	27,976	28,565	29,171	28,756
14 Surplus vault cash[5]	2,421	2,380	2,455	2,623	2,565	2,509	2,315	2,657	2,502	2,666
15 Total reserves[6]	61,066	61,842	60,484	60,363	61,277	60,197	62,292	60,954	62,004	60,126
16 Required reserves	60,046	60,944	59,609	59,599	60,367	59,304	61,546	59,832	61,021	59,471
17 Excess reserve balances at Reserve Banks[7]	1,020	898	875	764	910	893	746	1,122	984	655
18 Total borrowings at Reserve Banks	566	581	832	908	1,124	638	705	516	401	397
19 Seasonal borrowings at Reserve Banks	329	359	396	429	432	430	410	424	345	307
20 Extended credit at Reserve Banks[8]	183	182	298	419	38	8	5	9	13	26

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 and includes other off-balance sheet "as-of" adjustments.
3. Total "lagged" vault cash held by those depository institutions currently subject to reserve requirements. 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. All vault cash held during the lagged computation period by "bound" institutions (i.e., those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (i.e., those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
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 Banks[1]

Averages of daily figures, in millions of dollars

Maturity and source	1990, week ending Monday[2]								
	Aug. 6	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24	Oct. 1
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	86,516	85,883	89,773	84,057	87,664	95,172	91,246	79,956	81,974
2 For all other maturities	19,270	19,567	19,298	19,697	19,572	17,839	18,103	17,796	16,572
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	39,342	41,080	39,250	39,306	36,237	38,524	38,249	37,308	31,985
4 For all other maturities	17,596	16,873	16,866	16,386	17,206	17,452	17,425	16,585	16,960
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	17,406	17,771	18,476	17,044	18,639	16,370	14,524	16,336	15,586
6 For all other maturities	24,262	25,272	24,233	25,459	24,590	22,600	23,224	21,774	19,072
All other customers									
7 For one day or under continuing contract	33,487	30,243	32,148	32,102	33,258	33,378	32,726	31,776	29,621
8 For all other maturities	14,266	14,512	13,522	14,649	14,612	13,833	13,415	12,863	13,021
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	52,042	61,601	54,448	48,340	51,861	52,564	51,336	46,590	49,163
10 To all other specified customers[3]	16,229	16,660	17,025	15,970	16,310	17,741	17,243	17,230	14,620

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. Beginning with the August Bulletin data appearing are the most current available. To obtain data from May 1, 1989, through April 16, 1990, contact the Division of Applications Development and Statistical Services, Financial Statement Reports Section, (202) 452-3349.
3. 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 11/30/90	Effective date	Previous rate	On 11/30/90	Effective date	Previous rate	On 11/30/90	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	8.35	11/29/90	8.45	11/15/90
New York		2/24/89			2/24/89			11/29/90		11/15/90
Philadelphia		2/24/89			2/24/89			11/29/90		11/15/90
Cleveland		2/24/89			2/24/89			11/29/90		11/15/90
Richmond		2/24/89			2/24/89			11/29/90		11/15/90
Atlanta		2/24/89			2/24/89			11/29/90		11/15/90
Chicago		2/24/89			2/24/89			11/29/90		11/15/90
St. Louis		2/24/89			2/24/89			11/29/90		11/15/90
Minneapolis		2/24/89			2/24/89			11/29/90		11/15/90
Kansas City		2/24/89			2/24/89			11/29/90		11/15/90
Dallas		2/27/89			2/27/89			11/29/90		11/15/90
San Francisco	7	2/24/89	6½	7	2/24/89	6½	8.35	11/29/90	8.45	11/15/90

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 Nov. 30, 1990	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–$41.1 million	3	12/18/90
More than $41.1 million	12	12/18/90
Nonpersonal time deposits[5, 6]	0	12/27/90
Eurocurrency liabilities[7]	0	12/27/90

1. Reserve requirements in effect on Dec. 31, 1990. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions 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* or 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 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); and (2) net other transaction accounts. The exemption applies only to 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).

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 change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 18, 1990 for institutions reporting quarterly and Dec. 25, 1990 for institutions reporting weekly, the amount was increased from $40.4 million to $41.1 million.

5. The reserve requirements on nonpersonal time deposits with an original maturity of less than 1-1/2 years were reduced from 3 percent to 1-1/2 percent on the maintenance period that began December 13, 1990, and to zero for the maintenance period that began December 27, 1990, for institutions that report weekly. The reserve requirement on nonpersonal time deposits with an original maturity of 1-1/2 years or more has been zero since October 6, 1983.

6. For institutions that report quarterly, the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years will be reduced from 3 percent to zero on January 17, 1991.

7. The reserve requirements on Euroccurrency liabilities were reduced from 3 percent to zero in the same manner and on the same dates as were the reserves on nonpersonal time deposits with an original maturity of less than 1-1/2 years (see notes 5 and 6).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. TREASURY SECURITIES										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	18,983	8,223	14,284	543	5,796	3,365	1,732	287	4,264	631
2 Gross sales	6,051	587	12,818	0	0	0	0	0	68	0
3 Exchange	239,740	241,876	231,211	19,051	17,286	22,894	16,279	16,159	21,912	19,041
4 Redemptions	9,029	2,200	12,730	0	0	0	0	0	0	0
Others within 1 year										
5 Gross purchases	3,659	2,176	327	100	0	0	50	0	0	0
6 Gross sales	300	0	0	0	0	0	0	0	0	0
7 Maturity shift	21,504	23,854	28,848	1,876	993	4,387	1,314	1,321	3,235	1,010
8 Exchange	−20,388	−24,588	−25,783	0	−4,304	−2,771	0	−3,577	−4,550	0
9 Redemptions	70	0	500	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	10,231	5,485	1,436	100	100	0	0	0	0	0
11 Gross sales	452	800	490	0	0	0	0	0	0	0
12 Maturity shift	−17,975	−17,720	−25,534	−1,876	−739	−3,607	−1,314	−1,234	−2,188	−1,010
13 Exchange	18,938	22,515	23,250	0	4,081	2,521	0	3,577	4,200	0
5 to 10 years										
14 Gross purchases	2,441	1,579	287	0	0	0	0	0	0	0
15 Gross sales	0	175	29	0	0	0	0	0	0	0
16 Maturity shift	−3,529	−5,946	−2,231	0	−254	−530	0	−87	−697	0
17 Exchange	950	1,797	1,934	0	223	0	0	0	0	0
Over 10 years										
18 Gross purchases	1,858	1,398	284	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	−188	−1,086	0	0	−250	0	0	−350	0
21 Exchange	500	275	600	0	0	250	0	0	350	0
All maturities										
22 Gross purchases	37,170	18,863	16,617	743	5,896	3,365	1,782	287	4,264	631
23 Gross sales	6,803	1,562	13,337	0	0	0	0	0	68	0
24 Redemptions	9,099	2,200	13,230	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	950,923	1,168,484	1,323,480	99,104	97,970	121,596	107,896	95,144	113,647	120,036
26 Gross purchases	950,935	1,168,142	1,326,542	97,128	98,643	121,218	110,042	95,787	110,635	120,280
Repurchase agreements[2]										
27 Gross purchases	314,621	152,613	129,518	8,050	6,409	3,959	11,242	13,106	26,700	31,996
28 Gross sales	324,666	151,497	132,688	6,627	7,832	3,959	11,242	11,447	23,764	34,932
29 Net change in U.S. government securities	11,234	15,872	−10,055	190	5,146	2,987	3,928	2,590	4,121	−2,060
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	276	587	442	0	78	0	0	33	37	0
Repurchase agreements[2]										
33 Gross purchases	80,353	57,259	38,835	1,966	2,595	2,314	3,221	4,697	7,130	7,394
34 Gross sales	81,350	56,471	40,411	1,457	3,104	2,314	3,221	4,137	5,944	8,580
35 Net change in federal agency obligations	−1,274	198	−2,018	509	−587	0	0	527	1,149	−1,186
36 Total net change in System Open Market Account	**9,961**	**16,070**	**−12,073**	**699**	**4,559**	**2,987**	**3,928**	**3,117**	**5,270**	**−3,247**

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		
	1990					1990		
	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Aug.	Sept.	Oct. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,062	11,060	11,061	11,061	11,060	11,065	11,063	11,060
2 Special drawing rights certificate account	8,518	10,018	8,518	8,518	10,018	8,518	8,518	10,018
3 Coin	535	551	547	546	551	491	533	551
Loans								
4 To depository institutions	601	591	389	364	591	465	505	591
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	0	0	0	0	0	0	0	0
7 Bought outright	6,377	6,343	6,377	6,343	6,343	6,377	6,377	6,343
8 Held under repurchase agreements	1,454	0	737	0	0	1,186	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	111,368	115,218	110,940	110,219	115,218	110,953	111,828	115,218
10 Notes	91,582	91,582	91,582	91,582	91,582	91,582	91,582	91,582
11 Bonds	30,963	30,963	30,963	30,963	30,963	30,963	30,963	30,963
12 Total bought outright[2]	233,913	237,763	233,484	232,764	237,763	233,498	234,373	237,763
13 Held under repurchase agreements	4,594	0	2,532	0	0	2,936	0	0
14 Total U.S. Treasury securities	238,506	237,763	236,017	232,764	237,763	236,434	234,373	237,763
15 **Total loans and securities**	**246,938**	**244,697**	**243,519**	**239,471**	**244,697**	**244,461**	**241,255**	**244,697**
16 Items in process of collection	6,602	5,992	6,699	5,412	5,992	5,726	8,358	5,992
17 Bank premises	845	853	847	849	853	836	844	853
Other assets								
18 Denominated in foreign currencies[3]	34,456	34,488	34,561	34,590	35,669	34,059	34,454	35,669
19 All other[4]	6,156	7,408	6,070	6,213	6,227	5,230	6,006	6,227
20 **Total assets**	**315,111**	**315,067**	**311,823**	**306,660**	**315,067**	**310,386**	**311,031**	**315,067**
LIABILITIES								
21 Federal Reserve notes	254,145	255,860	256,119	255,594	255,860	253,544	252,738	255,860
Deposits								
22 To depository institutions	37,335	34,546	34,046	31,428	34,546	35,592	33,834	34,546
23 U.S. Treasury—General account	7,977	7,607	6,244	5,547	7,607	4,453	7,638	7,607
24 Foreign—Official accounts	254	297	201	283	297	337	360	297
25 Other	262	1,777	302	202	1,777	219	374	1,777
26 **Total deposits**	**45,827**	**44,226**	**40,793**	**37,460**	**44,226**	**40,600**	**42,206**	**44,226**
27 Deferred credit items	5,718	4,986	5,896	4,688	4,986	5,738	6,481	4,986
28 Other liabilities and accrued dividends[5]	4,038	3,569	3,761	3,687	3,569	4,288	4,021	3,569
29 **Total liabilities**	**309,729**	**308,641**	**306,569**	**301,429**	**308,641**	**304,169**	**305,446**	**308,641**
CAPITAL ACCOUNTS								
30 Capital paid in	2,399	2,402	2,402	2,402	2,402	2,399	2,399	2,402
31 Surplus	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243
32 Other capital accounts	740	1,781	610	586	1,781	1,579	943	1,781
33 **Total liabilities and capital accounts**	**315,111**	**315,067**	**311,823**	**306,660**	**315,067**	**310,386**	**311,031**	**315,067**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	235,691	235,262	236,110	306,660	239,933	236,408	234,926	240,993
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	297,523	300,234	299,060	299,904	300,234	293,807	296,914	300,234
36 LESS: Held by bank	43,387	44,375	42,941	44,310	44,375	40,263	44,176	44,375
37 Federal Reserve notes, net	254,145	255,860	256,119	255,594	255,860	253,544	252,738	255,860
Collateral held against notes net:								
38 Gold certificate account	11,062	11,060	11,061	11,061	11,060	11,065	11,063	11,060
39 Special drawing rights certificate account	8,518	10,018	8,518	8,518	10,018	8,518	8,518	10,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	234,565	234,782	236,539	236,015	234,782	233,961	233,157	234,782
42 **Total collateral**	**254,145**	**255,860**	**256,119**	**255,594**	**255,860**	**253,544**	**252,738**	**255,860**

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 Holding

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1990					1990		
	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Aug. 31	Sept. 28	Oct. 31
1 Loans—Total	599	406	389	364	429	465	505	429
2 Within 15 days	359	172	351	323	379	221	284	379
3 16 days to 90 days	240	234	38	41	51	243	221	51
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	238,506	236,724	236,017	232,764	237,763	233,498	234,373	237,763
10 Within 15 days[1]	11,807	11,523	10,539	7,280	13,747	2,820	7,099	13,747
11 16 days to 90 days	56,794	55,319	55,957	58,259	54,970	60,563	60,033	54,970
12 91 days to 1 year	71,677	71,654	71,427	69,131	71,899	72,709	69,835	71,899
13 Over 1 year to 5 years	60,522	60,522	60,431	60,431	59,484	59,700	59,700	59,484
14 Over 5 years to 10 years	13,170	13,170	13,126	13,126	13,126	13,170	13,170	13,126
15 Over 10 years	24,536	24,536	24,536	24,536	24,536	24,536	24,536	24,536
16 Federal agency obligations—Total	7,831	6,377	7,114	6,343	6,343	6,377	6,377	6,343
17 Within 15 days[1]	1,459	72	908	137	99	310	200	99
18 16 days to 90 days	571	699	600	600	705	497	525	705
19 91 days to 1 year	1,858	1,761	1,761	1,772	1,710	1,616	1,709	1,710
20 Over 1 year to 5 years	2,634	2,531	2,531	2,521	2,516	2,655	2,634	2,516
21 Over 5 years to 10 years	1,120	1,125	1,125	1,125	1,125	1,110	1,120	1,125
22 Over 10 years	188	188	188	188	188	188	188	188

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	1986 Dec.	1987 Dec.	1988 Dec.	1989 Dec.	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.	1990 Sept.	1990 Oct.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves[3]**	**58.02**	**58.59**	**60.59**	**60.03**	**60.30**	**60.28**	**59.78**	**59.73**	**59.32**	**59.75**	**60.08**	**59.61**
2 Nonborrowed reserves[4]	57.20	57.82	58.88	59.77	58.17	58.65	58.45	58.85	58.56	58.82	59.46r	59.20
3 Nonborrowed reserves plus extended credit[5]	57.50	58.30	60.12	59.79	60.12	60.05	59.32	59.20	58.84	58.95	59.46	59.22
4 Required reserves	56.65	57.55	59.55	59.11	59.44	59.38	58.82	58.96	58.46	58.88	59.17	58.76
5 Monetary base[6]	241.43	258.06	275.24	284.95	291.82	293.54	294.40	296.28	297.86	301.12	304.78	306.54
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Not seasonally adjusted											
6 **Total reserves[7]**	**59.46**	**60.07**	**62.22**	**61.67**	**59.23**	**61.05**	**58.74**	**59.61**	**59.47**	**59.21**	**59.81**	**59.25**
7 Nonborrowed reserves	58.64	59.30	60.50	61.40	57.11	59.42	57.41	58.73	58.71	58.29	59.19	58.84
8 Nonborrowed reserves plus extended credit[5]	58.94	59.78	61.75	61.42	59.06	60.82	58.28	59.07	58.99	58.41	59.20r	58.85
9 Required reserves[8]	58.09	59.03	61.17	60.75	58.37	60.15	57.78	58.84	58.61	58.34	58.90	58.40
10 Monetary base[9]	245.17	262.00	279.54	289.45	288.86	293.35	293.52	297.37	299.90	301.46	303.56	305.00
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 **Total reserves[11]**	**59.56**	**62.14**	**63.75**	**62.81**	**60.66**	**62.51**	**60.23**	**61.20**	**60.94**	**60.73**	**61.45**	**61.05**
12 Nonborrowed reserves	58.73	61.36	62.03	62.54	58.53	60.88	58.90	60.32	60.19	59.80	60.83r	60.64
13 Nonborrowed reserves plus extended credit[5]	59.04	61.85	63.27	62.56	60.49	62.29	59.77	60.66	60.47	59.93	60.83	60.66
14 Required reserves	58.19	61.09	62.70	61.89	59.80	61.62	59.27	60.42	60.08	59.86	60.54	60.21
15 Monetary base[12]	247.62	266.06	283.00	292.55	292.38	296.87	297.03	300.99	303.39	304.99	307.21	308.85
16 Excess reserves[13]	1.37	1.05	1.05	.92	.86	.90	.96	.77	.86	.87	.91	.85
17 Borrowings from the Federal Reserve	.83	.78	1.72	.27	2.12	1.63	1.33	.88	.76	.93	.62	.41

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 reflect adjustments for discontinuities or "breaks" associated with regulatory changes in reserve requirements.
3. Seasonally adjusted, break adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).
4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).
5. 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.
6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves, the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).
8. To adjust required reserves for discontinuities because of regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves includes required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).
9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with changes in reserve requirements.
11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.
12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. After the introduction of CRR, currency and vault cash figures are measured over the computation periods ending on Mondays.
13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

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

Billions of dollars, averages of daily figures

Item[2]	1986 Dec.	1987 Dec.	1988 Dec.	1989 Dec.	1990 July[r]	1990 Aug.[r]	1990 Sept.[r]	1990 Oct.
				Seasonally adjusted				
1 M1	724.7	750.4	787.5	794.8	809.0	815.8	822.1	820.1
2 M2	2,814.2	2,913.2	3,072.4	3,221.6	3,287.8	3,305.3	3,319.2	3,320.1
3 M3	3,494.5	3,678.7	3,918.3	4,044.3	4,076.9	4,091.5	4,092.4	4,088.2
4 L	4,135.4	4,338.9	4,676.1	4,881.2	4,919.9	4,931.1	4,956.6	n.a.
5 Debt	7,636.2	8,345.1	9,107.6	9,788.9	10,166.5	10,230.1	10,291.2	n.a.
M1 components								
6 Currency[3]	180.6	196.7	211.8	221.9	235.4	238.4	241.5	244.0
7 Travelers checks[4]	6.5	7.0	7.5	7.4	7.7	8.0	8.3	8.4
8 Demand deposits[5]	302.1	287.0	287.0	279.7	274.7	277.9	279.7	276.8
9 Other checkable deposits[6]	235.5	259.7	281.3	285.7	291.2	291.6	292.6	291.0
Nontransactions components								
10 In M2[7]	2,089.6	2,162.8	2,284.9	2,426.8	2,478.8	2,489.5	2,497.1	2,499.9
11 In M3 only[8]	680.3	765.5	845.9	822.6	789.1	786.1	773.2	768.2
Time and Savings accounts								
Commercial banks								
12 Savings deposits	155.8	178.3	192.0	188.5	195.6	195.8	196.6	197.9
13 Money market deposit accounts	377.7	356.4	350.2	351.5	370.9	374.6	376.0	376.3
14 Small time deposits[9]	366.3	388.1	447.5	528.6	568.1	571.2	575.1	585.3
15 Large time deposits[10, 11]	289.8	326.9	368.2	401.5	399.6	396.2	391.6	389.1
Thrift institutions								
16 Savings deposits	214.3	236.6	235.9	220.5	220.7	220.5	219.3	216.8
17 Money market deposit accounts	193.3	167.4	150.1	132.2	131.6	131.0	131.2	130.1
18 Small time deposits[9]	489.9	529.7	583.5	613.7	582.2	580.2	576.0	566.8
19 Large time deposits[10]	150.0	161.9	172.9	156.8	130.8	127.7	124.9	121.0
Money market mutual funds								
20 General purpose and broker-dealer	208.7	222.0	240.9	312.4	327.1	335.9	341.9	344.7
21 Institution-only	83.8	89.0	87.1	102.3	108.9	114.0	116.1	119.8
Debt components								
22 Federal debt	1,806.1	1,957.9	2,114.2	2,266.7	2,397.8	2,436.0	2,458.4	n.a.
23 Nonfederal debt	5,830.1	6,387.2	6,993.4	7,522.2	7,768.6	7,794.1	7,832.8	n.a.
				Not seasonally adjusted				
24 M1	740.5	766.4	804.5	812.1	812.0	813.7	818.1	816.8
25 M2	2,826.5	2,925.6	3,085.2	3,234.5	3,293.4	3,305.4	3,311.8	3,316.7
26 M3	3,508.8	3,692.7	3,932.5	4,058.3	4,075.9	4,091.6	4,088.5	4,087.5
27 L	4,151.4	4,355.2	4,692.9	4,898.9	4,908.1	4,925.7	4,951.2	n.a.
28 Debt	7,619.0	8,329.1	9,093.2	9,774.3	10,121.2	10,177.5	10,241.5	n.a.
M1 components								
29 Currency[3]	183.0	199.3	214.8	225.3	237.1	239.2	240.8	242.6
30 Travelers checks[4]	6.0	6.5	6.9	6.9	8.6	8.9	8.8	8.4
31 Demand deposits[5]	314.0	298.6	298.9	291.6	277.0	276.5	277.9	277.6
32 Other checkable deposits[6]	237.5	262.0	283.8	288.4	289.3	289.0	290.6	288.1
Nontransactions components								
33 In M2[7]	2,086.0	2,159.2	2,280.7	2,422.4	2,481.4	2,491.7	2,493.7	2,499.9
34 In M3 only[8]	682.3	767.0	847.3	823.8	782.5	786.2	776.8	770.8
Time and Savings accounts								
Commercial banks								
35 Savings deposits	154.4	176.9	190.6	187.2	197.3	196.3	196.0	197.9
36 Money market deposit accounts	379.8	359.0	353.2	355.0	368.1	372.9	374.4	375.2
37 Small time deposits[9]	366.1	387.3	446.0	526.4	569.6	572.2	575.5	584.8
38 Large time deposits[10, 11]	289.2	325.8	366.9	399.8	397.4	396.9	392.9	390.3
Thrift institutions								
39 Savings deposits	212.7	234.9	234.2	219.0	223.1	221.0	219.0	217.7
40 Money market deposit accounts	192.9	167.5	150.6	132.8	131.2	131.2	131.2	130.4
41 Small time deposits[9]	489.8	529.1	582.4	612.3	583.7	580.6	575.0	566.9
42 Large time deposits[10]	150.7	162.9	174.2	158.3	129.5	127.1	125.1	122.2
Money market mutual funds								
43 General purpose and broker-dealer	208.0	221.5	240.5	312.2	324.3	334.9	340.9	342.9
44 Institution-only	84.4	89.6	87.6	102.9	108.1	113.2	113.2	117.0
Repurchase agreements and Eurodollars								
45 Overnight	82.3	83.2	83.3	77.4	84.1	82.7	81.5	84.2
46 Term	164.3	197.1	227.7	178.0	161.6	165.0	161.0	157.4
Debt components								
47 Federal debt	1,803.9	1,955.6	2,111.8	2,264.5	2,382.4	2,418.2	2,440.6	n.a.
48 Nonfederal debt	5,815.1	6,373.5	6,981.4	7,509.8	7,738.8	7,759.3	7,800.9	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 Money 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 depository institutions 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 all depository 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. Data are derived from 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, term Eurodollars of U.S. residents, and money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

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

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

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

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	1987	1988	1989	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	217,116.2	226,888.4	272,793.1	285,111.5	274,403.6	273,186.2	301,578.2	301,589.9	309,441.0
2 Major New York City banks	104,496.3	107,547.3	121,894.2	132,470.3	124,988.2	123,314.6	131,042.7	130,590.7	133,491.9
3 Other banks	112,619.8	119,341.2	150,898.9	152,641.2	149,415.4	149,871.6	170,535.5	170,999.2	175,949.1
4 ATS-NOW accounts[4]	2,402.7	2,757.7	3,501.8	4,075.7	3,993.3	4,165.6	4,004.2	4,163.7	4,478.9
5 Savings deposits[5]	526.5	579.2	636.6	617.6	583.1	601.1	566.6	608.8	593.0
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	612.1	641.2	781.0	813.3	780.8	791.9	866.2	865.5	888.6
7 Major New York City banks	2,670.6	2,903.5	3,401.6	3,760.2	3,551.5	3,590.9	3,742.8	3,838.3	3,777.5
8 Other banks	357.0	376.8	481.5	484.0	472.5	482.5	544.6	543.8	562.3
9 ATS-NOW accounts[4]	13.8	14.7	18.3	20.2	19.7	20.5	19.5	20.5	21.9
10 Savings deposits[5]	3.1	3.1	3.5	3.2	3.0	3.2	2.9	3.1	3.1
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	217,125.1	227,010.7	271,957.3	291,868.6	276,077.5	282,747.7	302,181.4	302,826.4	321,168.8
12 Major New York City banks	104,518.8	107,565.0	122,241.8	137,029.5	125,750.6	125,532.4	130,332.7	130,100.1	137,460.3
13 Other banks	112,606.2	119,445.7	149,715.5	154,839.2	150,326.9	157,215.3	171,848.6	172,726.3	183,708.4
14 ATS-NOW accounts[4]	2,404.8	2,754.7	3,496.5	4,030.4	4,285.8	4,066.2	4,098.2	4,108.9	4,274.0
15 MMDA[6]	1,954.2	2,430.1	2,790.6	2,714.9	2,848.4	3,016.4	2,992.1	3,033.8	3,171.1
16 Savings deposits[5]	526.8	578.0	635.8	594.2	646.8	592.6	567.8	640.3	598.1
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	612.3	641.7	779.0	850.4	784.4	834.7	866.5	864.8	938.3
18 Major New York City banks	2,674.9	2,901.4	3,415.4	3,836.2	3,564.6	3,796.3	3,797.6	3,777.5	4,109.2
19 Other banks	356.9	377.1	477.8	503.6	474.7	514.3	546.6	547.1	594.8
20 ATS-NOW accounts[4]	13.8	14.7	18.3	20.0	20.5	20.3	20.1	20.4	21.1
21 MMDA[6]	5.3	6.9	8.3	7.6	7.9	8.4	8.2	8.3	8.6
22 Savings deposits[5]	3.1	3.1	3.5	3.1	3.4	3.1	2.9	3.3	3.1

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1989		1990									
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,585.8**	**2,588.8**	**2,594.4**	**2,614.3**	**2,635.6**	**2,646.7**	**2,653.8**	**2,669.4**	**2,684.7**	**2,707.8**	**2,708.5**	**2,710.9**
2 U.S. government securities	396.0	396.1	404.7	414.5	422.3	427.3	430.6	438.5	440.6	441.3	447.1	451.6
3 Other securities	179.9	180.8	180.4	180.5	180.1	180.0	178.3	177.9	177.8	179.2	179.4	176.9
4 Total loans and leases[2]	2,009.9	2,011.9	2,009.3	2,019.4	2,033.2	2,039.4	2,045.0	2,053.0	2,066.4	2,087.3	2,082.0	2,082.5
5 Commercial and industrial	645.0	641.6	637.9	638.8	644.4	649.0	648.6	651.6	651.7	653.1	651.6	649.5
6 Bankers acceptances held[3]	7.6	7.4	7.3	7.6	7.6	7.5	7.6	7.9	7.6	7.3	7.7	7.6
7 Other commercial and industrial	637.4	634.2	630.6	631.2	636.8	641.5	641.0	643.7	644.2	645.7	643.9	641.9
8 U.S. addressees[4]	632.4	628.8	623.1	625.4	630.6	635.5	636.4	638.8	641.6	643.2	641.1	638.8
9 Non-U.S. addressees[4]	5.0	5.4	7.6	5.8	6.2	6.0	4.5	4.9	2.6	2.5	2.8	3.1
10 Real estate	754.0	761.1	765.9	774.7	781.8	786.9	794.6	800.1	808.0	811.9	814.7	820.6
11 Individual	374.4	375.8	378.3	379.5	379.9	378.8	379.8	378.4	378.3	380.1	381.1	381.2
12 Security	40.9	38.8	39.3	40.0	37.1	36.1	34.8	35.3	38.8	46.0	43.1	41.4
13 Nonbank financial institutions	33.9	33.0	32.5	32.9	33.8	33.9	33.9	34.4	34.8	35.7	36.1[r]	36.1
14 Agricultural	30.5	30.7	30.9	30.8	30.6	30.4	30.0	29.5	29.3	29.2	29.1	29.2
15 State and political subdivisions	40.8	40.1	38.6	38.9	38.4	38.2	37.9	37.4	36.6	36.1	35.4	34.9
16 Foreign banks	8.3	8.9	8.1	7.8	8.4	8.8	8.7	7.4	7.0	8.0	7.9	8.9
17 Foreign official institutions	3.7	3.6	3.2	3.1	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.1
18 Lease financing receivables	31.9	31.8	32.1	32.1[r]	32.4[r]	32.4[r]	32.7[r]	32.4[r]	32.8[r]	32.9[r]	32.9[r]	33.3
19 All other loans	46.4	46.5	42.5	40.7[r]	43.3[r]	41.8	40.7[r]	43.3[r]	45.9[r]	51.3[r]	46.9[r]	44.3
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,587.9**	**2,596.8**	**2,600.1**	**2,616.7**	**2,629.9**	**2,647.0**	**2,653.4**	**2,669.5**	**2,678.9**	**2,701.4**	**2,707.1**	**2,711.0**
21 U.S. government securities	396.1	397.2	406.4	419.0	423.8	427.2	429.6	435.6	438.1	442.1	446.1	448.6
22 Other securities	181.2	181.8	180.9	180.3	179.7	179.4	177.7	177.2	176.4	179.3	179.6	177.7
23 Total loans and leases[2]	2,010.6	2,017.9	2,012.8	2,017.3	2,026.4	2,040.4	2,046.1	2,056.7	2,064.4	2,080.0	2,081.4	2,084.7
24 Commercial and industrial	642.2	641.6	636.4	639.5	646.0	653.3	652.7	654.0	652.1	650.6	647.7	647.1
25 Bankers acceptances held[3]	7.7	7.5	7.4	7.7	7.4	7.3	7.5	7.8	7.3	7.4	7.8	7.8
26 Other commercial and industrial	634.5	634.0	629.1	631.8	638.6	645.9	645.2	646.2	644.8	643.1	639.9	639.3
27 U.S. addressees[4]	629.1	628.8	624.1	627.0	633.9	641.3	640.6	641.8	640.3	638.7	635.3	634.7
28 Non-U.S. addressees[4]	5.4	5.2	4.9	4.8	4.7	4.6	4.6	4.4	4.5	4.5	4.6	4.6
29 Real estate	755.7	761.9	766.0	772.1	779.1	784.9	793.5	800.0	808.7	813.6	816.9	822.1
30 Individual	375.8	380.3	381.8	378.7	376.6	376.0	377.3	376.7	376.7	380.3	383.0	382.3
31 Security	39.7	37.9	37.8	39.5	38.1	38.5	35.3	37.4	38.8	45.3	42.1	40.5
32 Nonbank financial institutions	34.2	34.1	33.2	32.5	33.0	33.7	33.9	34.7	35.0	35.5	35.6[r]	35.7
33 Agricultural	30.8	30.6	30.4	29.9	29.5	29.5	29.7	29.8	30.0	30.0	30.0	30.0
34 State and political subdivisions	40.6	39.7	39.5	39.3	38.6	38.2	37.8	37.2	36.2	35.8	35.3	34.8
35 Foreign banks	8.5	8.7	8.2	7.8	7.8	8.4	8.7	7.6	7.1	7.9	8.1	9.2
36 Foreign official institutions	3.7	3.6	3.2	3.1	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.1
37 Lease financing receivables	31.9	31.9	32.5	32.3[r]	32.4[r]	32.5[r]	32.7[r]	32.3[r]	32.5[r]	32.7[r]	32.8[r]	33.2
38 All other loans	47.5	47.7	43.9[r]	42.7[r]	42.2[r]	42.3[r]	41.4[r]	43.8[r]	43.9[r]	45.2[r]	46.5[r]	46.8

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1989		1990									
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
Seasonally adjusted												
1 Total nondeposit funds[2]	256.5	257.3	258.1	267.6	271.4	267.6	269.2	270.8[r]	282.1	282.3	280.0	289.8
2 Net balances due to related foreign offices[3]	8.6	7.4	10.9	14.7	17.4	16.6	24.5	14.8	16.8	16.7	19.2	28.2
3 Borrowings from other than commercial banks in United States[4]	247.9	249.9	247.2	252.9	254.0	250.9	244.8	256.0[r]	265.3	265.6	260.8	261.6
4 Domestically chartered banks	198.3	200.4	196.9	201.4	198.4	192.9	187.8	197.8	203.4	202.8	198.6	197.1
5 Foreign-related banks	49.6	49.4	50.4	51.5	55.6	58.0	57.0	58.2[r]	61.9	62.8	62.2	64.5
Not seasonally adjusted												
6 Total nondeposit funds[2]	255.4	250.7	254.6	270.8	277.2	270.4	277.8	275.7[r]	277.5	281.5	276.3	284.8
7 Net balances due to related foreign offices[3]	9.7	9.7	10.5	14.3	16.2	14.4	26.3	15.4	14.7	17.0	19.9	27.8
8 Domestically chartered banks	−15.5	−19.2	−14.5	−11.1	−11.5	−10.6	−1.4	−6.3	−6.1	−3.6	−4.5	−1.1
9 Foreign-related banks	25.2	28.9	25.0	25.4	27.7	25.0	27.7	21.7	20.8	20.6	24.4	28.9
10 Borrowings from other than commercial banks in United States[4]	245.8	241.0	244.1	256.4	261.0	256.0	251.4	260.2[r]	262.8	264.5	256.4	257.0
11 Domestically chartered banks	198.5	194.0	192.9	203.3	204.3	197.0	193.6	199.5	200.5	202.3	195.5	194.1
12 Federal funds and security RP borrowings[5]	196.1	191.5	190.3	199.6	199.8	193.3	190.2	196.4	197.6	198.7	191.5	190.8
13 Other[6]	2.4	2.5	2.7	3.7	4.5	3.7	3.4	3.2	2.9	3.6	4.0	3.3
14 Foreign-related banks[6]	47.2	47.0	51.2	53.1	56.8	59.0	57.9	60.7[r]	62.3	62.2	60.9	63.0
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	464.0	464.3	462.7	460.6	457.3	455.1	454.7	452.7	454.0	450.7	445.5	441.6
16 Not seasonally adjusted	464.4	462.7	460.4	460.3	460.2	455.1	455.2	452.2	451.8	451.4	446.9	442.8
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	20.4	21.1	20.2	17.8	19.2	21.2	18.6	20.4	14.9	33.2	28.2	21.9
18 Not seasonally adjusted	14.7	19.6	23.2	22.0	16.7	20.0	25.2	20.9	15.2	23.5	31.0	20.9

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	1989	1990									
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,780.1	2,796.0	2,809.2	2,821.2	2,838.3	2,845.9	2,870.9	2,876.4	2,895.8	2,885.6	2,924.3
2 Investment securities	550.5	563.9	571.2	576.8	582.5	585.9	587.7	587.5	595.8	600.4	602.8
3 U.S. government securities	375.1	389.8	398.0	405.9	412.6	416.9	419.9	420.1	427.1	432.2	436.2
4 Other	175.5	174.1	173.2	170.8	169.9	169.0	167.8	167.4	168.7	168.2	166.6
5 Trading account assets	22.8	31.8	30.2	26.0	23.9	21.4	23.7	27.2	29.2	21.3	27.3
6 Total loans	2,206.8	2,200.4	2,207.8	2,218.5	2,231.9	2,238.7	2,259.6	2,261.6	2,270.7	2,263.9	2,294.2
7 Interbank loans	187.0	187.4	187.5	191.6	190.6	192.8	202.7	199.9	198.4	188.8	205.0
8 Loans excluding interbank	2,019.8	2,013.0	2,020.3	2,026.9	2,041.3	2,045.9	2,056.9	2,061.7	2,072.4	2,075.1	2,089.2
9 Commercial and industrial	643.2	636.4	642.4	646.2	653.3	650.9	654.1	648.7	646.3	646.7	649.0
10 Real estate	762.8	767.6	774.0	781.6	786.7	796.7	801.3	810.2	813.3	817.4	823.5
11 Individual	382.3	381.7	378.6	375.5	377.5	377.3	378.5	377.7	382.2	383.9	382.4
12 All other	231.5	227.3	225.3	223.6	223.8	220.9	222.9	225.0	230.6	227.1	234.2
13 Total cash assets	255.7	218.9	224.9	212.9	211.6	239.9	222.9	214.1	211.0	217.6	224.3
14 Reserves with Federal Reserve Banks	42.8	24.6	29.5	32.0	31.6	27.8	32.0	30.1	30.3	33.9	29.9
15 Cash in vault	31.6	28.0	27.8	27.7	28.5	29.9	28.9	28.7	30.2	29.2	29.3
16 Cash items in process of collection	99.1	89.9	91.6	80.0	80.0	100.6	86.1	79.5	77.4	80.9	85.3
17 Demand balances at U.S. depository institutions	32.3	29.6	30.8	27.4	26.3	32.0	27.6	27.4	27.5	27.2	28.6
18 Other cash assets	49.9	46.8	45.2	45.8	45.2	49.7	48.3	48.4	45.6	46.4	51.1
19 Other assets	209.9	218.1	212.9	209.1	206.0	199.5	211.1	207.1	216.3	216.9	223.9
20 Total assets/total liabilities and capital	**3,245.8**	**3,233.0**	**3,247.0**	**3,243.2**	**3,255.9**	**3,285.4**	**3,304.9**	**3,297.5**	**3,323.1**	**3,320.1**	**3,372.5**
21 Deposits	2,270.0	2,247.1	2,262.4	2,251.3	2,257.3	2,293.1	2,280.6	2,289.7	2,295.2	2,298.1	2,327.9
22 Transaction deposits	642.0	612.2	616.6	594.3	601.0	618.4	599.6	591.5	590.5	596.3	613.1
23 Savings deposits	538.2	540.8	546.3	551.8	548.7	554.4	556.3	561.3	565.7	563.5	570.1
24 Time deposits	1,089.7	1,094.2	1,099.5	1,105.3	1,107.5	1,120.3	1,124.7	1,136.8	1,139.0	1,138.3	1,144.7
25 Borrowings	531.0	552.8	542.2	545.4	564.7	548.2	578.7	564.4	576.2	564.7	585.8
26 Other liabilities	233.5	221.8	229.3	230.8	218.0	227.8	227.2	224.3	231.7	236.8	238.7
27 Residual (assets less liabilities)	211.3	211.4	213.2	215.7	215.8	216.2	218.4	219.1	220.0	220.5	220.2
MEMO											
28 U.S. government securities (including trading account)	391.0	414.7	421.2	423.8	427.8	430.0	433.8	438.9	444.3	442.9	452.4
29 Other securities (including trading account)	182.3	180.9	180.2	179.0	178.6	177.2	177.6	175.9	180.8	178.9	177.7
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,542.4	2,557.9	2,566.3	2,570.5	2,581.8	2,585.1	2,602.9	2,610.3	2,627.6	2,616.0	2,649.7
31 Investment securities	524.4	536.2	543.1	547.2	551.5	557.5	557.3	556.8	565.5	568.7	569.7
32 U.S. government securities	363.8	376.6	384.4	391.2	397.6	404.0	405.5	405.5	413.0	416.9	419.6
33 Other	160.5	159.6	158.7	156.0	154.0	153.5	151.9	151.4	152.5	151.8	150.0
34 Trading account assets	22.8	31.8	30.2	26.0	23.9	21.4	23.7	27.2	29.2	21.3	27.3
35 Total loans	1,995.2	1,989.9	1,993.0	1,997.3	2,006.4	2,006.2	2,021.9	2,026.3	2,032.9	2,026.0	2,052.7
36 Interbank loans	150.3	150.0	148.5	148.3	149.1	144.4	153.6	151.6	151.3	142.4	160.7
37 Loans excluding interbank	1,844.9	1,839.9	1,844.6	1,849.0	1,857.3	1,861.7	1,868.3	1,874.7	1,881.6	1,883.6	1,892.0
38 Commercial and industrial	517.7	513.8	518.3	519.4	523.4	520.4	519.2	516.9	513.4	513.3	514.1
39 Real estate	733.0	735.9	741.1	747.8	751.8	761.2	765.3	773.5	776.1	780.2	785.6
40 Individual	382.3	381.7	378.6	375.5	377.5	377.3	378.5	377.7	382.2	383.9	382.4
41 All other	211.8	208.5	206.5	206.3	204.6	202.8	205.3	206.7	209.9	206.1	210.0
42 Total cash assets	230.5	195.7	199.9	187.3	186.8	210.7	194.8	186.5	184.2	190.4	192.1
43 Reserves with Federal Reserve Banks	41.7	22.7	27.5	29.8	29.8	26.6	30.8	28.8	28.1	32.2	28.5
44 Cash in vault	31.5	28.0	27.8	27.7	28.5	29.8	28.8	28.7	30.2	29.2	29.3
45 Cash items in process of collection	97.7	88.5	90.2	78.5	78.7	99.2	84.1	78.1	75.8	78.9	83.6
46 Demand balances at U.S. depository institutions	30.4	27.6	28.7	25.6	24.6	30.0	25.9	25.6	25.1	25.2	26.7
47 Other cash assets	29.2	28.9	25.7	25.7	25.2	25.1	25.2	25.3	25.0	25.0	24.0
48 Other assets	140.7	143.6	140.2	136.4	133.8	136.3	141.8	138.4	144.3	149.1	151.8
49 Total assets/liabilities and capital	**2,913.6**	**2,897.2**	**2,906.5**	**2,894.2**	**2,902.4**	**2,932.0**	**2,939.6**	**2,935.3**	**2,956.1**	**2,955.5**	**2,993.6**
50 Deposits	2,186.8	2,164.5	2,179.9	2,169.4	2,174.6	2,210.6	2,197.8	2,207.7	2,213.3	2,218.1	2,249.6
51 Transaction deposits	632.1	601.9	606.3	584.5	591.2	608.3	589.0	581.1	579.9	585.1	602.2
52 Savings deposits	535.4	537.9	543.4	548.8	545.7	551.4	553.3	558.3	562.7	560.4	567.0
53 Time deposits	1,019.3	1,024.7	1,030.2	1,036.1	1,037.6	1,050.9	1,055.4	1,068.2	1,070.7	1,072.5	1,080.4
54 Borrowings	398.4	405.3	394.2	393.1	405.4	391.7	409.9	395.6	403.5	395.0	399.2
55 Other liabilities	120.9	119.9	123.1	119.9	110.5	117.3	117.2	116.8	123.2	125.8	128.5
56 Residual (assets less liabilities)	207.4	207.5	209.3	211.8	212.0	212.3	214.6	215.3	216.1	216.7	216.3
MEMO											
57 Real estate loans, revolving	50.0	51.1	51.4	52.0	53.1	54.0	55.0	56.1	57.4	58.1	60.4
58 Real estate loans, other	683.0	684.8	689.7	695.8	698.7	707.2	710.3	717.4	718.8	722.1	725.2

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

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

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

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

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

Millions of dollars, Wednesday figures

Account	1990								
	Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
1 Cash and balances due from depository institutions	124,321	108,191	107,117	110,132r	109,008	120,151	103,111	97,211	106,610
2 **Total loans, leases, and securities, net**	**1,331,782r**	**1,312,489**	**1,318,468r**	**1,293,936r**	**1,311,362**	**1,305,240**	**1,309,663**	**1,301,079**	**1,315,973**
3 U.S. Treasury and government agency	184,764	183,701	185,481	177,095	183,350	184,287	184,893	182,543	184,041
4 Trading account	18,954	17,974	19,012	10,619	17,595	18,494	18,718	16,108	16,201
5 Investment account	165,810	165,727	166,470	166,476	165,756	165,793	166,174	166,435	167,840
6 Mortgage-backed securities[2]	81,472r	81,475r	82,044r	82,260r	82,063	81,902	82,278	82,594	82,568
All other maturing in									
7 One year or less	18,136	17,768	17,458	17,024	15,612	15,603	15,243	15,250	15,149
8 Over one through five years	40,241r	40,467r	40,863r	40,958r	41,030	41,105	41,623	41,484	41,599
9 Over five years	25,961r	26,018r	26,104r	26,233r	27,051	27,183	27,030	27,108	28,525
10 Other securities	61,807	61,688	61,943	61,770	61,726	61,432	61,055	61,008	61,105
11 Trading account	775	684	971	1,039	1,055	1,140	1,079	1,166	1,376
12 Investment account	61,032	61,004	60,972	60,731	60,671	60,291	59,976	59,842	59,729
13 States and political subdivisions, by maturity	31,959	31,967	31,980	32,037	31,881	31,800	31,751	31,675	31,480
14 One year or less	3,707	3,727	3,742	3,740	3,811	3,784	3,773	3,795	3,792
15 Over one year	28,252	28,240	28,238	28,296	28,070	28,016	27,979	27,880	27,689
16 Other bonds, corporate stocks, and securities	29,072	29,037	28,992	28,694	28,790	28,492	28,225	28,167	28,248
17 Other trading account assets	10,383	10,016	9,933	9,272	10,185	9,998	9,905	9,043	9,340
18 Federal funds sold[3]	92,303	81,445	83,064	70,611	77,845	73,147	74,692	70,955	80,832
19 To commercial banks	64,830	56,520	56,873	49,423	55,811	51,168	52,350	47,901	58,287
20 To nonbank brokers and dealers in securities	20,322	19,630	19,647	15,564	16,997	17,504	18,136	18,164	17,947
21 To others	7,150	5,295	6,544	5,624	5,037	4,476	4,207	4,890	4,599
22 Other loans and leases, gross	1,021,484r	1,014,457	1,016,755	1,013,657	1,016,992	1,015,627	1,018,761	1,017,242	1,020,689
23 Other loans, gross	994,331r	987,562	989,907	986,714r	989,584	988,208	991,332	989,842	993,435
24 Commercial and industrial	317,821r	317,167r	318,214r	316,658r	318,522	316,974	317,657	318,055	319,460
25 Bankers acceptances and commercial paper	1,720	1,622	1,736	1,622	1,598	1,671	1,646	1,606	1,574
26 All other	316,101r	315,545r	316,478r	315,036r	316,924	315,303	316,011	316,449	317,886
27 U.S. addressees	314,589r	314,134r	314,854r	313,535r	315,409	313,929	314,605	314,822	316,344
28 Non-U.S. addressees	1,512	1,412	1,624	1,501	1,515	1,374	1,406	1,627	1,542
29 Real estate loans	379,717r	380,878r	381,314r	381,477r	381,614	382,101	382,738	382,383	382,584
30 Revolving, home equity	31,297r	31,415r	31,569r	31,724r	32,122	32,285	32,854	32,559	32,741
31 All other	348,420r	349,464r	349,744r	349,753r	349,492	349,816	349,883	349,824	349,843
32 To individuals for personal expenditures	173,276r	173,324r	173,618r	173,635r	173,318	173,054	173,467	173,544	173,413
33 To depository and financial institutions	52,514	49,629	49,198	47,984r	47,720	49,262	50,288	50,013	51,383
34 Commercial banks in the United States	23,925r	21,410r	21,336r	20,764r	20,315	21,108	22,587	23,101	22,737
35 Banks in foreign countries	4,420	4,264	4,418	3,920	3,698	4,374	4,336	3,847	4,555
36 Nonbank depository and other financial institutions	24,169r	23,955r	23,443r	23,298r	23,707	23,779	23,365	23,065	24,090
37 For purchasing and carrying securities	16,600	13,962	14,801	13,283	14,540	13,944	14,008	13,898	14,407
38 To finance agricultural production	6,087r	6,123r	6,126r	6,153r	6,137	6,136	6,151	6,166	6,127
39 To states and political subdivisions	22,423	22,322	22,265	22,192r	21,954	21,902	21,922	21,779	21,977
40 To foreign governments and official institutions	1,639	1,412	1,330	1,476	1,400	1,483	1,490	1,357	1,310
41 All other	24,255r	22,744r	23,043r	23,856r	24,377	23,352	23,610	22,646	22,775
42 Lease financing receivables	27,153	26,895	26,848	26,943r	27,408	27,419	27,429	27,400	27,254
43 LESS: Unearned income	4,426	4,429	4,442	4,429	4,350	4,329	4,310	4,302	4,249
44 Loan and lease reserve[4]	34,534	34,390	34,267r	34,040r	34,386	34,922	35,333	35,410	35,785
45 Other loans and leases, net	982,525r	975,639	978,046r	975,188r	978,255	976,376	979,118	977,530	980,655
46 All other assets	137,930r	135,425r	136,678r	137,455r	142,999	140,773	139,062	136,969	140,694
47 **Total assets**	**1,594,033r**	**1,556,105r**	**1,562,263r**	**1,541,524r**	**1,563,369**	**1,566,165**	**1,551,836**	**1,535,259**	**1,563,277**
48 Demand deposits	241,422r	221,502r	220,750r	221,876r	225,353	233,509	221,795	208,207	224,919
49 Individuals, partnerships, and corporations	191,412r	179,583r	175,292r	173,980r	179,887	185,477	178,301	168,242	179,935
50 States and political subdivisions	5,895	5,539	6,901	7,356	6,068	6,392	6,003	6,045	6,844
51 U.S. government	1,687	2,050	3,508	1,593	1,898	1,394	1,382	1,469	2,117
52 Depository institutions in the United States	24,515	19,506	19,612	20,342	21,783	24,637	21,875	18,568	20,547
53 Banks in foreign countries	6,691	6,210	5,768	6,600	6,187	6,405	5,763	5,218	6,069
54 Foreign governments and official institutions	1,402	932	1,129	1,273	753	670	749	662	565
55 Certified and officers' checks	9,820	7,680	8,540	10,733	8,777	8,534	7,722	8,004	8,842
56 Transaction balances other than demand deposits	83,215	80,870	78,941	76,989	81,621	80,466	79,176	77,582	79,344
57 Nontransaction balances	755,061	753,471	750,036	748,410	755,156	755,453	755,040	754,177	755,103
58 Individuals, partnerships, and corporations	718,400r	716,824r	714,002r	712,490r	719,112	719,078	718,689	717,842	718,847
59 States and political subdivisions	28,972r	28,965r	28,497	28,510	28,217	28,597	28,447	28,507	28,352
60 U.S. government	740r	747r	764	776	1,020	1,006	1,011	1,015	1,018
61 Depository institutions in the United States	6,495r	6,490r	6,322r	6,189r	6,013	5,966	6,087	6,010	6,086
62 Foreign governments, official institutions, and banks	454	446	451	445	794	805	807	802	799
63 Liabilities for borrowed money	309,985r	300,219r	309,701r	289,789r	297,385	291,914	289,362	289,025	295,929
64 Borrowings from Federal Reserve Banks	2,102	0	3,405	0	120	0	0	0	179
65 Treasury tax-and-loan notes	12,528r	17,215	30,464r	26,492	8,116	5,270	11,878	24,056	23,801
66 All other liabilities for borrowed money[5]	295,355r	283,004r	275,832r	263,297r	289,149	286,644	277,485	264,970	271,949
67 Other liabilities and subordinated notes and debentures	99,120r	94,380r	97,463r	99,351r	98,992	99,919	102,294	101,948	103,273
68 **Total liabilities**	**1,488,804r**	**1,450,442r**	**1,456,891r**	**1,436,416r**	**1,458,506**	**1,461,260**	**1,447,669**	**1,430,940**	**1,458,569**
69 Residual (total assets minus total liabilities)[6]	105,230	105,662	105,372r	105,107r	104,863	104,904	104,167	104,319	104,708
MEMO									
70 Total loans and leases (gross) and investments adjusted[7]	1,281,987r	1,273,377r	1,278,968r	1,262,217r	1,273,972	1,272,216	1,274,369	1,269,790	1,274,983
71 Total loans and leases (gross) adjusted[7]	1,025,032r	1,017,972r	1,021,611r	1,014,080r	1,018,710	1,016,498	1,018,517	1,017,196	1,020,497
72 Time deposits in amounts of $100,000 or more	211,473r	211,335r	209,504r	207,361r	207,268	206,604	208,015	208,432	208,505
73 U.S. Treasury securities maturing in one year or less	16,762	16,340	16,430	14,478	13,784	14,217	14,357	14,855	15,192
74 Loans sold outright to affiliates—total[8]	289	291	300	288	284	286	286	288	280
75 Commercial and industrial	140	141	149	151	139	140	141	142	138
76 Other	149	150	150	137	145	146	146	146	142
77 Nontransaction savings deposits (including MMDAs)	290,541	288,784	286,394	285,305	289,384	290,426	289,107	287,910	288,616

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. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
3. Includes securities purchased under agreements to resell.
4. Includes allocated transfer risk reserve.
5. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
6. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.
7. Exclusive of loans and federal funds transactions with domestic commercial banks.
8. 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	1990								
	Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
1 Cash balances due from depository institutions	24,823	22,609	22,331	26,897	23,707	28,792	21,257	20,882	21,704
2 Total loans, leases, and securities, net[2]	**233,134**	**222,200**	**226,124**	**218,728**	**223,394**	**217,602**	**218,316**	**213,658**	**220,234**
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	23,624	23,589	23,814	24,372	23,519	23,480	23,658	23,485	24,195
6 Mortgage-backed securities[4]	11,325	11,332	11,342	11,895	11,916	11,866	12,035	11,685	11,850
All other maturing in									
7 One year or less	3,255	3,026	3,048	3,023	2,137	2,151	2,148	2,374	2,338
8 Over one through five years	4,548	4,732	4,735	4,768	4,779	4,778	4,795	4,823	5,017
9 Over five years	4,496	4,498	4,689	4,685	4,687	4,686	4,680	4,603	4,990
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	13,315	13,310	13,272	13,044	13,095	13,049	12,987	12,853	12,781
13 States and political subdivisions, by maturity	6,121	6,118	6,113	6,107	6,097	6,067	6,030	5,916	5,859
14 One year or less	611	613	615	612	613	620	618	614	616
15 Over one year	5,509	5,505	5,498	5,495	5,483	5,447	5,411	5,302	5,242
16 Other bonds, corporate stocks, and securities	7,194	7,192	7,159	6,937	6,998	6,982	6,957	6,936	6,922
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	27,737	21,494	24,259	19,105	24,177	18,621	19,262	15,640	19,082
19 To commercial banks	16,687	11,244	13,830	11,770	16,194	11,227	12,161	9,218	13,450
20 To nonbank brokers and dealers in securities	8,764	8,166	8,415	5,517	6,168	5,908	6,094	5,481	5,136
21 To others	2,286	2,082	2,015	1,818	1,815	1,486	1,006	942	496
22 Other loans and leases, gross	184,378	179,444	180,404	177,699	177,926	178,388	178,362	177,614	180,168
23 Other loans, gross	178,707	173,751	174,718	171,946	172,188	172,633	172,618	171,863	174,436
24 Commercial and industrial	58,751	58,361	58,134	56,876	57,068	56,716	56,837	57,291	58,210
25 Bankers acceptances and commercial paper	137	139	138	145	148	141	161	164	153
26 All other	58,614	58,222	57,996	56,730	56,920	56,575	56,676	57,126	58,056
27 U.S. addressees	57,871	57,557	57,141	56,026	56,209	55,971	56,045	56,475	57,430
28 Non-U.S. addressees	743	664	855	704	711	604	630	651	626
29 Real estate loans	62,723r	62,682r	62,763r	62,391r	62,354	62,465	62,613	62,522	62,369
30 Revolving, home equity	4,158	4,170	4,180	4,188	4,329	4,334	4,344	4,356	4,364
31 All other	58,564r	58,512r	58,584r	58,203r	58,024	58,130	58,270	58,166	58,005
32 To individuals for personal expenditures	19,770r	19,823r	19,931r	19,944r	19,878	20,004	19,940	20,016	19,969
33 To depository and financial institutions	19,674	18,636	18,483	17,581	17,340	18,848	18,554	17,595	18,572
34 Commercial banks in the United States	7,840	6,956	6,877	6,614	6,340	6,927	6,929	6,523	6,438
35 Banks in foreign countries	3,409	3,272	3,386	2,954	2,884	3,563	3,462	2,966	3,642
36 Nonbank depository and other financial institutions	8,425	8,408	8,221	8,013	8,116	8,358	8,163	8,106	8,492
37 For purchasing and carrying securities	6,712	4,557	4,968	4,288	4,737	4,380	4,413	4,440	5,284
38 To finance agricultural production	146	145	150	159	164	150	164	160	153
39 To states and political subdivisions	4,585	4,548	4,515	4,470	4,398	4,395	4,311	4,293	4,343
40 To foreign governments and official institutions	535	311	234	374	314	402	406	275	199
41 All other	5,812	4,689	5,539	5,863	5,936	5,272	5,379	5,271	5,336
42 Lease financing receivables	5,672	5,692	5,686	5,753	5,738	5,754	5,744	5,751	5,732
43 LESS: Unearned income	1,863	1,866	1,873	1,870	1,844	1,833	1,834	1,831	1,810
44 Loan and lease reserve	14,059	13,770	13,752	13,622	13,478	14,102	14,119	14,104	14,183
45 Other loans and leases, net[6]	168,456	163,807	164,779	162,208	162,604	162,452	162,409	161,679	164,176
46 All other assets[7]	60,890	58,156	58,782	54,579	60,862	61,171	60,107	55,482	56,300
47 Total assets	**318,846**	**302,966**	**307,238**	**300,204**	**307,963**	**307,566**	**299,680**	**290,023**	**298,238**
Deposits									
48 Demand deposits	50,937	45,219	47,558	52,063	46,530	49,726	46,493	43,428	45,437
49 Individuals, partnerships, and corporations	35,010	32,015	33,036	33,760	32,124	35,093	32,725	30,746	31,968
50 States and political subdivisions	641	565	780	1,539	868	582	594	577	641
51 U.S. government	202	161	216	168	198	122	153	183	294
52 Depository institutions in the United States	4,669	4,302	4,652	5,340	4,853	5,193	5,379	4,632	4,482
53 Banks in foreign countries	5,308	4,977	4,648	5,423	4,832	5,053	4,522	3,955	4,752
54 Foreign governments and official institutions	1,261	786	986	1,112	598	542	619	538	419
55 Certified and officers' checks	3,846	2,414	3,241	4,721	3,058	3,140	2,501	2,797	2,882
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,957	8,858	8,782	8,348	8,646	8,648	8,431	8,278	8,406
57 Nontransaction balances	116,329	115,465	114,546	112,195	113,013	112,888	113,086	112,095	112,559
58 Individuals, partnerships, and corporations	108,562	107,786	107,119	104,763	105,366	105,156	105,355	104,268	104,752
59 States and political subdivisions	5,681	5,602	5,501	5,518	5,391	5,485	5,522	5,630	5,631
60 U.S. government	38	43	44	47	128	124	122	119	119
61 Depository institutions in the United States	1,867	1,852	1,700	1,687	1,612	1,586	1,548	1,546	1,527
62 Foreign governments, official institutions, and banks	181	181	183	180	516	537	537	532	530
63 Liabilities for borrowed money	77,416	72,036	72,997	62,433	72,747	70,874	63,691	58,722	62,290
64 Borrowings from Federal Reserve Banks	1,325	0	525	0	0	0	0	0	0
65 Treasury tax-and-loan notes	2,574	3,676	7,280	6,114	2,262	911	2,534	5,486	5,010
66 All other liabilities for borrowed money[8]	73,516	68,360	65,192	56,319	70,486	69,963	61,156	53,236	57,279
67 Other liabilities and subordinated notes and debentures	39,747	35,593	37,921	39,867	41,425	40,210	43,001	42,560	44,093
68 Total liabilities	**293,386**	**277,171**	**281,804**	**274,906**	**282,362**	**282,346**	**274,702**	**265,082**	**272,785**
69 Residual (total assets minus total liabilities)[9]	25,460	25,794	25,434	25,298	25,601	25,219	24,978	24,941	25,452
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	224,528	219,637	221,043	215,836	216,182	215,384	215,179	213,852	216,338
71 Total loans and leases (gross) adjusted[10]	187,588	182,737	183,958	178,420	179,569	178,855	178,534	177,514	179,362
72 Time deposits in amounts of $100,000 or more	37,544	37,585	37,239	35,613	35,699	35,626	36,222	35,328	35,893
73 U.S. Treasury securities maturing in one year or less	2,456	2,200	2,149	2,058	1,746	1,764	1,846	1,862	1,791

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	1990								
	Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
1 Cash and due from depository institutions	15,218	14,389	14,490	14,492	14,691	15,098	15,041	14,193	17,407
2 Total loans and securities	157,326	156,471	159,729	159,915	159,203	162,091	160,558	160,544	163,578
3 U.S. Treasury and government agency securities	10,519	10,302	10,574	11,076	10,740	10,869	11,046	11,117	11,869
4 Other securities	7,317	7,317	7,324	7,324	7,415	7,372	7,332	7,235	7,480
5 Federal funds sold[2]	6,640	5,377	7,016	8,960	8,628	9,405	6,645	6,905	7,369
6 To commercial banks in the United States	5,710	4,428	5,722	7,883	7,589	8,155	5,520	5,306	4,099
7 To others	930	949	1,294	1,077	1,039	1,250	1,125	1,599	3,270
8 Other loans, gross	132,850	133,475	134,815	132,555	132,420	134,445	135,535	135,287	136,860
9 Commercial and industrial	77,426	75,919	76,769	76,633	76,355	76,422	76,320	76,954	77,590
10 Bankers acceptances and commercial paper	2,392	2,414	2,636	2,566	2,503	2,493	2,374	2,787	2,517
11 All other	75,034	73,505	74,133	74,067	73,852	73,929	73,946	74,167	75,073
12 U.S. addressees	73,690	72,217	72,727	72,699	72,468	72,537	72,583	72,749	73,656
13 Non-U.S. addressees	1,344	1,288	1,406	1,368	1,384	1,392	1,363	1,418	1,417
14 Loans secured by real estate[3]	24,459	24,573	24,632	24,692	24,974	25,135	25,328	25,306	25,454
15 To financial institutions	26,660	27,275	27,818	26,488	26,353	27,051	28,335	29,486	30,519
16 Commercial banks in the United States	19,731	20,713	21,222	19,682	18,690	19,652	20,496	21,487	22,515
17 Banks in foreign countries	1,770	1,628	1,556	1,688	2,358	2,179	2,612	2,729	2,732
18 Nonbank financial institutions	5,159	4,934	5,040	5,118	5,305	5,220	5,227	5,270	5,272
19 To foreign governments and official institutions	224	233	219	230	201	207	195	195	200
20 For purchasing and carrying securities	2,726	4,037	3,939	2,983	3,031	4,174	3,745	1,791	1,561
21 All other[3]	1,355	1,438	1,438	1,529	1,506	1,456	1,612	1,555	1,536
22 Other assets (claims on nonrelated parties)	32,703	32,502	31,468	32,071	30,708	31,430	31,407	32,024	33,264
23 Net due from related institutions	15,260	12,044	14,450	11,611	10,165	9,989	11,021	11,010	12,980
24 Total assets	220,508	215,406	220,139	218,091	214,767	218,611	218,029	217,771	227,231
25 Deposits or credit balances due to other than directly related institutions	49,281r	49,263r	49,124r	48,249r	47,141	47,240	47,593	45,622	45,602
26 Transaction accounts and credit balances[4]	4,645	4,558	4,884r	4,897	4,267	4,429	4,377	4,180	4,117
27 Individuals, partnerships, and corporations	3,082	2,817	3,046	2,981	2,854	2,932	2,926	2,698	2,790
28 Other	1,563	1,741	1,838r	1,916	1,413	1,497	1,451	1,482	1,327
29 Nontransaction accounts[5]	44,636r	44,705r	44,240r	43,352r	42,874	42,811	43,216	41,442	41,485
30 Individuals, partnerships, and corporations	35,139	34,669	34,244	34,012	33,549	32,962	32,876	32,163	32,059
31 Other	9,497r	10,036r	9,996r	9,340r	9,325	9,849	10,340	9,279	9,426
32 Borrowings from other than directly related institutions	109,475r	108,316	110,787	107,506	104,904	107,607	106,750	112,169	118,318
33 Federal funds purchased[6]	52,234r	51,631	56,431	49,808	53,347	51,620	49,187	52,101	55,676
34 From commercial banks in the United States	27,191r	26,105r	28,843r	26,743r	27,516	25,505	24,812	24,333	28,863
35 From others	25,043r	25,526r	27,588r	23,065r	25,831	26,115	24,375	27,768	26,813
36 Other liabilities for borrowed money	57,241	56,685	54,356	57,698	51,557	55,987	57,563	60,068	62,642
37 To commercial banks in the United States	32,981	31,287	29,886	29,178	28,063	29,388	31,044	32,825	35,365
38 To others	24,260	25,398	24,470	28,520	23,494	26,599	26,519	27,243	27,277
39 Other liabilities to nonrelated parties	32,536	33,030	32,007r	31,999	30,730	31,747	32,026	32,020	33,065
40 Net due to related institutions	29,217r	24,797r	28,222r	30,337r	31,992	32,017	31,657	27,961	30,245
41 Total liabilities	220,508	215,406	220,139	218,091	214,767	218,611	218,029	217,771	227,231
MEMO									
42 Total loans (gross) and securities adjusted[7]	131,885	131,330	132,785	132,350	132,924	134,284	134,542	133,751	136,964
43 Total loans (gross) adjusted[7]	114,049	113,711	114,887	113,950	114,769	116,043	116,164	115,399	117,615

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	Commercial banks									
	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 June	1989 Sept.	1989 Dec.	1990 Mar.	1990 June	1990 Sept.
1 **All holders—Individuals, partnerships, and corporations**	**321.0**	**363.6**	**343.5**	**354.7**	**329.3**	**337.3**	**352.2**	**328.7**	**334.3**	n.a.
2 Financial business	32.3	41.4	36.3	38.6	33.0	33.7	33.8	34.1	34.9	n.a.
3 Nonfinancial business	178.5	202.0	191.9	201.2	185.9	190.4	202.5	183.3	186.5	n.a.
4 Consumer	85.5	91.1	90.0	88.3	86.6	87.9	90.3	86.6	86.4	n.a.
5 Foreign	3.5	3.3	3.4	3.7	2.9	2.9	3.1	3.0	3.1	n.a.
6 Other	21.2	25.8	21.9	22.8	21.0	22.4	22.5	21.7	23.5	n.a.
	Weekly reporting banks									
	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 June	1989 Sept.	1989 Dec.	1990 Mar.	1990 June	1990 Sept.
7 **All holders—Individuals, partnerships, and corporations**	**168.6**	**195.1**	**183.8**	**198.3**	**182.2**	**186.6**	**196.7**	**183.7**	**186.3**	**185.1**
8 Financial business	25.9	32.5	28.6	30.5	25.4	26.3	27.6	25.6	25.0	27.0
9 Nonfinancial business	94.5	106.4	100.0	108.7	99.8	101.6	108.8	100.1	101.7	100.0
10 Consumer	33.2	37.5	39.1	42.6	42.4	43.0	44.1	42.4	43.3	43.1
11 Foreign	3.1	3.3	3.3	3.6	2.9	2.8	3.0	2.8	2.9	2.8
12 Other	12.0	15.4	12.7	12.9	11.7	12.9	13.2	12.8	13.3	12.3

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 *Bulletin*, p. 466. 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.

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.

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.

3. 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	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Dec.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.	1990 Sept.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**298,779**	**329,991**	**358,056**	**457,297**	**529,055**	**544,481**	**538,686**	**537,023**	**545,849**	**546,691r**	**559,593**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	78,443	101,072	102,844	160,094	187,084	185,107	186,155	191,463	199,466	199,099r	205,093
3 Bank-related (not seasonally adjusted)[3]	1,602	2,265	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	135,320	151,820	173,980	194,537	212,210	213,843	209,203	202,101	202,829	202,217	204,065
5 Bank-related (not seasonally adjusted)[3]	44,778	40,860	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	85,016	77,099	81,232	102,666	129,761	145,531	143,328	143,459	143,554	145,375	150,435
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**68,413**	**64,974**	**70,565**	**66,631**	**62,972**	**53,945**	**54,766**	**53,750**	**52,006**	**52,324**	**50,469**
Holder											
8 Accepting banks	11,197	13,423	10,943	9,086	9,433	9,200	9,000	9,972	9,628	9,944	9,366
9 Own bills	9,471	11,707	9,464	8,022	8,510	7,850	7,632	8,639	8,395	7,895	7,944
10 Bills bought	1,726	1,716	1,479	1,064	924	1,350	1,368	1,332	1,233	2,049	1,421
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	937	1,317	965	1,493	1,066	1,141	1,291	1,507	1,571	1,560	1,333
13 Others	56,279	50,234	58,658	56,052	52,473	43,604	44,475	42,271	40,806	40,821	39,770
Basis											
14 Imports into United States	15,147	14,670	16,483	14,984	15,651	13,413	13,993	14,801	13,691	13,188	12,723
15 Exports from United States	13,204	12,960	15,227	14,410	13,683	12,610	12,727	12,511	12,186	12,221	11,889
16 All other	40,062	37,344	38,855	37,237	33,638	27,922	28,046	26,438	26,129	26,915	25,856

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 panel is revised every January and currently has about 100 respondents. The current 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
1987— Apr. 1	7.75	1987	8.21	1988— Jan.	8.75	1989— July	10.98
May 1	8.00	1988	9.32	Feb.	8.51	Aug.	10.50
15	8.25	1989	10.87	Mar.	8.50	Sept.	10.50
Sept. 4	8.75			Apr.	8.50	Oct.	10.50
Oct. 7	9.25	1987— Jan.	7.50	May	8.84	Nov.	10.50
22	9.00	Feb.	7.50	June	9.00	Dec.	10.50
Nov. 5	8.75	Mar.	7.50	July	9.29		
		Apr.	7.75	Aug.	9.84	1990— Jan.	10.11
1988— Feb. 2	8.50	May	8.14	Sept.	10.00	Feb.	10.00
May 11	9.00	June	8.25	Oct.	10.00	Mar.	10.00
July 14	9.50	July	8.25	Nov.	10.05	Apr.	10.00
Aug. 11	10.00	Aug.	8.25	Dec.	10.50	May	10.00
Nov. 28	10.50	Sept.	8.70			June	10.00
		Oct.	9.07	1989— Jan.	10.50	July	10.00
1989— Feb. 10	11.00	Nov.	8.78	Feb.	10.93	Aug.	10.00
24	11.50	Dec.	8.75	Mar.	11.50	Sept.	10.00
June 5	11.00			Apr.	11.50	Oct.	10.00
July 31	10.50			May	11.50	Nov.	10.00
				June	11.07		
1990— Jan. 8	10.00						

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	1987	1988	1989	1990 July	1990 Aug.	1990 Sept.	1990 Oct.	1990, week ending Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
MONEY MARKET RATES												
1 Federal funds[1,2,3]	6.66	7.57	9.21	8.15	8.13	8.20	8.11	8.26	8.23	8.20	7.96	7.99
2 Discount window borrowing[2,11]	5.66	6.20	6.93	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Commercial paper[3,4,5]												
3 1-month	6.74	7.58	9.11	8.09	7.99	8.09	8.04	8.26	8.06	8.10	8.09	8.02
4 3-month	6.82	7.66	8.99	7.99	7.88	7.96	7.98	8.13	7.94	8.00	8.04	8.01
5 6-month	6.85	7.68	8.80	7.90	7.77	7.83	7.81	8.01	7.80	7.85	7.86	7.81
Finance paper, directly placed[3,4,6]												
6 1-month	6.61	7.44	8.99	7.99	7.88	7.98	7.92	8.08	7.96	7.99	7.98	7.89
7 3-month	6.54	7.38	8.72	7.87	7.69	7.74	7.80	7.82	7.78	7.80	7.87	7.80
8 6-month	6.37	7.14	8.16	7.66	7.46	7.50	7.50	7.55	7.50	7.51	7.54	7.51
Bankers acceptances[3,4,7]												
9 3-month	6.75	7.56	8.87	7.86	7.75	7.83	7.85	8.02	7.80	7.97	7.92	7.82
10 6-month	6.78	7.60	8.67	7.73	7.64	7.70	7.67	7.89	7.60	7.77	7.73	7.64
Certificates of deposit, secondary market[3,8]												
11 1-month	6.75	7.59	9.11	8.09	7.98	8.08	8.03	8.25	8.02	8.10	8.08	8.02
12 3-month	6.87	7.73	9.09	8.10	7.97	8.06	8.06	8.24	8.02	8.11	8.11	8.05
13 6-month	7.01	7.91	9.08	8.12	7.99	8.06	8.05	8.25	8.02	8.10	8.10	8.05
14 Eurodollar deposits, 3-month[3,9]	7.07	7.85	9.16	8.09	7.99	8.07	8.06	8.24	8.11	8.09	8.13	8.09
U.S. Treasury bills												
Secondary market[3,4]												
15 3-month	5.78	6.67	8.11	7.62	7.45	7.36	7.17	7.29	7.13	7.16	7.20	7.19
16 6-month	6.03	6.91	8.03	7.52	7.38	7.32	7.16	7.30	7.14	7.18	7.20	7.15
17 1-year	6.33	7.13	7.92	7.40	7.26	7.24	7.06	7.25	7.07	7.12	7.09	7.02
Auction average[3,4,12]												
18 3-month	5.82	6.68	8.12	7.66	7.44	7.38	7.19	7.32	7.18	7.19	7.18	7.20
19 6-month	6.05	6.92	8.04	7.57	7.36	7.33	7.20	7.33	7.21	7.21	7.22	7.16
20 1-YEAR	6.33	7.17	7.91	7.52	7.37	7.25	7.01	7.25	n.a.	n.a.	n.a.	7.01
Capital Market Rates												
U.S. Treasury notes and bonds												
Constant maturities[13]												
21 1-year	6.77	7.65	8.53	7.94	7.78	7.76	7.55	7.79	7.58	7.62	7.58	7.50
22 2-year	7.42	8.10	8.57	8.16	8.06	8.08	7.88	8.12	7.88	7.97	7.90	7.83
23 3-year	7.68	8.26	8.55	8.26	8.22	8.27	8.07	8.33	8.07	8.18	8.10	7.99
24 5-year	7.94	8.47	8.50	8.33	8.44	8.51	8.33	8.58	8.33	8.47	8.34	8.24
25 7-year	8.23	8.71	8.52	8.46	8.64	8.79	8.59	8.85	8.59	8.75	8.61	8.50
26 10-year	8.39	8.85	8.49	8.47	8.75	8.89	8.72	8.96	8.69	8.87	8.74	8.64
27 30-year	8.59	8.96	8.45	8.50	8.86	9.03	8.86	9.10	8.83	9.02	8.88	8.77
Composite[14]												
28 Over 10 years (long-term)	8.64	8.98	8.58	8.64	8.97	9.11	8.93	9.17	8.90	9.09	8.94	8.84
State and local notes and bonds												
Moody's series[15]												
29 Aaa	7.14	7.36	7.00	6.96	6.99	7.18	7.23	7.40	7.35	7.20	7.27	7.12
30 Baa	8.17	7.83	7.40	7.13	7.21	7.48	7.43	7.80	7.50	7.40	7.44	7.39
31 *Bond Buyer* series[16]	7.63	7.68	7.23	7.19	7.32	7.43	7.49	7.53	7.48	7.56	7.48	7.43
Corporate bonds												
Seasoned issues[17]												
32 All industries	9.91	10.18	9.66	9.65	9.84	10.02	10.03	10.11	9.99	10.06	10.07	10.00
33 Aaa	9.38	9.71	9.26	9.24	9.41	9.56	9.53	9.63	9.54	9.59	9.57	9.45
34 Aa	9.68	9.94	9.46	9.47	9.63	9.77	9.77	9.87	9.74	9.82	9.81	9.74
35 A	9.99	10.24	9.74	9.69	9.89	10.09	10.06	10.16	10.04	10.08	10.09	10.05
36 Baa	10.58	10.83	10.18	10.20	10.41	10.64	10.74	10.76	10.65	10.74	10.79	10.75
37 A-rated, recently offered utility bonds[18]	9.96	10.20	9.79	9.96	10.29	10.28	10.23	10.25	10.16	10.34	10.23	10.20
MEMO: Dividend/price ratio[19]												
38 Preferred stocks	8.37	9.23	9.05	8.94	8.97	9.05	9.10	9.13	9.09	9.20	9.15	9.10
39 Common stocks	3.08	3.64	3.45	3.37	3.65	3.85	4.01	4.03	3.94	4.09	4.10	3.91

1. The daily effective federal funds rate is a weighted average of rates on trades through N.Y. brokers.
2. Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Quoted on a discount basis.
5. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
6. An average of offering rates on paper directly placed by finance companies.
7. Representative closing yields for acceptances of the highest rated money center banks.
8. An average of dealer offering rates on nationally traded certificates of deposit.
9. Bid rates for Eurodollar deposits at 11 a.m. London time.
10. One of several base rates used by banks to price short-term business loans.
11. Rate for the Federal Reserve Bank of New York.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
14. Unweighted average of rates on all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
15. General obligation based on Thursday figures; Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. 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.
19. 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	1987	1988	1989	1990 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	161.78	149.97	180.13	182.55	186.26	185.61	191.35	196.68	196.61	181.45	173.22	168.05
2 Industrial	195.31	180.83	228.04	220.60	226.14	226.86	234.85	242.42	245.86	226.73	216.81	208.58
3 Transportation	140.52	134.09	174.90	166.69	175.08	173.54	173.53	177.37	173.18	147.41	136.95	131.99
4 Utility	74.29	72.22	94.33	92.15	92.99	91.92	93.29	93.65	89.85	85.81	83.30	87.27
5 Finance	146.48	127.41	162.01	142.68	143.14	138.57	142.94	147.93	143.11	128.14	118.59	108.01
6 Standard & Poor's Corporation (1941–43 = 10)[1]	287.00	265.88	323.05	330.45	338.47	338.18	350.25	360.39	360.03	330.75	315.41	307.12
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	316.78	295.08	356.67	355.30	360.77	353.32	353.82	361.62	359.09	333.49	318.53	296.67
Volume of trading (thousands of shares)												
8 New York Stock Exchange	188,922	161,386	165,568	155,960	149,240	140,062	163,486	153,634	160,490	174,446	142,054	159,590
9 American Stock Exchange	13,832	9,955	13,124	13,735	15,133	13,961	14,005	12,421	12,529	15,881	11,668	11,294
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker-dealers[3]	**31,990**	**32,740**	**34,320**	**31,480**	**30,760**	**31,060**	**31,600**	**31,720**	**32,130**	**30,350**	**29,640**	**28,650**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,750	5,660	7,040	6,575	6,525	6,465	6,215	6,490	6,385	7,140	7,285	7,245
12 Cash-account	15,640	16,595	18,505	16,200	16,510	15,375	15,470	15,625	17,035	16,745	16,185	15,820

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

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1987	1988	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.
					SAIF-insured institutions							
1 **Assets**	**1,250,855**	**1,350,500**	**1,277,191**	**1,249,055**	**1,236,517r**	**1,225,087r**	**1,223,350r**	**1,210,351r**	**1,197,828r**	**1,174,632**	**1,162,605**	n.a.
2 Mortgages	721,593	764,513	745,091	733,729	727,559r	721,450	717,687	715,416r	708,538r	691,244	689,700	n.a.
3 Mortgage-backed securities	201,828	214,587	176,386	170,532	169,414	167,260r	167,683	166,167r	165,725r	159,172	157,113	n.a.
4 Contra-assets to mortgage assets[1]	42,344	37,950	24,976	25,457	24,162r	22,729r	23,073	21,991r	21,977r	20,344	23,390	n.a.
5 Commercial loans	23,163	33,889	32,344	32,150	31,911r	31,770r	31,069	30,931r	30,352	28,753	28,482	n.a.
6 Consumer loans	57,902	61,922	59,372	58,685	57,321r	56,821	56,805r	56,639r	55,658	55,171	54,655	n.a.
7 Contra-assets to nonmortgage loans[2]	3,467	3,056	3,194	3,592	2,251r	2,279	2,476r	2,229	1,766	1,976	1,966	n.a.
8 Cash and investment securities	169,717	186,986	172,465	166,053	160,519r	157,314r	162,313	153,346r	152,393	155,688	149,368	n.a.
9 Other[3]	122,462	129,610	119,704	116,955	116,206r	115,480r	113,341r	112,071r	108,904r	106,924	108,643	n.a.
10 **Liabilities and net worth**	**1,250,855**	**1,350,500**	**1,277,191**	**1,249,055**	**1,236,517r**	**1,225,087r**	**1,223,350r**	**1,210,351r**	**1,197,828r**	**1,174,632**	**1,162,605**	n.a.
11 Savings capital	932,616	971,700	946,655	945,656	933,835r	926,439	929,910	916,069r	902,642r	890,497	884,963	n.a.
12 Borrowed money	249,917	299,400	268,462	252,230	252,942	248,135r	246,875	246,646r	241,983	230,169	222,441	n.a.
13 FHLBB	116,363	134,168	127,671	124,577	121,732	120,633	117,489	115,620	114,047	109,733	106,127	n.a.
14 Other	133,554	165,232	140,791	127,653	131,210	127,502r	129,386	131,026r	127,936	120,436	116,314	n.a.
15 Other	21,941	24,216	31,991	27,556	26,987r	28,096r	25,997	27,352r	28,767r	25,166	26,746	n.a.
16 Net worth	n.a.	n.a.	30,083	23,612	22,754r	22,417r	20,568r	20,296r	24,361r	28,805	28,455	n.a.
					SAIF-insured federal savings banks							
17 **Assets**	**284,270**	**425,966**	**499,995**	**498,522**	**583,063**	**581,983**	**595,644**	**593,345**	n.a.	n.a.	n.a.	n.a.
18 Mortgages	161,926	230,734	282,510	283,844	331,503	330,366	332,995	333,300	n.a.	n.a.	n.a.	n.a.
19 Mortgage-backed securities	45,826	64,957	71,204	70,499	76,765	77,016	80,059	81,030	n.a.	n.a.	n.a.	n.a.
20 Contra-assets to mortgage assets[1]	9,100	13,140	13,216	13,548	12,309	11,615	11,844	11,590	n.a.	n.a.	n.a.	n.a.
21 Commercial loans	6,504	16,731	18,172	18,143	20,310	20,244	20,366	20,324	n.a.	n.a.	n.a.	n.a.
22 Consumer loans	17,696	24,222	28,079	28,212	20,310	20,244	20,365	20,324	n.a.	n.a.	n.a.	n.a.
23 Contra-assets to nonmortgage loans[2]	678	889	1,082	1,193	949	986	1,001	908	n.a.	n.a.	n.a.	n.a.
24 Finance leases plus interest	591	880	1,092	1,101	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 Cash and investment	35,347	61,029	65,191	64,538	70,742	70,054	76,158	72,618	n.a.	n.a.	n.a.	n.a.
26 Other	24,069	35,412	40,852	39,981	45,444	46,238	46,371	46,180	n.a.	n.a.	n.a.	n.a.
27 **Liabilities and net worth**	**284,270**	**425,966**	**499,995**	**498,522**	**583,063**	**581,983**	**595,644**	**593,345**	n.a.	n.a.	n.a.	n.a.
28 Savings capital	203,196	298,197	355,874	360,547	418,555	419,246	433,000	429,469	n.a.	n.a.	n.a.	n.a.
29 Borrowed money	60,716	99,286	111,369	108,448	126,398	124,171	126,253	126,240	n.a.	n.a.	n.a.	n.a.
30 FHLBB	29,617	46,265	56,842	57,032	63,516	63,026	63,550	63,120	n.a.	n.a.	n.a.	n.a.
31 Other	31,099	53,021	54,527	51,416	62,882	61,145	62,703	63,120	n.a.	n.a.	n.a.	n.a.
32 Other	5,324	8,075	10,749	9,041	9,770	10,347	9,435	9,982	n.a.	n.a.	n.a.	n.a.
33 Net worth	15,034	20,218	25,958	22,716	25,986	25,723	24,169	23,505	n.a.	n.a.	n.a.	n.a.

1.37—Continued

Account	1987	1988	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.
	Credit unions[4]											
34 **Total assets/liabilities and capital**		**174,593**	**182,856**	**183,688**	**183,301**	**186,119**	**192,718**	**193,208**	**195,020**	**195,302**	**194,523**	
35 Federal		114,566	119,682	120,666	120,489	122,885	126,690	127,250	128,648	128,142	127,564	
36 State		60,027	63,174	63,022	62,812	63,234	66,028	65,958	66,372	67,160	66,959	
37 Loans outstanding	n.a.	113,191	122,899	122,608	122,332	121,968	121,660	122,616	123,205	123,968	124,343	n.a.
38 Federal		73,766	80,601	80,272	80,041	79,715	79,407	80,205	80,550	81,063	81,063	
39 State		39,425	42,298	42,336	42,291	42,253	42,253	42,411	42,655	42,905	43,280	
40 Savings		159,010	165,533	167,371	166,629	168,609	175,942	175,745	176,701	178,127	176,360	
41 Federal		104,431	108,319	109,653	109,818	111,246	115,714	115,554	116,402	116,717	115,305	
42 State		54,579	57,214	57,718	56,811	57,363	60,228	60,191	60,299	61,408	61,056	
	Life insurance companies											
43 **Assets**	**1,044,459**	**1,166,870**	**1,288,728**	**1,299,756**								
Securities												
44 Government	84,426	84,051	77,092	77,297								
45 United States[5]	57,078	58,564	52,203	52,517								
46 State and local	10,681	9,136	9,013	9,028								
47 Foreign[6]	16,667	16,351	15,876	15,752								
48 Business	569,199	660,416	755,589	764,521	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
49 Bonds	472,684	556,043	632,563	638,907								
50 Stocks	96,515	104,373	123,026	125,614								
51 Mortgages	203,545	232,863	252,070	254,215								
52 Real estate	34,172	37,371	39,834	39,908								
53 Policy loans	53,626	54,236	57,183	57,439								
54 Other assets	89,586	93,358	106,960	106,376								

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. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
5. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
6. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

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

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

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."

As of June 1989 Savings bank data are no longer available.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1988	Fiscal year 1989	Fiscal year 1990	Calendar year 1990 May	June	July	Aug.	Sept.	Oct.
U.S. budget[1]									
1 Receipts, total	908,166	990,701	1,031,463	69,212	110,614	72,357	78,486	102,874	78,711
2 On-budget	666,675	727,035	749,809	45,514	83,717	50,446	56,284	78,542	58,751
3 Off-budget	241,491	263,666	281,654	23,698	26,897	21,911	22,202	24,332	19,960
4 Outlays, total	1,063,318	1,144,020	1,251,850	111,693	121,719	98,280	131,206	82,026	110,173
5 On-budget	860,627	933,109	1,026,785	91,742	105,759	79,833	89,717	80,613	91,261
6 Off-budget	202,691	210,911	225,065	19,951	15,960	18,447	41,489	1,413	18,912
7 Surplus, or deficit (−), total	−155,152	−153,319	−220,387	−42,482	−11,105	−25,924	−52,719	20,848	−31,462
8 On-budget	−193,952	−206,074	−276,976	−46,229	−22,042	−29,388	−33,432	−2,071	−32,510
9 Off-budget	38,800	52,755	56,589	3,747	10,937	3,464	−19,287	22,919	1,048
Source of financing (total)									
10 Borrowing from the public	166,139	141,806	264,453	23,380	23,520	24,230	47,329	−2,595	32,265
11 Operating cash (decrease, or increase (−))	−7,962	3,425	818	25,594	−20,916	9,862	2,433	17,832	4,720
12 Other[2]	−3,025	8,088	−44,884	−6,492	8,501	−8,168	2,957	−421	−5,523
MEMO									
13 Treasury operating balance (level, end of period)	44,398	40,973	40,155	13,702	34,618	24,756	22,323	40,155	35,435
14 Federal Reserve Banks	13,023	13,452	7,638	4,426	5,470	6,369	4,453	7,638	7,607
15 Tax and loan accounts	31,375	27,521	32,517	9,276	29,148	18,387	17,869	32,517	27,828

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 1989	Fiscal year 1990	Calendar year						
			1988	1989		1990	1990		
			H2	H1	H2	H1	Aug.	Sept.	Oct.
RECEIPTS									
1 **All sources**	**990,701**	**1,031,462**	**449,330**	**527,574**	**470,329**	**548,977**	**78,486**	**102,874**	**78,711**
2 Individual income taxes, net	445,690	466,884	200,300	233,572	218,706	243,087	36,455	46,664	40,691
3 Withheld	361,386	390,480	179,600	174,230	193,296	190,219	34,610	30,806	37,777
4 Presidential Election Campaign Fund	32	32	4	28	3	30	−29	1	0
5 Nonwithheld	154,839	149,189	29,880	121,563	33,303	117,675	3,451	17,420	3,863
6 Refunds	70,567	72,817	9,186	62,251	7,898	64,838	1,577	1,562	950
Corporation income taxes									
7 Gross receipts	117,015	110,017	56,409	61,585	52,269	58,830	2,564	18,868	3,691
8 Refunds	13,723	16,510	7,250	7,259	6,842	8,326	956	1,524	2,077
9 Social insurance taxes and contributions, net	359,416	380,047	157,603	200,127	162,574	210,476	32,047	31,010	26,598
10 Employment taxes and contributions[2]	332,859	353,891	144,983	184,569	152,407	195,269	27,919	30,480	25,144
11 Self-employment taxes and contributions[3]	18,504	21,795	3,032	16,371	1,947	19,017	0	2,638	0
12 Unemployment insurance	22,011	21,635	10,359	13,279	7,909	12,929	3,712	186	1,082
13 Other net receipts[4]	4,546	4,522	2,262	2,277	2,260	2,278	416	344	373
14 Excise taxes	34,386	35,345	19,299	16,814	16,799	18,153	2,740	2,774	3,011
15 Customs deposits	16,334	16,707	8,107	7,918	8,667	8,096	1,627	1,273	1,528
16 Estate and gift taxes	8,745	11,500	4,054	4,583	4,451	6,442	883	875	1,065
17 Miscellaneous receipts[5]	22,839	27,470	10,809	10,235	13,704	12,222	3,127	2,934	4,203
OUTLAYS									
18 **All types**	**1,144,020**	**1,251,850**	**554,089**	**565,425**	**587,448r**	**640,982**	**131,206**	**82,026**	**110,173**
19 National defense	303,559	299,335	150,496	148,098	149,613	152,733	28,664	21,497	24,990
20 International affairs	9,574	13,760	2,627	6,567	5,971	6,770	1,039	1,957	779
21 General science, space, and technology	12,838	14,420	5,852	6,238	7,091	6,974	1,333	1,132	1,616
22 Energy	3,702	2,470	1,966	2,221	1,449r	1,216r	172r	−357	505
23 Natural resources and environment	16,182	17,009	9,072	7,022	9,183	7,343	1,388	1,517	1,409
24 Agriculture	16,948	11,998	6,911	9,619	4,132	7,450	98	67	1,651
25 Commerce and housing credit	29,091	67,495	19,836	4,129	22,295	38,672r	3,045	12,018	8,590
26 Transportation	27,608	29,495	14,922	12,953	14,982	13,754	2,734	2,608	2,780
27 Community and regional development	5,361	8,466	2,690	1,833	4,879	3,987	614	519	912
28 Education, training, employment, and social services	36,694	37,479	16,162	18,083	18,663	19,537	3,417	2,730	3,660
29 Health	48,390	58,101	23,360	24,078	25,339	29,488	5,585	4,804	5,491
30 Social security and medicare	317,506	346,383	149,017	162,195	162,322	175,997	49,891	8,623	28,339
31 Income security	136,031	148,299	64,978	70,937	67,950	78,475r	13,475	10,206	12,819
32 Veterans benefits and services	30,066	29,112	15,797	14,891	14,864	15,217	3,624	1,208	2,899
33 Administration of justice	9,422	10,076	4,361	4,801	4,963	4,983	866	717	983
34 General government	9,124	10,822	5,137	3,858	4,760	4,916	691	1,406	1,227
35 General-purpose fiscal assistance	n.a.	n.a.	0	0	n.a.	n.a.	n.a.	n.a.	n.a.
36 Net interest[6]	169,317	183,790	78,317	86,009	87,927	91,155	17,556	15,697	14,744
37 Undistributed offsetting receipts[7]	−37,212	−36,615	−18,771	−18,131	−18,935	−17,688	−2,987	−4,320	−3,222

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	1988		1989				1990		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**2,614.6**	**2,707.3**	**2,763.6**	**2,824.0**	**2,881.1**	**2,975.5**	**3,081.9**	**3,175.5**	**3,266.1**
2 Public debt securities	2,602.2	2,684.4	2,740.9	2,799.9	2,857.4	2,953.0	3,052.0	3,143.8	3,233.3
3 Held by public	2,051.7	2,095.2	2,133.4	2,142.1	2,180.7	2,245.2	2,329.3	2,368.8	n.a.
4 Held by agencies	550.4	589.2	607.5	657.8	676.7	707.8	722.7	775.0	n.a.
5 Agency securities	12.4	22.9	22.7	24.0	23.7	22.5	29.9	31.7	n.a.
6 Held by public	12.2	22.6	22.3	23.6	23.5	22.4	29.8	31.6	n.a.
7 Held by agencies	.2	.3	.4	.5	.1	.1	.2	.2	n.a.
8 **Debt subject to statutory limit**	**2,586.9**	**2,669.1**	**2,725.6**	**2,784.6**	**2,829.8**	**2,921.7**	**2,988.9**	**3,077.0**	**3,161.2**
9 Public debt securities	2,586.7	2,668.9	2,725.5	2,784.3	2,829.5	2,921.4	2,988.6	3,076.6	3,160.9
10 Other debt[1]	.1	.2	.2	.2	.3	.3	.3	.4	.4
11 MEMO: Statutory debt limit	2,800.0	2,800.0	2,800.0	2,800.0	2,870.0	3,122.7	3,122.7	3,122.7	3,195.0

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	1986	1987	1988	1989	1989	1990		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**2,214.8**	**2,431.7**	**2,684.4**	**2,953.0**	**2,953.0**	**3,052.0**	**3,143.8**	**3,233.3**
By type								
2 Interest-bearing debt	2,212.0	2,428.9	2,663.1	2,931.8	2,931.8	3,029.5	3,121.5	3,210.9
3 Marketable	1,619.0	1,724.7	1,821.3	1,945.4	1,945.4	1,995.3	2,028.0	2,092.8
4 Bills	426.7	389.5	414.0	430.6	430.6	453.1	453.5	482.5
5 Notes	927.5	1,037.9	1,083.6	1,151.5	1,151.5	1,169.4	1,192.7	1,218.1
6 Bonds	249.8	282.5	308.9	348.2	348.2	357.9	366.8	377.2
7 Nonmarketable[1]	593.1	704.2	841.8	986.4	986.4	1,034.2	1,093.5	1,118.2
8 State and local government series	110.5	139.3	151.5	163.3	163.3	163.5	164.3	161.3
9 Foreign issues[2]	4.7	4.0	6.6	6.8	6.8	37.1	36.4	36.0
10 Government	4.7	4.0	6.6	6.8	6.8	37.1	36.4	36.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	90.6	99.2	107.6	115.7	115.7	118.0	120.1	122.2
13 Government account series[3]	386.9	461.3	575.6	695.6	695.6	705.1	758.7	779.4
14 Non-interest-bearing debt	2.8	2.8	21.3	21.2	21.2	22.4	22.3	22.4
By holder[4]								
15 U.S. government agencies and trust funds	403.1	477.6	589.2	707.8	707.8	722.7	775.0	
16 Federal Reserve Banks	211.3	222.6	238.4	228.4	228.4	219.3	231.4	
17 Private investors	1,602.0	1,731.4	1,858.5	2,015.8	2,015.8	2,115.1	2,135.5	
18 Commercial banks	203.5	201.5	193.8	180.6	180.6	182.0	n.a.	
19 Money market funds	28.0	14.6	11.8	14.4	14.4	31.3	n.a.	
20 Insurance companies	105.6	104.9	107.3	107.9	107.9	108.0	n.a.	
21 Other companies	68.8	84.6	87.1	93.8	93.8	95.0	n.a.	n.a.
22 State and local Treasurys	262.8	284.6	313.6	337.1	337.1	338.0	n.a.	
Individuals								
23 Savings bonds	92.3	101.1	109.6	117.7	117.7	119.9	121.6	
24 Other securities	70.4	71.3	79.2	93.8	93.8	95.0	n.a.	
25 Foreign and international[5]	263.4	299.7	362.2	393.4	393.4	386.9	392.7	
26 Other miscellaneous investors[6]	506.6	569.1	593.9	674.3	674.3	754.9	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 and the *Treasury Bulletin.*

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

Millions of dollars, daily averages

Item	1990			1990								
	July[r]	Aug.[r]	Sept.[r]	Sept. 5[r]	Sept. 12[r]	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. government securities												
1 Bills	27,936	30,596	31,542	27,525	27,151	34,128	35,174	32,996	25,978	27,997	31,295	41,414
Coupon securities												
2 Maturing in less than 3.5 years	25,574	32,907	29,399	24,964	26,336	28,841	33,875	33,909	30,186	27,030	23,708	36,032
3 Maturing in 3.5 to 7.5 years	24,612	24,495	22,876	20,567	20,658	23,187	23,753	28,914	32,605	24,794	22,529	21,988
4 Maturing in 7.5 to 15 years	9,406	13,751	9,708	9,004	9,572	10,294	8,987	11,437	12,709	10,986	11,436	10,381
5 Maturing in 15 years or more	14,235	15,476	10,850	8,012	11,443	11,003	10,759	13,472	15,301	14,882	12,318	10,897
Federal agency securities												
Debt												
6 Maturing in less than 3.5 years	4,759	4,015	4,535	6,137	3,392	4,298	4,516	5,630	4,365	3,856	3,843	4,784
7 Maturing in 3.5 to 7.5 years	698	560	449	322	496	550	360	492	651	422	605	481
8 Maturing in 7.5 years or more	1,023	789	531	562	587	463	443	733	879	1,751	413	364
Mortgage-backed												
9 Pass-throughs	7,202	6,992	9,146	6,614	8,551	9,178	10,251	11,595	9,897	7,206	7,805	9,557
10 All others[3]	1,502	1,415	1,149	1,098	1,207	1,429	777	1,313	1,189	1,215	955	1,590
By type of counterparty												
Primary dealers and brokers												
11 U.S. government securities	63,558	73,154	66,111	56,218	61,715	67,611	71,211	75,446	73,747	67,902	65,864	73,890
Federal agency												
12 Debt securities	2,243	1,685	1,773	2,097	1,607	1,715	1,576	2,339	2,207	2,373	1,543	1,705
13 Mortgage backed securities	4,118	3,884	5,081	3,737	5,064	4,291	5,986	6,854	4,566	3,112	4,655	5,792
Customers												
14 U.S. government securities	38,205	44,072	38,262	33,854	33,446	39,841	41,338	45,282	43,032	37,787	35,421	46,822
Federal agency												
15 Debt securities	4,237	3,679	3,742	4,924	2,869	3,595	3,742	4,517	3,688	3,656	3,318	3,923
16 Mortgage-backed securities	4,586	4,523	5,214	3,975	4,694	6,316	5,042	6,054	6,520	5,309	4,106	5,356
FUTURE AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. government securities												
17 Bills	3,019	4,595	4,273	3,018	4,288	5,256	3,956	4,451	2,736	3,982	2,792	4,826
Coupon securities												
18 Maturing in less than 3.5 years	1,314	1,696	1,198	933	1,132	1,242	1,242	1,545	1,232	1,464	1,385	1,003
19 Maturing in 3.5 to 7.5 years	641	691	463	585	230	542	394	839	697	360	501	345
20 Maturing in 7.5 to 15 years	850	1,381	925	854	993	1,014	690	1,231	873	912	795	698
21 Maturing in 15 years or more	6,202	10,284	7,731	6,815	8,104	8,038	6,866	9,571	9,516	9,604	9,438	6,902
Federal agency securities												
Debt												
22 Maturing in less than 3.5 years	93	47	31	15	17	40	46	29	143	88	79	45
23 Maturing in 3.5 to 7.5 years	33	58	113	8	240	167	25	38	37	28	148	11
24 Maturing in 7.5 years or more	156	21	45	10	7	23	84	150	182	54	21	87
Mortgage-backed												
25 Pass-throughs	8,263	8,519	7,607	4,947	7,420	9,207	7,891	7,351	10,948	9,089	6,966	7,498
26 All others[3]	1,513	1,462	999	990	902	1,277	510	1,786	274	354	1,051	567
OPTION TRANSACTIONS[6]												
By type of underlying securities												
U.S. government securities												
27 Bills	6	11	3	0	0	0	1	30	19	108	68	63
Coupon securities												
28 Maturing in less than 3.5 years	407	693	956	809	613	1,056	1,222	1,124	679	704	433	798
29 Maturing in 3.5 to 7.5 years	340	297	309	455	185	389	267	306	216	257	133	234
30 Maturing in 7.5 to 15 years	196	315	190	262	194	68	268	179	243	274	140	72
31 Maturing in 15 years or more	1,671	2,880	1,918	1,968	2,118	1,523	1,992	2,142	1,880	2,612	2,704	1,417
Federal agency securities												
Debt												
32 Maturing in less than 3.5 years	4	2	3	0	0	7	5	1	20	1	0	5
33 Maturing in 3.5 to 7.5 years												
34 Maturing in 7.5 years or more	2	7	6	20	0	10	0	0	0	0	0	0
Mortgage-backed												
35 Pass-throughs	489	524	383	254	590	335	346	268	927	370	371	390
36 All others[3]	0	0	7	0	24	0	2	3	0	0	2	2

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. Immediate, forward, and future transactions are reported at principal value, which does not include accrued interest; option transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed securities include purchases and sales for which delivery is scheduled in thirty days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

3. Includes securities such as CMOs, REMICs; IOs, and POs.

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. government securities and federal agency debt securities are included when the time to delivery is more than five days. Forward contracts for mortgage-backed securities are included when the time to delivery is more than thirty days.

5. Options transactions are purchases or sales of put and call options, whether arranged on an organized exchange or in the over-the-counter market and include options on futures contracts on U.S. government and federal agency securities.

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

Millions of dollars

Item	1990 July	1990 Aug.	1990 Sept.	1990 Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
						Positions[2]						
NET IMMEDIATE[3]												
By type of security												
U.S. government securities												
1 Bills	3,032	6,815	3,664	5,733	7,840	1,870	2,183	−499	2,025	3,775	2,556	6,284
Coupon securities												
2 Maturing in less than 3.5 years	3,183	5,395	−352	3,685	1,513	−3,123	−1,919	−1,071	−495	−3,553	−3,097	−1,326
3 Maturing in 3.5 to 7.5 years	3,781	−2,645	−5,090	−2,829	−4,903	−6,286	−5,421	−5,570	−6,369	−5,172	−5,884	−6,250
4 Maturing in 7.5 to 15 years	−6,018	−5,740	−7,271	−6,987	−7,016	−6,780	−8,039	−7,591	−6,629	−7,396	−6,662	−7,253
5 Maturing in 15 years or more	−10,969	−12,241	−14,195	−14,352	−14,161	−14,008	−14,317	−14,173	−15,057	−15,085	−15,399	−16,483
Federal agency securities												
Debt												
6 Maturing in less than 3.5 years	3,166	4,136	4,047	2,661	3,388	4,597	5,020	4,269	4,672	4,185	4,464	3,314
7 Maturing in 3.5 to 7.5 years	1,446	1,422	1,797	1,799	1,908	1,907	1,632	1,698	1,780	1,845	1,827	1,512
8 Maturing in 7.5 years or more	2,899	2,396	2,128	2,292	2,428	1,911	1,662	2,593	2,612	4,961	4,898	4,640
Mortgage-backed												
9 Pass-throughs	17,146	16,696	16,330	13,296	18,592	19,930	14,360	13,311	17,770	22,122	19,287	14,324
10 All others[4]												
Other money market instruments												
11 Certificates of deposit	2,877	3,129	2,953	3,600	2,773	2,572	2,903	3,210	2,889	2,568	2,171	2,327
12 Commercial paper	6,146	7,489	7,307	9,425	7,934	6,674	5,638	7,590	7,484	6,093	4,769	6,845
13 Bankers' acceptances	1,030	1,193	954	1,148	946	1,219	605	873	1,122	1,017	1,195	1,668
FUTURE AND FORWARD[5]												
By type of deliverable security												
U.S. government securities												
14 Bills	−8,317	−15,495	−11,881	−11,096	−10,398	−12,907	−12,482	−12,607	−13,769	−18,581	−18,855	−19,207
Coupon securities												
15 Maturing in less than 3.5 years	−771	−616	−573	−834	−71	−468	−678	−1,124	−935	−170	−705	−742
16 Maturing in 3.5 to 7.5 years	−1,909	−1,728	−1,403	−878	−888	−1,540	−1,822	−1,984	−1,671	−1,696	−1,559	−1,050
17 Maturing in 7.5 to 15 years	−798	327	143	159	−50	481	588	−913	−981	−1,067	−1,096	−814
18 Maturing in 15 years or more	−5,098	−2,405	90	−1,152	91	801	948	−1,103	−751	−2,323	−3,342	−3,103
Federal agency securities												
Debt												
19 Maturing in less than 3.5 years	−69	167	132	177	174	113	73	141	109	123	264	180
20 Maturing in 3.5 to 7.5 years	−104	71	76	5	194	68	29	58	79	115	176	29
21 Maturing in 7.5 years or more	162	−52	100	−21	−9	18	287	256	163	22	71	156
Mortgage-backed												
22 Pass-throughs	−11,755	−7,823	−7,704	−4,989	−10,152	−11,365	−5,536	−4,199	−8,221	−11,498	−8,961	−5,919
23 All others[4]												
Other money market instruments												
24 Certificates of deposit	35,615	47,770	56,474	41,825	52,817	50,326	68,577	70,761	79,981	86,674	92,928	91,599
25 Commercial paper		−3										
26 Bankers' acceptances												
						Financing[6]						
Reverse repurchase agreements												
27 Overnight and continuing	148,001	157,064	159,515	156,881	154,733	167,521	149,268	175,098	169,662	166,622	177,104	188,134
28 Term	217,735	229,319	219,855	212,367	220,311	222,602	225,741	213,308	222,431	225,827	230,502	231,045
Reverse repurchase agreements												
29 Overnight and continuing	223,101r	234,871	235,588	239,080	231,513	248,020	222,741	239,083	243,629	246,194	256,061	250,874
30 Term	179,599r	189,849	174,610	165,155	173,865	178,720	180,331	170,528	178,431	181,163	191,173	189,769
Securities borrowed												
31 Overnight and continuing	43,153r	45,914r	50,783	49,588r	49,804	49,928	53,861	50,103	51,733	49,279	48,948	50,536
32 Term	13,242r	13,686r	18,003	15,827r	16,706	17,994	20,710	18,270	18,440	18,916	19,965	19,798
Securities lent												
33 Overnight and continuing	19,262r	18,951r	22,156	20,651r	21,248	21,959	23,911	22,899	22,640	20,840	19,962	19,286
34 Term	1,286r	478r	1,062	355r	563	1,049	2,484	356	518	659	765	763
Collateralized loans												
35 Overnight and continuing	4,503	5,058	4,870	8,051	4,203	4,893	3,342	4,694	4,757	4,206	3,954	4,652
36 Term	824	691	863	737	1,197	836	757	665	553	1,169	1,820	1,048
MEMO: Matched book[7]												
Reverse repurchases												
37 Overnight and continuing	92,712	100,242	102,856	100,852	100,590	108,545	95,866	111,606	109,117	105,657	112,100	114,796
38 Term	177,648	184,789	178,083	174,209	180,126	179,354	181,130	171,794	177,459	177,937	184,982	180,545
Repurchases												
39 Overnight and continuing	124,620r	131,250	137,034	139,395	137,282	143,847	126,605	139,980	140,387	138,181	142,267	145,099
40 Term	139,666r	148,876	137,764	130,087	137,627	142,581	141,782	132,135	140,675	139,076	147,304	147,338

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Data for positions and financing are averages of close-of- business Wednesday weekly data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities settle on the issue date of offering. Net immediate positions of mortgage-backed securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty days or less.
4. Includes securities such as CMOs, REMICs, IOs, and POs.
5. Futures positions are standardized contracts arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. government securities and for federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed securities are included when the time to delivery is more than thirty days.
6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without a requirement for advance notice by either party; term agreements have a fixed maturity of more than one business day.
7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns listed above. The reverse repurchase and repurchase numbers are not always equal due to the "matching" of securities of different values or types of collateralization.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1986	1987	1988	1989	1990 May	1990 June	1990 July	1990 Aug.	1990 Sept.
1 **Federal and federally sponsored agencies**	**307,361**	**341,386**	**381,498**	**411,805**	**424,082**	**422,261**	**420,529**	**421,554**	**421,308**
2 Federal agencies	36,958	37,981	35,668	35,664	42,482	42,015	41,978	42,323	42,920
3 Defense Department[1]	33	13	8	7	7	7	7	7	7
4 Export-Import Bank[2,3]	14,211	11,978	11,033	10,985	11,017	11,150	11,150	11,150	11,346
5 Federal Housing Administration[4]	138	183	150	328	365	394	281	316	357
6 Government National Mortgage Association participation certificates[5]	2,165	1,615	0	0	0	0	0	0	0
7 Postal Service[6]	3,104	6,103	6,142	6,445	6,148	6,148	6,148	6,948	6,948
8 Tennessee Valley Authority	17,222	18,089	18,335	17,899	24,945	24,316	24,392	23,902	24,262
9 United States Railway Association[6]	85	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	270,553	303,405	345,830	375,407	381,600	380,245	378,551	379,231	378,388
11 Federal Home Loan Banks	88,758	115,727	135,836	136,087	125,515	123,021	119,692	118,380	116,336
12 Federal Home Loan Mortgage Corporation	13,589	17,645	22,797	26,148	30,444	31,049	27,716	27,589	27,985
13 Federal National Mortgage Association	93,563	97,057	105,459	116,064	118,108	117,964	118,356	119,248	118,826
14 Farm Credit Banks[8]	62,478	55,275	53,127	54,864	53,795	53,451	53,175	54,015	54,382
15 Student Loan Marketing Association[9]	12,171	16,503	22,073	28,705	31,696	32,392	32,218	32,605	33,376
16 Financing Corporation[10]	0	1,200	5,850	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	0	0	690	847	847	1,172	1,172	1,172	1,261
18 Resolution Funding Corporation[12]	0	0	0	4,522	13,026	13,026	18,052	18,052	18,052
MEMO									
19 **Federal Financing Bank debt[13]**	**157,510**	**152,417**	**142,850**	**134,873**	**141,536**	**157,685**	**162,443**	**166,017**	**173,318**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	14,205	11,972	11,027	10,979	11,011	11,144	11,144	11,144	11,340
21 Postal Service[6]	2,854	5,853	5,892	6,195	5,898	5,898	5,898	6,698	6,698
22 Student Loan Marketing Association	4,970	4,940	4,910	4,880	4,880	4,880	4,880	4,880	4,880
23 Tennessee Valley Authority	15,797	16,709	16,955	16,519	15,565	14,936	15,012	14,522	14,882
24 United States Railway Association[6]	85	0	0	0	0	0	0	0	0
Other Lending[14]									
25 Farmers Home Administration	65,374	59,674	58,496	53,311	51,591	51,901	52,171	52,211	52,049
26 Rural Electrification Administration	21,680	21,191	19,246	19,265	19,182	19,168	19,066	19,043	19,042
27 Other	32,545	32,078	26,324	23,724	33,409	49,758	54,272	57,519	64,427

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 Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
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.
14. 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.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1987	1988	1989	1990							
				Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.
1 **All issues, new and refunding**[1]	**102,407**	**114,522**	**113,646**	**9,880**	**8,582**	**12,032**	**13,625**	**8,731**	**10,035**	**13,930**	**8,521**
Type of issue											
2 General obligation	30,589	30,312	35,774	3,199	3,386	3,166	4,426	2,847	3,358	3,763	3,435
3 Revenue	71,818	84,210	77,873	6,681	5,196	8,866	9,199	5,884	6,677	10,167	5,086
Type of issuer											
4 State	10,102	8,830	11,819	707	1,387	1,003	1,090	1,442	1,610	2,317	1,470
5 Special district and statutory authority[2]	65,460	74,409	71,022	6,247	4,366	7,485	8,556	5,670	6,692	8,188	4,521
6 Municipalities, counties, and townships	26,845	31,193	30,805	2,926	2,243	3,544	3,977	1,742	2,195	3,425	2,530
7 **Issues for new capital, total**	**56,789**	**79,665**	**84,062**	**6,667**	**7,744**	**10,486**	**10,974**	**7,442**	**9,346**	**12,713**	**8,043**
Use of proceeds											
8 Education	9,524	15,021	15,133	1,018	1,054	1,694	2,612	2,212	1,389	1,472	1,614
9 Transportation	3,677	6,825	6,870	1,158	1,215	1,375	1,592	789	931	920	1,043
10 Utilities and conservation	7,912	8,496	11,427	502	991	1,232	2,159	719	1,015	687	731
11 Social welfare	11,106	19,027	16,703	1,425	2,664	2,628	2,199	2,012	3,508r	3,995	1,343
12 Industrial aid	7,474	5,624	5,036	432	232	681	693	434	495	674	386
13 Other purposes	18,020	24,672	28,894	2,132	2,426	2,155	4,366	2,688	3,161	4,965	2,926

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

SOURCES. Investment Dealer's Digest beginning April 1990. 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	1987	1988	1989	1990							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues**[1]	**392,261r**	**410,713r**	**376,171r**	**13,811**	**21,199**	**15,346**	**25,204r**	**28,900r**	**19,975r**	**14,052r**	**14,126**
2 **Bonds**[2]	**325,753r**	**352,912r**	**318,300r**	**10,892**	**17,405**	**13,590**	**22,853r**	**26,027r**	**17,728r**	**13,244r**	**13,700**
Type of offering											
3 Public, domestic	209,377r	202,034r	180,913r	9,985	15,498	12,669	19,703r	22,816r	14,423r	12,048r	11,800
4 Private placement, domestic[3]	92,070	127,700	114,629	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Sold abroad	24,306	23,178	22,758	907	1,907	921	3,150	3,211	3,305	1,196r	1,900
Industry group											
6 Manufacturing	60,657	70,575r	76,345	2,488	3,396	3,612	2,580r	3,812r	1,838r	775r	2,077
7 Commercial and miscellaneous	49,773	62,089r	49,307	157	263	683	1,171	2,999	1,728r	223r	117
8 Transportation	11,974	10,075	10,105r	53	386	194	927	1,001	270	500	533
9 Public utility	22,991r	19,528r	17,059r	1,057	317	435	1,004	2,561	703r	835r	1,000
10 Communication	7,340	5,952	8,503	35	704	500	326	411	137r	35r	268
11 Real estate and financial	173,018r	184,692r	156,983r	7,103	12,340	8,167	16,845r	15,243r	13,052r	10,876r	9,705
12 **Stocks**[2]	**66,508**	**57,802**	**57,870**	**2,919**	**3,794**	**1,756**	**2,351**	**2,873**	**2,247**	**808**	**426**
Type											
13 Preferred	10,123	6,544	6,194	167	1,028	193	665	310	350	145	100
14 Common	43,225	35,911	26,030	2,752	2,767	1,564	1,686	2,563	1,897	663	326
15 Private placement[3]	13,157	15,346	25,647	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	13,880	7,608	9,308	431	521	253	86	265	348	125	0
17 Commercial and miscellaneous	12,888	8,449	7,446	952	552	666	706	748	507	251	172
18 Transportation	2,439	1,535	1,929	0	0	0	22	21	0	71	0
19 Public utility	4,322	1,898	3,090	582	533	219	471	0	173	139	39
20 Communication	1,458	515	1,904	0	0	0	380	29	0	0	0
21 Real estate and financial	31,521	37,798	34,028	954	2,188	619	686	1,799	862	218	215

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	1988	1989	1990							
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares[2]**	**271,237**	**306,445**	**26,118**	**28,817**	**29,788**	**27,431**	**28,301**	**29,444**	**29,227**	**23,408**
2 Redemptions of own shares[3]	267,451	272,165	20,978	23,777	27,306	23,337	23,340	22,933	24,837	21,068
3 Net sales	3,786	34,280	5,140	5,040	2,482	4,094	4,961	6,511	4,390	2,340
4 **Assets[4]**	**472,297**	**553,871**	**542,725**	**549,638**	**542,061**	**574,302**	**582,190**	**586,526**	**554,722**	**535,787**
5 Cash position[5]	45,090	44,780	51,356	50,454	55,213	52,741	49,861	48,944	51,103	51,256
6 Other	427,207	509,091	491,369	499,184	486,848	521,560	532,329	537,582	503,619	486,580

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.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1987	1988	1989	1988	1989				1990		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2 r	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	308.3	337.6	311.6	349.6	327.3	321.4	306.7	290.9	296.8	306.6	294.9
2 Profits before tax	275.3	316.7	307.7	331.1	335.1	314.6	291.4	289.8	296.9	299.3	315.4
3 Profits tax liability	126.9	136.2	135.1	142.1	148.3	140.8	127.8	123.5	129.9	133.1	138.1
4 Profits after tax	148.4	180.5	172.6	189.1	186.7	173.8	163.6	166.3	167.1	166.1	177.2
5 Dividends	98.2	110.0	123.5	115.3	119.1	122.1	125.0	127.7	130.3	133.0	135.1
6 Undistributed profits	50.2	70.5	49.1	73.8	67.6	51.7	38.6	38.6	36.8	33.2	42.1
7 Inventory valuation	−19.4	−27.0	−21.7	−22.5	−43.0	−23.1	−6.1	−14.5	−11.4	−.5	−22.4
8 Capital consumption adjustment	52.4	47.8	25.5	40.9	35.2	29.9	21.4	15.6	11.3	7.7	1.9

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1988	1989	1990	1989				1990			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **Total nonfarm business**	**455.49**	**507.40**	**534.76**	**487.43**	**502.05**	**514.95**	**519.58**	**532.45**	**535.49**	**532.47**	**538.61**
Manufacturing											
2 Durable goods industries	77.04	82.56	84.69	80.20	82.44	83.60	83.41	86.35	84.34	83.63	84.45
3 Nondurable goods industries	86.41	101.24	107.75	92.53	98.47	102.40	108.47	105.02	110.82	108.74	106.42
Nonmanufacturing											
4 Mining	9.29	9.21	9.96	8.94	9.24	9.24	9.38	9.58	9.84	10.23	10.19
Transportation											
5 Railroad	5.52	6.26	5.89	6.02	5.81	6.36	6.80	6.45	6.66	5.34	5.10
6 Air	5.63	6.73	9.09	5.67	6.84	8.89	5.75	9.35	9.36	9.77	7.88
7 Other	5.48	5.85	6.13	6.15	5.78	5.78	5.69	6.33	5.84	5.50	6.83
Public utilities											
8 Electric	40.90	44.81	43.79	43.56	46.37	44.44	44.66	43.37	42.62	43.85	45.33
9 Gas and other	19.47	21.47	22.12	22.53	21.72	20.75	21.15	22.34	21.65	22.35	22.13
10 Commercial and other[2]	205.76	229.28	245.34	221.82	225.39	233.50	234.25	243.66	244.37	243.05	250.27

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10.
1. Anticipated by business.
2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period

Account	1985	1986	1987	1989 Q1	1989 Q2	1989 Q3	1989 Q4	1990 Q1	1990 Q2	1990 Q3
ASSETS										
Accounts receivable, gross[2]										
1 Consumer	111.9	134.7	141.1	139.1	143.9	146.3	140.8	137.9	138.6	140.9
2 Business	157.5	173.4	207.4	243.3	250.9	246.8	256.0	262.9	274.8	275.4
3 Real estate	28.0	32.6	39.5	45.1	47.1	48.7	48.9	52.1	55.4	57.7
4 Total	297.4	340.6	388.1	427.5	441.9	441.8	445.8	452.8	468.8	474.0
Less:										
5 Reserves for unearned income	39.2	41.5	45.3	51.0	52.2	52.9	52.0	51.9	54.3	55.1
6 Reserves for losses	4.9	5.8	6.8	7.4	7.5	7.7	7.7	7.9	8.2	8.6
7 Accounts receivable, net	253.3	293.3	336.0	369.2	382.2	381.3	386.1	393.0	406.3	410.3
8 All other	45.3	58.6	58.3	75.1	81.4	85.2	91.6	92.5	95.5	102.8
9 **Total assets**	**298.6**	**351.9**	**394.2**	**444.3**	**463.6**	**466.4**	**477.6**	**485.5**	**501.9**	**513.1**
LIABILITIES										
10 Bank loans	18.0	18.6	16.4	11.3	12.1	12.2	14.5	13.9	15.8	15.6
11 Commercial paper	99.2	117.8	128.4	147.8	149.0	147.2	149.5	152.9	152.4	148.6
Debt										
12 Other short-term	12.7	17.5	28.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	94.4	117.5	137.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Due to parent	n.a.	n.a.	n.a.	56.9	59.8	60.3	63.8	70.5	72.8	82.0
15 Not elsewhere classified	n.a.	n.a.	n.a.	133.6	140.5	145.1	147.8	145.7	153.0	156.6
16 All other liabilities	41.5	44.1	52.8	58.1	63.5	61.8	62.6	61.7	66.1	68.7
17 Capital, surplus, and undivided profits	32.8	36.4	31.5	36.6	38.8	39.8	39.4	40.7	41.8	41.6
18 **Total liabilities and capital**	**298.6**	**351.9**	**394.2**	**444.3**	**463.6**	**466.4**	**477.6**	**485.5**	**501.9**	**513.1**

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

2. Excludes pools of securitized assets.

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

Millions of dollars, seasonally adjusted

Type	1987	1988	1989	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.	1990 Sept.
1 **Total**	**205,992**	**234,578**	**258,504**	**262,379**	**266,859**	**273,786**	**277,616**	**283,043**	**285,654**
Retail financing of installment sales									
2 Automotive	36,139	36,957	39,139	39,550	39,245	39,716	38,931	38,610	38,470
3 Equipment	25,075	28,199	29,674	30,115	30,635	30,491	30,623	30,707	30,607
4 Pools of securitized assets[2]	n.a.	n.a.	698	662	622	642	800	987	946
Wholesale									
5 Automotive	30,070	32,357	33,074	29,672	29,896	31,815	33,158	34,429	37,082
6 Equipment	5,578	5,954	6,896	9,372	9,429	9,495	9,929	9,812	9,791
7 All other	8,329	9,312	9,918	9,961	9,892	10,043	9,722	9,707	9,567
8 Pools of securitized assets[2]	n.a.	n.a.	0	0	0	0	0	650	863
Leasing									
9 Automotive	22,097	24,875	27,074	28,528	28,878	29,575	30,210	30,942	30,453
10 Equipment	43,493	57,658	68,112	69,473	72,715	74,916	76,316	78,714	79,158
11 Pools of securitized assets[2]	n.a.	n.a.	1,247	1,646	1,597	1,547	1,760	1,703	1,655
12 Loans on commercial accounts receivable and factored commercial accounts receivable	18,170	18,103	19,081	18,716	18,700	19,869	20,077	19,974	20,538
13 All other business credit	17,042	21,162	23,590	24,685	25,250	25,677	26,089	26,809	26,495
	Net change (during period)								
14 **Total**	**33,866**	**22,434**	**22,580**	**717**	**4,480**	**6,927**	**3,830**	**5,427**	**2,611**
Retail financing of installment sales									
15 Automotive	9,925	819	2,182	286	−305	471	−785	−321	−141
16 Equipment	2,056	1,386	1,475	327	520	−144	132	84	−100
17 Pools of securitized assets[2]	n.a.	n.a.	−26	−42	−40	20	158	187	−41
Wholesale									
18 Automotive	7,158	2,288	716	−291	224	1,919	1,343	1,271	2,653
19 Equipment	250	377	940	−37	57	67	434	−118	−21
20 All other	1,293	983	605	−69	−69	151	−321	−16	−110
21 Pools of securitized assets[2]	n.a.	n.a.	0	0	0	0	0	650	213
Leasing									
22 Automotive	2,174	2,777	2,201	203	351	696	636	731	−488
23 Equipment	5,271	9,752	9,187	718	3,243	2,201	1,400	2,398	444
24 Pools of securitized assets[2]	n.a.	n.a.	526	213	−49	−50	213	−57	−48
25 Loans on commercial accounts receivable and factored commercial accounts receivable	2,245	−65	979	−711	−16	1,169	208	−103	564
26 All other business credit	3,498	4,119	3,796	120	565	427	412	721	−314

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	1987	1988	1989	1990 Apr.	May	June	July	Aug.	Sept.	Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	137.0	150.0	159.6	155.5	162.1	149.8	163.5	161.5	156.6	146.1
2 Amount of loan (thousands of dollars)	100.5	110.5	117.0	114.6	119.7	111.8	120.9	118.3	114.8	105.1
3 Loan/price ratio (percent)	75.2	75.5	74.5	75.4	75.0	76.4	75.3	74.5	74.7	73.5
4 Maturity (years)	27.8	28.0	28.1	26.6	28.1	26.9	28.0	27.2	27.2	26.9
5 Fees and charges (percent of loan amount)[2]	2.26	2.19	2.06	2.00	2.41	1.96	1.93	2.07	1.78	1.80
6 Contract rate (percent per year)	8.94	8.81	9.76	9.83	9.87	9.80	9.75	9.75	9.60	9.68
Yield (percent per year)										
7 OTS series[3]	9.31	9.18	10.11	10.17	10.28	10.13	10.08	10.11	9.90	9.98
8 HUD series[4]	10.17	10.30	10.21	10.46	10.19	10.12	9.94	10.12	10.18	10.11
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	10.16	10.49	10.24	10.75	10.23	10.18	10.11	10.28	10.24	10.23
10 GNMA securities[6]	9.44	9.83	9.71	9.77	9.77	9.54	9.48	9.63	9.65	9.66
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	95,030	101,329	104,974	112,463	112,791	112,855	113,378	113,507	113,718	114,216
12 FHA/VA-insured	21,660	19,762	19,640	20,707	20,723	20,830	21,059	21,101	21,364	21,495
13 Conventional	73,370	81,567	85,335	91,756	92,068	92,025	92,319	92,406	92,354	92,721
Mortgage transactions (during period)										
14 Purchases	20,531	23,110	22,518	1,705	1,630	1,802	2,304	2,134	2,123	2,077
Mortgage commitments[7]										
15 Issued (during period)[8]	n.a.	n.a.	n.a.	1,568	1,960	2,089	2,215	2,302	2,073	1,849
16 To sell (during period)[9]	n.a.	n.a.	n.a.	518	534	853	874	761	644	92
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
17 Total	12,802	15,105	20,105	19,730	19,874	19,979	20,127	20,564	n.a.	n.a.
18 FHA/VA	686	620	590	555	556	550	546	541	n.a.	n.a.
19 Conventional	12,116	14,485	19,516	19,174	19,319	19,429	19,581	20,023	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	76,845	44,077	78,588	5,719	6,064	5,856	4,527	5,417	n.a.	n.a.
21 Sales	75,082	39,780	73,446	5,687	5,792	5,546	4,248	4,808r	5,707r	5,714
Mortgage commitments[10]										
22 Contracted (during period)	71,467	66,026	88,519	10,441	8,502	11,183	5,851	5,646	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. Does not include standby commitments issued, but includes standby commitments converted.
9. Includes participation as well as whole loans.
10. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder, and type of property	1987	1988	1989	1989 Q2	1989 Q3	1989 Q4	1990 Q1	1990 Q2
1 **All holders**	**2,971,019**	**3,264,348**	**3,540,084**	**3,402,082**	**3,473,550**	**3,540,084**	**3,601,132**	**3,657,741**
2 1- to 4-family	1,958,400	2,186,292	2,404,311	2,287,645	2,347,566	2,404,311	2,450,291	2,492,784
3 Multifamily	272,500	289,128	305,582	299,449	302,374	305,582	310,273	314,360
4 Commercial	651,323	702,113	744,856	728,212	737,299	744,856	755,857	765,489
5 Farm	88,797	86,816	85,336	86,777	86,311	85,336	84,710	85,109
6 Selected financial institutions	1,657,937	1,826,668	1,919,243	1,891,210	1,913,914	1,919,243	1,924,635	1,924,617
7 Commercial banks[2]	592,449	669,237	763,533	715,262	742,096	763,533	783,100	803,660
8 1- to 4-family	275,613	317,585	368,567	338,799	355,084	368,567	376,616	388,018
9 Multifamily	32,756	33,158	37,990	36,022	37,201	37,990	39,202	40,271
10 Commercial	269,648	302,989	340,285	324,083	333,272	340,285	350,473	358,367
11 Farm	14,432	15,505	16,691	16,358	16,539	16,691	16,809	17,003
12 Savings institutions[3]	860,467	924,606	910,254	938,714	932,373	910,254	892,022	867,640
13 1- to 4-family	602,408	671,722	669,220	687,000	683,148	669,220	658,440	639,985
14 Multifamily	106,359	110,775	106,014	110,067	108,447	106,014	103,860	101,112
15 Commercial	150,943	141,433	134,370	140,977	140,096	134,370	129,103	125,944
16 Farm	757	676	650	670	682	650	619	599
17 Life insurance companies	205,021	232,825	245,456	237,234	239,445	245,456	249,513	253,317
18 1- to 4-family	12,676	15,299	13,827	12,814	13,290	13,827	14,173	14,479
19 Multifamily	21,644	23,583	27,195	25,232	26,372	27,195	28,182	29,155
20 Commercial	160,874	184,273	194,871	189,623	190,152	194,871	197,621	200,139
21 Farm	9,828	9,671	9,563	9,565	9,632	9,563	9,537	9,544
22 Finance companies[4]	29,716	37,846	45,476	41,824	43,157	45,476	45,808	47,104
23 Federal and related agencies	192,721	200,570	209,472	202,056	205,809	209,472	216,059	230,511
24 Government National Mortgage Association	444	26	23	24	24	23	22	21
25 1- to 4-family	25	26	23	24	24	23	22	21
26 Multifamily	419	0	0	0	0	0	0	0
27 Farmers Home Administration[5]	43,051[r]	42,018[r]	41,176[r]	40,711[r]	41,117[r]	41,176[r]	41,125[r]	41,027
28 1- to 4-family	18,169	18,347	18,422	18,391	18,405	18,422	18,419	18,433
29 Multifamily	8,044	8,513	9,054	8,778	8,916	9,054	9,199	9,351
30 Commercial	6,603	5,343	4,443	3,885	4,366	4,443	4,510	4,418
31 Farm	10,235	9,815	9,257	9,657	9,430	9,257	8,997	8,826
32 Federal Housing and Veterans Administration	5,574	5,973	6,087[r]	6,424	6,023	6,087[r]	6,355[r]	6,792
33 1- to 4-family	2,557	2,672	2,850	2,827	2,900	2,850	2,977	3,041
34 Multifamily	3,017	3,301	3,237[r]	3,597	3,123	3,211	3,291	3,243
35 Federal National Mortgage Association	96,649	103,013	110,721	103,309	107,052	110,721	112,353	114,592
36 1- to 4-family	89,666	95,833	102,295	95,714	99,168	102,295	103,300	105,026
37 Multifamily	6,983	7,180	8,426	7,595	7,884	8,426	9,053	9,566
38 Federal Land Banks	34,131	32,115	29,640	31,467	30,943	29,640	29,325	30,517
39 1- to 4-family	2,008	1,890	1,210	1,851	1,821	1,210	1,197	1,957
40 Farm	32,123	30,225	28,430	29,616	29,122	28,430	28,128	28,559
41 Federal Home Loan Mortgage Corporation	12,872	17,425	21,851	20,121	20,650	21,851	19,823	20,126
42 1- to 4-family	11,430	15,077	18,248	17,382	17,659	18,248	16,772	16,918
43 Multifamily	1,442	2,348	3,603	2,739	2,992	3,603	3,051	3,208
44 Mortgage pools or trusts[6]	718,297	810,887	943,932	864,885	899,435	943,932	981,265	1,011,982
45 Government National Mortgage Association	317,555	340,527	369,867	353,759	361,291	369,867	378,292	384,289
46 1- to 4-family	309,806	331,257	358,142	342,545	349,838	358,142	366,300	372,051
47 Multifamily	7,749	9,270	11,725	11,214	11,453	11,725	11,992	12,237
48 Federal Home Loan Mortgage Corporation	212,634	226,406	272,870	245,242	257,938	272,870	281,736	291,863
49 1- to 4-family	205,977	219,988	266,060	238,446	251,232	266,060	274,084	283,822
50 Multifamily	6,657	6,418	6,810	6,796	6,706	6,810	7,652	8,041
51 Federal National Mortgage Association	139,960	178,250	228,232	196,501	208,894	228,232	246,391	259,664
52 1- to 4-family	137,988	172,331	219,577	188,774	200,302	219,577	237,916	250,663
53 Multifamily	1,972	5,919	8,655	7,727	8,592	8,655	8,475	9,002
54 Farmers Home Administration[5]	245	104	80	85	82	80	75	71
55 1- to 4-family	121	26	21	23	22	21	20	18
56 Multifamily	0	0	0	0	0	0	0	0
57 Commercial	63	38	26	26	26	26	25	23
58 Farm	61	40	33	36	35	33	31	30
59 Individuals and others[7]	402,064	426,223	467,438	443,931	454,392	467,438	479,172	490,631
60 1- to 4-family	242,053	258,639	292,967	273,757	283,445	292,967	301,573	310,747
61 Multifamily	75,458	78,663	82,899	79,681	80,689	82,899	84,873	86,468
62 Commercial	63,192	68,037	70,861	69,618	69,387	70,861	72,136	72,868
63 Farm	21,361	20,884	20,711	20,875	20,871	20,711	20,589	20,548

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. Farmers Home Administration-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, amounts outstanding, end of period

Holder, and type of credit	1988	1989	1990 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
			Seasonally adjusted								
1 **Total**	**664,701**	**716,624**	**717,829**	**717,869**	**720,445**	**720,835**	**724,485**	**724,601**	**729,329**	**732,385**	**735,386**
2 Automobile	284,556	290,770	290,904	289,629	290,932	288,936	288,931	287,168	286,791	285,283	285,446
3 Revolving	174,057	197,110	199,146	199,927	202,263	203,965	207,153	208,362	212,138	214,492	216,397
4 Mobile home	25,201	22,343	22,604	22,633	22,708	22,702	22,815	22,733	22,795	22,976	22,757
5 Other	180,887	206,401	205,175	205,680	204,543	205,232	205,585	206,338	207,605	209,635	210,787
			Not seasonally adjusted								
6 **Total**	**674,719**	**727,561**	**721,026**	**717,062**	**713,138**	**715,801**	**720,045**	**722,953**	**727,196**	**734,511**	**737,430**
By major holder											
7 Commercial banks	324,792	343,865	342,266	339,418	334,645	337,576	339,328	335,998	339,124	342,987	344,699
8 Finance companies	146,212	140,832	140,740	139,115	137,857	138,174	138,384	138,642	138,796	139,496	140,890
9 Credit unions	88,340	90,875	90,452	90,127	89,556	89,689	89,913	90,137	90,631	91,306	91,852
10 Retailers[2]	48,302	42,638	39,959	37,904	37,302	37,207	37,347	37,382	36,804	37,231	36,659
11 Savings institutions	63,399	57,228	55,425	54,771	54,095	53,606	53,301	52,902	52,503	52,399	51,930
12 Gasoline companies	3,674	3,935	4,013	3,803	3,792	3,928	4,024	4,192	4,396	4,722	4,723
13 Pools of securitized assets[2]	n.a.	48,188	48,171	51,924	55,891	55,621	57,748	63,700	64,942	66,370	66,677
By major type of credit[3]											
14 Automobile	284,328	290,421	288,984	288,036	286,539	286,220	287,140	287,254	287,322	288,221	289,442
15 Commercial banks	123,392	126,613	127,075	127,149	126,289	126,483	127,056	126,988	126,986	128,079	128,956
16 Finance companies	97,245	82,721	81,918	80,227	79,523	79,295	78,927	78,273	77,716	77,205	78,116
17 Pools of securitized assets[2]	n.a.	18,191	17,827	18,931	19,563	19,406	20,151	21,043	21,692	21,562	20,971
18 Revolving	183,909	208,188	203,288	200,147	199,937	201,783	204,854	206,820	209,582	213,119	214,449
19 Commercial banks	123,020	130,956	128,384	124,821	122,024	124,039	125,433	122,116	124,569	125,967	126,901
20 Retailers	43,697	37,967	35,359	33,378	32,794	32,721	32,857	32,884	32,325	32,735	32,212
21 Gasoline companies	3,674	3,935	4,013	3,803	3,792	3,928	4,024	4,192	4,396	4,722	4,723
22 Pools of securitized assets[2]	n.a.	22,977	23,450	26,204	29,542	29,403	30,913	36,076	36,786	38,194	39,196
23 Mobile home	25,143	22,283	22,717	22,726	22,426	22,484	22,610	22,644	22,843	23,033	22,900
24 Commercial banks	9,025	9,155	9,109	9,162	9,142	9,231	9,295	9,296	9,443	9,541	9,392
25 Finance companies	7,191	4,716	5,411	5,410	5,178	5,168	5,224	5,266	5,328	5,358	5,423
26 Other	181,339	206,669	206,037	206,153	204,236	205,314	205,441	206,235	207,186	210,138	210,639
27 Commercial banks	69,355	77,141	77,698	78,286	77,190	77,823	77,544	77,598	78,126	79,400	79,450
28 Finance companies	41,776	53,395	53,411	53,478	53,156	53,711	54,233	55,103	55,752	56,933	57,351
29 Retailers	4,605	4,671	4,600	4,526	4,508	4,486	4,490	4,498	4,479	4,496	4,447
30 Pools of securitized assets[2]	n.a.	7,020	6,894	6,789	6,786	6,812	6,684	6,581	6,464	6,614	6,510

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

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

Item	1987	1988	1989	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July	1990 Aug.	1990 Sept.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	10.45	10.85	12.07	n.a.	n.a.	11.82	n.a.	n.a.	11.89	n.a.
2 24-month personal	14.22	14.68	15.44	n.a.	n.a.	15.41	n.a.	n.a.	15.46	n.a.
3 120-month mobile home[3]	13.38	13.54	14.11	n.a.	n.a.	14.09	n.a.	n.a.	14.09	n.a.
4 Credit card	17.92	17.78	18.02	n.a.	n.a.	18.14	n.a.	n.a.	18.18	n.a.
Auto finance companies										
5 New car	10.73	12.60	12.62	12.31	12.21	12.23	12.58	12.68	12.62	12.34
6 Used car	14.60	15.11	16.18	15.97	16.02	16.03	16.00	15.96	15.98	16.03
OTHER TERMS[4]										
Maturity (months)										
7 New car	53.5	56.2	54.2	54.3	54.2	54.5	54.8	54.9	54.8	54.3
8 Used car	45.2	46.7	46.6	46.4	46.5	46.1	46.2	46.2	46.2	46.1
Loan-to-value ratio										
9 New car	93	94	91	88	87	87	87	86	86	85
10 Used car	98	98	97	95	96	96	95	96	96	95
Amount financed (dollars)										
11 New car	11,203	11,663	12,001	12,216	12,089	12,064	12,108	12,125	11,939	11,837
12 Used car	7,420	7,824	7,954	8,132	8,105	8,169	8,296	8,401	8,415	8,403

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	1985	1986	1987	1988	1989	1988	1989				1990	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**848.1**	**836.9**	**687.0**	**760.8**	**676.5**	**694.9**	**746.7**	**666.5**	**673.3**	**619.5**	**749.9**	**598.1**
By sector and instrument												
2 U.S. government	223.6	215.0	144.9	157.5	150.2	144.8	147.3	100.1	168.4	185.0	247.6	216.7
3 Treasury securities	223.7	214.7	143.4	140.0	150.0	103.2	148.5	95.0	166.8	189.6	218.1	211.4
4 Agency issues and mortgages	-.1	.4	1.5	17.4	.2	41.6	-1.2	5.1	1.6	-4.6	29.6	5.4
5 Private domestic nonfinancial sectors	624.5	621.9	542.1	603.3	526.3	550.1	599.4	566.3	504.9	434.5	502.3	381.4
6 Debt capital instruments	451.2	465.8	453.2	459.2	379.7	439.0	412.8	390.1	369.2	346.8	362.3	284.4
7 Tax-exempt obligations	135.4	22.7	49.3	49.8	30.4	56.8	39.7	28.7	34.1	19.1	13.5	21.6
8 Corporate bonds	73.5	126.8	79.4	102.9	73.6	87.1	58.2	86.5	62.7	87.2	42.3	60.2
9 Mortgages	242.2	316.3	324.5	306.5	275.7	295.1	314.9	275.0	272.4	240.5	306.5	202.6
10 Home mortgages	156.8	218.7	234.9	231.0	218.0	212.0	225.5	211.3	221.0	214.3	238.4	144.1
11 Multifamily residential	29.8	33.5	24.4	16.7	16.4	19.2	23.1	21.4	11.8	9.5	21.5	17.1
12 Commercial	62.2	73.6	71.6	60.8	42.7	63.9	68.6	41.5	40.9	19.9	47.9	42.2
13 Farm	-6.6	-9.5	-6.4	-2.1	-1.5	.0	-2.3	.9	-1.3	-3.2	-1.4	-.8
14 Other debt instruments	173.3	156.1	88.9	144.1	146.6	111.1	186.6	176.2	135.7	87.7	139.9	97.0
15 Consumer credit	82.5	58.0	33.5	50.2	39.1	51.2	38.2	36.9	37.1	44.1	14.6	9.8
16 Bank loans n.e.c.	40.6	66.9	10.0	39.8	39.9	22.2	55.9	45.1	50.8	7.7	21.2	17.4
17 Open market paper	14.6	-9.3	2.3	11.9	20.4	39.0	32.3	39.5	16.9	-6.9	69.7	-6.0
18 Other	35.6	40.5	43.2	42.2	47.1	-1.3	60.2	54.7	30.9	42.8	34.5	75.8
19 By borrowing sector	624.5	621.9	542.1	603.3	526.3	550.1	599.4	566.3	504.9	434.5	502.3	381.4
20 State and local governments	90.9	36.2	48.8	45.6	29.6	53.0	40.1	33.3	28.6	16.5	9.0	14.9
21 Households	284.5	293.0	302.2	314.9	284.8	288.5	293.2	263.7	290.8	291.3	294.8	197.8
22 Nonfinancial business	249.1	292.7	191.0	242.8	211.9	208.6	266.0	269.4	185.4	126.7	198.5	168.7
23 Farm	-14.5	-16.3	-10.6	-7.5	1.6	-14.5	4.7	-5.0	-2.1	8.9	4.3	6.2
24 Nonfarm noncorporate	129.3	99.2	77.9	65.7	50.8	57.3	71.0	56.9	40.2	35.0	32.5	55.9
25 Corporate	134.3	209.7	123.7	184.6	159.5	165.8	190.3	217.4	147.3	82.9	161.6	106.6
26 Foreign net borrowing in United States	1.2	9.7	4.5	6.3	10.9	9.9	3.2	-6.9	30.4	16.9	-3.3	46.3
27 Bonds	3.8	3.1	7.4	6.9	5.3	5.7	2.5	11.5	8.1	-1.0	28.3	27.0
28 Bank loans n.e.c.	-2.8	-1.0	-3.6	-1.8	-.1	-3.8	3.2	-3.2	3.7	-4.3	-6.7	-5.2
29 Open market paper	6.2	11.5	2.1	8.7	13.3	14.3	16.9	-6.6	20.7	22.2	-16.5	23.0
30 U.S. government loans	-6.0	-3.9	-1.4	-7.5	-7.5	-6.3	-19.4	-8.7	-2.1	.1	-8.3	1.4
31 **Total domestic plus foreign**	**849.3**	**846.6**	**691.5**	**767.1**	**687.4**	**704.8**	**749.9**	**659.6**	**703.6**	**636.4**	**746.6**	**644.4**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**201.3**	**285.1**	**300.2**	**247.6**	**205.5**	**306.1**	**356.6**	**154.1**	**123.9**	**187.3**	**201.7**	**150.1**
By instrument												
33 U.S. government related	101.5	154.1	171.8	119.8	151.0	149.0	194.0	128.8	124.8	156.4	175.5	145.2
34 Sponsored credit agency securities	20.6	15.2	30.2	44.9	25.2	62.8	70.0	22.5	13.2	-4.7	14.5	17.3
35 Mortgage pool securities	79.9	139.2	142.3	74.9	125.8	86.3	124.0	106.3	111.6	161.1	161.0	127.8
36 Loans from U.S. government	1.1	-.4	-.8	.0	.0	.0	.0	.0	.0	.0	.0	.0
37 Private financial sectors	99.7	131.0	128.4	127.8	54.5	157.1	162.6	25.3	-.9	30.9	26.2	5.0
38 Corporate bonds	50.9	82.9	78.9	51.7	36.8	45.5	52.3	28.5	26.7	39.6	41.6	69.0
39 Mortgages	.1	.1	.4	.3	.0	1.2	.3	.0	.3	-.4	-.7	.0
40 Bank loans n.e.c.	2.6	4.0	-3.2	1.4	1.8	1.8	1.0	-.1	2.0	4.2	-2.2	-5.7
41 Open market paper	32.0	24.2	27.9	54.8	26.9	74.9	50.1	10.1	11.0	36.3	9.4	-27.7
42 Loans from Federal Home Loan Banks	14.2	19.8	24.4	19.7	-11.0	33.7	58.9	-13.1	-41.0	-48.8	-21.8	-30.7
By sector												
43 **Total**	**201.3**	**285.1**	**300.2**	**247.6**	**205.5**	**306.1**	**356.6**	**154.1**	**123.9**	**187.3**	**201.7**	**150.1**
44 Sponsored credit agencies	21.7	14.9	29.5	44.9	25.2	62.8	70.0	22.5	13.2	-4.7	14.5	17.3
45 Mortgage pools	79.9	139.2	142.3	74.9	125.8	86.3	124.0	106.3	111.6	161.1	161.0	127.8
46 Private financial sectors	99.7	131.0	128.4	127.8	54.5	157.1	162.6	25.3	-.9	30.9	26.2	5.0
47 Commercial banks	-4.9	-3.6	6.2	-3.0	-1.4	6.6	-11.1	2.5	3.5	-.7	-4.9	3.3
48 Bank affiliates	16.6	15.2	14.3	5.2	6.2	1.5	9.4	2.9	16.5	-3.9	-12.8	-32.7
49 Savings and loan associations	17.3	20.9	19.6	19.9	-14.1	31.3	60.8	-16.3	-44.7	-56.2	-15.9	-41.1
50 Mutual savings banks	1.5	4.2	8.1	1.9	-1.4	3.7	-4.1	.0	-2.3	.7	-8.3	4.7
51 Finance companies	57.7	54.7	40.8	67.7	46.3	67.0	68.8	40.4	23.5	52.6	33.8	22.6
52 REITs	-.1	.8	.3	3.5	-1.9	14.5	-1.8	-2.8	-3.1	.1	-.5	-2.4
53 SCO Issuers	11.5	39.0	39.1	32.5	20.8	32.5	40.6	-1.4	5.7	38.2	34.7	50.5

1.57—Continued

Transaction category, sector	1985	1986	1987	1988	1989	1988	1989				1990	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
54 **Total net borrowing**	**1,050.6**	**1,131.7**	**991.7**	**1,014.7**	**892.9**	**1,010.9**	**1,106.5**	**813.7**	**827.5**	**823.7**	**948.3**	**794.5**
55 U.S. government securities	324.2	369.5	317.5	277.2	301.2	293.8	341.3	228.9	293.2	341.4	423.1	361.9
56 State and local obligations	135.4	22.7	49.3	49.8	30.4	56.8	39.7	28.7	34.1	19.1	13.5	21.6
57 Corporate and foreign bonds	128.2	212.8	165.7	161.5	115.7	138.3	113.0	126.5	97.6	125.7	112.1	156.2
58 Mortgages	242.2	316.4	324.9	306.7	275.7	296.2	315.2	275.0	272.7	240.1	305.7	202.6
59 Consumer credit	82.5	58.0	33.5	50.2	39.1	51.2	38.2	36.9	37.1	44.1	14.6	9.8
60 Bank loans n.e.c.	40.3	69.9	3.2	39.4	41.5	20.2	60.2	41.9	56.5	7.5	12.2	6.5
61 Open market paper	52.8	26.4	32.3	75.4	60.6	128.2	99.3	42.9	48.5	51.6	62.7	−10.7
62 Other loans	45.0	56.1	65.5	54.4	28.6	26.1	99.7	32.9	−12.2	−6.0	4.3	46.6
63 MEMO: U.S. government, cash balance	14.4	.0	−7.9	10.4	−5.9	−2.8	−14.3	20.7	−22.7	−7.3	21.5	−51.0
Totals net of changes in U.S. government cash balances												
64 Net borrowing by domestic nonfinancial	833.7	836.9	694.9	750.4	682.4	697.7	761.0	645.8	696.0	626.8	728.4	649.2
65 Net borrowing by U.S. government	209.3	215.0	152.8	147.1	156.1	147.6	161.6	79.4	191.1	192.4	226.2	267.8
	External corporate equity funds raised in United States											
66 **Total net share issues**	**17.2**	**86.8**	**10.9**	**−124.2**	**−60.7**	**−173.0**	**−164.7**	**−38.1**	**−54.6**	**14.6**	**−8.3**	**55.7**
67 Mutual funds	84.4	159.0	73.9	1.1	41.3	9.8	1.0	34.0	57.9	72.4	53.1	76.5
68 All other	−67.2	−72.2	−63.0	−125.3	−102.0	−182.8	−165.7	−72.1	−112.5	−57.8	−61.4	−20.8
69 Nonfinancial corporations	−84.5	−85.0	−75.5	−129.5	−124.2	−194.5	−172.3	−98.7	−146.3	−79.3	−69.0	−48.0
70 Financial corporations	13.6	11.6	14.6	3.3	5.5	5.0	2.1	9.2	6.3	4.3	6.4	5.5
71 Foreign shares purchased in United States	3.7	1.2	−2.1	.9	16.7	6.8	4.5	17.4	27.5	17.2	1.2	21.7

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1985	1986	1987	1988	1989	1988	1989				1990	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**848.1**	**836.9**	**687.0**	**760.8**	**676.5**	**694.9**	**746.7**	**666.5**	**673.3**	**619.5**	**749.9**	**598.1**
By public agencies and foreign												
2 Total net advances	202.0	280.2	248.8	210.7	187.6	230.2	312.8	15.5	218.3	203.8	234.5	284.1
3 U.S. government securities	45.9	69.4	70.1	85.2	30.7	114.5	83.1	−103.3	115.7	27.1	16.9	96.1
4 Residential mortgages	94.6	136.3	139.1	86.3	137.9	97.7	126.0	119.7	127.7	178.3	181.1	178.7
5 FHLB advances to thrifts	14.2	19.8	24.4	19.7	−11.0	33.7	58.9	−13.1	−41.0	−48.8	−21.8	−30.7
6 Other loans and securities	47.3	54.7	15.1	19.4	30.0	−15.6	44.8	12.1	15.8	47.1	58.3	39.9
Total advanced, by sector												
7 U.S. government	17.8	9.7	−7.9	−9.4	−2.4	−28.7	−.2	−6.0	−9.3	5.7	35.1	53.3
8 Sponsored credit agencies	103.5	153.3	169.3	112.0	125.3	146.8	188.2	28.0	126.4	158.4	183.3	138.5
9 Monetary authorities	18.4	19.4	24.7	10.5	−7.3	13.1	8.1	−1.6	−31.2	−4.6	−6.7	39.7
10 Foreign	62.3	97.8	62.7	97.6	72.1	99.0	116.7	−4.9	132.4	44.2	22.8	52.6
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	101.5	154.1	171.8	119.8	151.0	149.0	194.0	128.8	124.8	156.4	175.5	145.2
12 Foreign	1.2	9.7	4.5	6.3	10.9	9.9	3.2	−6.9	30.4	16.9	−3.3	46.3
Private domestic funds advanced												
13 Total net advances	748.8	720.5	614.5	676.2	650.8	623.6	631.1	772.9	610.1	589.0	687.6	505.5
14 U.S. government securities	278.2	300.1	247.4	192.1	270.5	179.4	258.2	332.2	177.4	314.3	406.2	265.8
15 State and local obligations	135.4	22.7	49.3	49.8	30.4	56.8	39.7	28.7	34.1	19.1	13.5	21.6
16 Corporate and foreign bonds	40.6	89.7	66.9	91.3	66.0	68.5	36.8	91.1	65.6	70.4	54.5	70.8
17 Residential mortgages	91.8	115.9	120.2	161.3	96.5	133.5	122.6	113.0	105.1	45.5	78.8	−17.5
18 Other mortgages and loans	216.9	212.0	155.2	201.4	176.4	219.2	232.8	194.8	187.0	91.0	112.8	134.2
19 LESS: Federal Home Loan Bank advances	14.2	19.8	24.4	19.7	−11.0	33.7	58.9	−13.1	−41.0	−48.8	−21.8	−30.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	578.0	730.0	528.4	562.3	522.5	621.4	517.4	581.5	361.7	629.2	365.6	309.9
21 Commercial banking	188.4	198.1	135.4	156.3	177.3	144.5	180.4	160.9	183.7	184.3	187.9	127.4
22 Savings institutions	87.9	107.6	136.8	120.4	−91.3	96.2	46.1	−71.7	−138.1	−201.6	−26.6	−177.1
23 Insurance and pension funds	150.1	160.1	179.7	198.7	189.7	209.7	195.7	198.2	156.9	207.8	146.9	195.1
24 Other finance	151.6	264.2	76.6	86.9	246.8	171.0	95.1	294.2	159.2	438.7	57.3	164.6
25 Sources of funds	578.0	730.0	528.4	562.3	522.5	621.4	517.4	581.5	361.7	629.2	365.6	309.9
26 Private domestic deposits and RPs	212.1	277.1	162.8	229.2	223.7	197.5	136.5	278.1	275.4	204.9	122.2	63.3
27 Credit market borrowing	99.7	131.0	128.4	127.8	54.5	157.1	162.6	25.3	−.9	30.9	26.2	5.0
28 Other sources	266.1	321.8	237.1	205.3	244.3	266.9	218.3	278.1	87.2	393.5	217.3	241.7
29 Foreign funds	19.7	12.9	43.7	9.3	−11.7	35.3	−3.8	−43.0	30.5	−30.3	50.0	−18.4
30 Treasury balances	10.3	1.7	−5.8	7.3	−3.4	.5	−12.6	13.9	−19.9	5.0	11.9	−27.1
31 Insurance and pension reserves	131.7	119.9	135.4	177.6	143.8	215.7	179.5	119.5	96.9	179.2	131.1	173.4
32 Other, net	104.4	187.3	63.9	11.0	115.6	15.4	55.2	187.6	−20.2	239.6	24.3	113.8
Private domestic nonfinancial investors												
33 Direct lending in credit markets	270.5	121.5	214.6	241.7	182.8	159.3	276.4	216.7	247.5	−9.4	348.1	200.5
34 U.S. government securities	157.8	27.0	86.0	129.0	136.0	82.3	195.1	160.2	188.8	.0	290.9	105.1
35 State and local obligations	37.7	−19.9	61.8	53.5	28.3	57.9	56.7	4.4	39.6	12.3	2.5	3.5
36 Corporate and foreign bonds	3.8	52.9	23.3	−9.4	−12.6	−32.5	−27.9	8.8	−32.1	.7	31.2	45.1
37 Open market paper	51.6	9.9	15.8	36.4	4.1	33.8	44.6	7.6	20.8	−56.7	6.3	24.9
38 Other	19.6	51.7	27.6	32.2	27.1	17.8	7.8	35.8	30.4	34.3	17.1	21.9
39 Deposits and currency	222.8	297.5	179.3	232.8	239.8	153.3	177.8	301.3	250.0	230.2	146.8	88.5
40 Currency	12.4	14.4	19.0	14.7	11.7	7.6	17.8	12.8	6.0	10.1	25.9	22.6
41 Checkable deposits	41.4	96.4	−.9	12.9	1.7	20.2	−31.6	−40.3	16.3	62.2	−9.2	−53.6
42 Small time and savings accounts	138.5	120.6	76.0	122.4	100.5	56.5	20.7	111.6	162.2	107.4	104.6	134.9
43 Money market fund shares	7.2	43.2	28.9	20.2	85.2	60.9	39.4	119.2	116.7	65.6	72.8	5.8
44 Large time deposits	7.4	−3.2	37.2	40.8	23.1	37.0	68.5	61.1	−23.8	−13.4	−31.3	−41.2
45 Security RPs	17.7	20.2	21.6	32.9	13.3	22.9	39.4	26.6	3.9	−16.9	−14.8	17.4
46 Deposits in foreign countries	−1.7	5.9	−2.5	−11.2	4.4	−51.8	23.5	10.4	−31.3	15.2	−1.3	2.6
47 **Total of credit market instruments, deposits, and currency**	**493.3**	**419.0**	**393.9**	**474.5**	**422.7**	**312.5**	**454.2**	**518.1**	**497.5**	**220.8**	**495.0**	**288.9**
48 Public holdings as percent of total	23.8	33.1	36.0	27.5	27.3	32.7	41.7	2.3	31.0	32.0	31.4	44.1
49 Private financial intermediation (in percent)	77.2	101.3	86.0	83.2	80.3	99.6	82.0	75.2	59.3	106.8	53.2	61.3
50 Total foreign funds	82.0	110.7	106.4	106.9	60.4	134.3	112.9	−47.9	162.9	13.9	72.7	34.2
MEMO: Corporate equities not included above												
51 **Total net issues**	**17.2**	**86.8**	**10.9**	**−124.2**	**−60.7**	**−173.0**	**−164.7**	**−38.1**	**−54.6**	**14.6**	**−8.3**	**55.7**
52 Mutual fund shares	84.4	159.0	73.9	1.1	41.3	9.8	1.0	34.0	57.9	72.4	53.1	76.5
53 Other equities	−67.2	−72.2	−63.0	−125.3	−102.0	−182.8	−165.7	−72.1	−112.5	−57.8	−61.4	−20.8
54 Acquisitions by financial institutions	46.9	50.9	32.0	−2.9	7.2	17.3	−.2	−14.1	−17.9	60.9	36.7	71.0
55 Other net purchases	−29.7	35.9	−21.2	−121.4	−67.9	−190.3	−164.5	−24.0	−36.7	−46.3	−45.0	−15.4

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	1985	1986	1987	1988	1988	1989				1990	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**6,804.5**	**7,646.3**	**8,343.9**	**9,096.0**	**9,096.0**	**9,267.7**	**9,438.6**	**9,603.6**	**9,803.5**	**9,972.6**	**10,126.6**
By sector and instrument											
2 U.S. government	1,600.4	1,815.4	1,960.3	2,117.8	2,117.8	2,155.7	2,165.7	2,204.7	2,268.0	2,359.5	2,397.3
3 Treasury securities	1,597.1	1,811.7	1,955.2	2,095.2	2,095.2	2,133.4	2,142.1	2,180.7	2,245.2	2,329.3	2,365.8
4 Agency issues and mortgages	3.3	3.6	5.2	22.6	22.6	22.3	23.6	24.0	22.8	30.2	31.6
5 Private domestic nonfinancial sectors	5,204.1	5,831.0	6,383.6	6,978.2	6,978.2	7,111.9	7,272.9	7,398.9	7,535.5	7,613.1	7,729.3
6 Debt capital instruments	3,485.2	3,962.7	4,427.9	4,886.4	4,886.4	4,989.1	5,091.4	5,189.9	5,283.2	5,356.3	5,432.2
7 Tax-exempt obligations	655.5	679.1	728.4	790.8	790.8	798.6	804.9	816.4	821.2	822.5	826.8
8 Corporate bonds	542.6	669.4	748.8	851.7	851.7	866.2	887.9	903.5	925.3	935.9	951.0
9 Mortgages	2,287.1	2,614.2	2,950.7	3,243.8	3,243.8	3,324.2	3,398.6	3,470.0	3,536.6	3,597.9	3,654.5
10 Home mortgages	1,490.2	1,720.8	1,943.1	2,173.9	2,173.9	2,229.0	2,287.6	2,347.6	2,404.3	2,450.3	2,492.8
11 Multifamily residential	213.0	246.2	270.0	286.7	286.7	293.1	298.3	301.2	304.4	309.2	313.3
12 Commercial	478.1	551.4	648.7	696.4	696.4	716.2	725.9	734.9	742.6	753.7	763.3
13 Farm	105.9	95.8	88.9	86.8	86.8	86.0	86.8	86.3	85.3	84.7	85.1
14 Other debt instruments	1,718.9	1,868.2	1,955.7	2,091.9	2,091.9	2,122.8	2,181.5	2,208.9	2,252.3	2,256.9	2,297.1
15 Consumer credit	601.8	659.8	693.2	743.5	743.5	741.7	756.7	771.0	790.6	774.3	783.3
16 Bank loans n.e.c.	602.3	666.0	673.3	713.1	713.1	725.6	740.3	750.7	763.0	756.6	764.8
17 Open market paper	72.2	62.9	73.8	85.7	85.7	96.1	110.1	113.3	107.1	126.0	128.7
18 Other	442.6	479.6	515.3	549.6	549.6	559.4	574.4	574.0	591.7	599.9	620.3
19 By borrowing sector	5,204.1	5,831.0	6,383.6	6,978.2	6,978.2	7,111.9	7,272.9	7,398.9	7,535.5	7,613.1	7,729.3
20 State and local governments	473.9	510.1	558.9	604.5	604.5	612.4	619.9	629.9	634.1	634.3	636.8
21 Households	2,296.0	2,596.1	2,879.1	3,191.5	3,191.5	3,257.9	3,330.5	3,411.3	3,501.5	3,542.8	3,600.1
22 Nonfinancial business	2,434.2	2,724.8	2,945.6	3,182.2	3,182.2	3,241.6	3,322.5	3,357.6	3,399.9	3,436.0	3,492.4
23 Farm	173.4	156.6	145.5	137.6	137.6	136.7	139.5	139.2	139.2	138.2	143.8
24 Nonfarm noncorporate	898.3	997.6	1,075.4	1,145.1	1,145.1	1,163.9	1,177.6	1,183.0	1,195.9	1,205.1	1,218.6
25 Corporate	1,362.4	1,570.6	1,724.6	1,899.5	1,899.5	1,941.0	2,005.3	2,035.4	2,064.8	2,092.8	2,130.0
26 Foreign credit market debt held in United States	236.7	238.3	244.6	253.9	253.9	254.0	252.2	257.7	261.6	260.5	273.0
27 Bonds	71.8	74.9	82.3	89.2	89.2	90.4	92.1	94.2	94.5	102.1	107.5
28 Bank loans n.e.c.	27.9	26.9	23.3	21.5	21.5	21.6	21.5	22.6	21.4	19.0	18.5
29 Open market paper	33.9	37.4	41.2	49.9	49.9	54.4	52.7	57.5	63.0	59.3	65.1
30 U.S. government loans	103.0	99.1	97.7	93.2	93.2	87.5	85.8	83.4	82.7	80.1	81.9
31 **Total domestic plus foreign**	**7,041.1**	**7,884.7**	**8,588.5**	**9,349.9**	**9,349.9**	**9,521.7**	**9,690.7**	**9,861.3**	**10,065.1**	**10,233.1**	**10,399.7**
	Financial sectors										
32 **Total credit market debt owed by financial sectors**	**1,213.2**	**1,529.8**	**1,836.8**	**2,084.4**	**2,084.4**	**2,191.3**	**2,234.1**	**2,263.8**	**2,322.4**	**2,358.6**	**2,400.0**
By instrument											
33 U.S. government related	632.7	810.3	978.6	1,098.4	1,098.4	1,140.8	1,169.5	1,203.6	1,249.3	1,287.5	1,319.7
34 Sponsored credit agency securities	257.8	273.0	303.2	348.1	348.1	364.3	369.0	370.4	373.3	376.0	378.9
35 Mortgage pool securities	368.9	531.6	670.4	745.3	745.3	771.5	795.6	828.2	871.0	906.5	935.9
36 Loans from U.S. government	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	580.5	719.5	858.2	986.1	986.1	1,050.5	1,064.6	1,060.2	1,073.0	1,071.1	1,080.3
38 Corporate bonds	204.5	287.4	366.3	418.0	418.0	458.6	466.1	472.7	482.7	492.6	510.4
39 Mortgages	2.7	2.7	3.1	3.4	3.4	3.5	3.5	3.5	3.4	3.2	3.3
40 Bank loans n.e.c.	32.1	36.1	32.8	34.2	34.2	32.2	33.8	34.1	36.0	33.2	33.5
41 Open market paper	252.4	284.6	322.9	377.7	377.7	392.5	399.4	398.8	409.1	409.1	406.8
42 Loans from Federal Home Loan Banks	88.8	108.6	133.1	152.8	152.8	163.8	161.9	151.1	141.8	132.9	126.3
43 **Total, by sector**	**1,213.2**	**1,529.8**	**1,836.8**	**2,084.4**	**2,084.4**	**2,191.3**	**2,234.1**	**2,263.8**	**2,322.4**	**2,358.6**	**2,400.0**
44 Sponsored credit agencies	263.9	278.7	308.2	353.1	353.1	369.3	374.0	375.4	378.3	381.0	383.8
45 Mortgage pools	368.9	531.6	670.4	745.3	745.3	771.5	795.6	828.2	871.0	906.5	935.9
46 Private financial sectors	580.5	719.5	858.2	986.1	986.1	1,050.5	1,064.6	1,060.2	1,073.0	1,071.1	1,080.3
47 Commercial banks	79.2	75.6	81.8	78.8	78.8	73.3	75.7	77.0	77.4	73.4	76.1
48 Bank affiliates	106.2	116.8	131.1	136.2	136.2	140.0	141.2	144.0	142.5	140.8	133.0
49 Savings and loan associations	98.9	119.8	139.4	159.3	159.3	170.1	167.9	155.7	145.2	137.0	128.7
50 Mutual savings banks	4.4	8.6	16.7	18.6	18.6	17.8	17.7	17.5	17.2	15.4	16.3
51 Finance companies	261.2	328.1	378.8	446.1	446.1	464.3	478.0	481.2	496.2	501.3	510.9
52 REITs	5.6	6.5	7.3	11.4	11.4	11.1	10.6	10.0	10.1	10.1	9.7
53 SCO issuers	25.0	64.0	103.1	135.7	135.7	173.8	173.5	174.9	184.4	193.1	205.7
	All sectors										
54 **Total credit market debt**	**8,254.4**	**9,414.4**	**10,425.3**	**11,434.3**	**11,434.3**	**11,712.9**	**11,924.8**	**12,125.1**	**12,387.4**	**12,591.7**	**12,799.7**
55 U.S. government securities	2,227.0	2,620.0	2,933.9	3,211.1	3,211.1	3,291.5	3,330.3	3,403.3	3,512.4	3,642.0	3,712.1
56 State and local obligations	655.5	679.1	728.4	790.8	790.8	798.6	804.9	816.4	821.2	822.5	826.8
57 Corporate and foreign bonds	818.9	1,031.7	1,197.4	1,358.9	1,358.9	1,415.2	1,446.1	1,470.5	1,502.6	1,530.7	1,568.9
58 Mortgages	2,289.8	2,617.0	2,953.8	3,247.2	3,247.2	3,327.7	3,402.1	3,473.6	3,540.1	3,601.1	3,657.7
59 Consumer credit	601.8	659.8	693.2	743.5	743.5	741.7	756.7	771.0	790.6	774.3	783.3
60 Bank loans n.e.c.	662.4	729.0	729.5	768.9	768.9	779.5	795.6	807.4	820.3	808.9	816.9
61 Open market paper	358.5	384.9	437.9	513.4	513.4	543.0	562.2	569.6	579.2	594.5	600.5
62 Other loans	640.5	693.1	751.1	800.5	800.5	815.7	827.0	813.4	821.1	817.8	833.6

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

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

Transaction category, or sector	1985	1986	1987	1988	1988	1989				1990	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**6,804.5**	**7,646.3**	**8,343.9**	**9,096.0**	**9,096.0**	**9,267.7**	**9,438.6**	**9,603.6**	**9,803.5**	**9,972.6**	**10,126.6**
By public agencies and foreign											
2 Total held	1,474.0	1,779.4	2,006.6	2,199.7	2,199.7	2,257.0	2,266.9	2,323.3	2,386.5	2,428.9	2,504.7
3 U.S. government securities	435.4	509.8	570.9	651.5	651.5	666.1	646.1	674.5	689.4	686.4	714.0
4 Residential mortgages	518.2	678.5	814.1	900.4	900.4	927.2	954.4	991.1	1,038.4	1,078.9	1,120.8
5 FHLB advances to thrifts	88.8	108.6	133.1	152.8	152.8	163.8	161.9	151.1	141.8	132.9	126.3
6 Other loans and securities	431.6	482.4	488.6	495.1	495.1	500.0	504.5	506.6	517.0	530.7	543.6
7 Total held, by type of lender	1,474.0	1,779.4	2,006.6	2,199.7	2,199.7	2,257.0	2,266.9	2,323.3	2,386.5	2,428.9	2,504.7
8 U.S. government	248.6	255.3	240.0	217.6	217.6	212.9	211.5	207.8	207.1	216.6	231.1
9 Sponsored credit agencies and mortgage pools	659.8	835.9	1,001.0	1,113.0	1,113.0	1,151.1	1,157.8	1,193.5	1,238.2	1,275.4	1,309.5
10 Monetary authority	186.0	205.5	230.1	240.6	240.6	235.4	238.4	227.6	233.3	224.4	237.8
11 Foreign	379.5	482.8	535.5	628.5	628.5	657.6	659.2	694.5	707.9	712.5	726.3
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	632.7	810.3	978.6	1,098.4	1,098.4	1,140.8	1,169.5	1,203.6	1,249.3	1,287.5	1,319.7
13 Foreign	236.7	238.3	244.6	253.9	253.9	254.0	252.2	257.7	261.6	260.5	273.0
Private domestic holdings											
14 Total private holdings	6,199.9	6,915.6	7,560.4	8,248.5	8,248.5	8,405.4	8,593.3	8,741.5	8,927.9	9,091.7	9,214.7
15 U.S. government securities	1,791.6	2,110.1	2,363.0	2,559.7	2,559.7	2,625.4	2,684.1	2,728.8	2,823.0	2,955.5	2,998.1
16 State and local obligations	655.5	679.1	728.4	790.8	790.8	798.6	804.9	816.4	821.2	822.5	826.8
17 Corporate and foreign bonds	517.3	606.6	674.3	765.6	765.6	776.5	797.7	814.5	831.6	846.8	862.5
18 Residential mortgages	1,185.1	1,288.5	1,399.0	1,560.2	1,560.2	1,594.9	1,631.5	1,657.7	1,670.4	1,680.6	1,685.2
19 Other mortgages and loans	2,139.3	2,339.8	2,528.7	2,724.9	2,724.9	2,773.7	2,836.9	2,875.2	2,923.5	2,919.1	2,968.4
20 LESS: Federal Home Loan Bank advances	88.8	108.6	133.1	152.8	152.8	163.8	161.9	151.1	141.8	132.9	126.3
Private financial intermediation											
21 Credit market claims held by private financial institutions	5,289.4	6,018.0	6,564.5	7,128.6	7,128.6	7,273.3	7,430.5	7,518.2	7,674.1	7,760.9	7,851.6
22 Commercial banking	1,989.5	2,187.6	2,323.0	2,479.3	2,479.3	2,501.4	2,549.0	2,599.6	2,656.6	2,680.4	2,721.1
23 Savings institutions	1,191.2	1,297.9	1,445.5	1,567.7	1,567.7	1,570.6	1,561.0	1,530.3	1,480.3	1,461.2	1,425.4
24 Insurance and pension funds	1,365.3	1,525.4	1,705.1	1,903.8	1,903.8	1,957.8	2,004.9	2,042.7	2,093.4	2,135.7	2,181.4
25 Other finance	743.4	1,007.1	1,091.0	1,177.9	1,177.9	1,243.5	1,315.6	1,345.5	1,443.8	1,483.6	1,523.7
26 Sources of funds	5,289.4	6,018.0	6,564.5	7,128.6	7,128.6	7,273.3	7,430.5	7,518.2	7,674.1	7,760.9	7,851.6
27 Private domestic deposits and RPs	2,926.1	3,199.0	3,354.2	3,599.1	3,599.1	3,629.1	3,680.0	3,741.3	3,822.8	3,849.8	3,843.9
28 Credit market debt	580.5	719.5	858.2	986.1	986.1	1,050.5	1,064.6	1,060.2	1,073.0	1,071.1	1,080.3
29 Other sources	1,782.9	2,099.5	2,352.1	2,543.5	2,543.5	2,593.7	2,685.9	2,716.6	2,778.3	2,840.0	2,927.4
30 Foreign funds	5.6	18.6	62.3	71.5	71.5	61.8	50.0	55.7	59.9	62.8	58.2
31 Treasury balances	25.8	27.5	21.6	29.0	29.0	13.5	34.4	30.3	25.6	16.7	29.1
32 Insurance and pension reserves	1,289.3	1,398.5	1,527.8	1,692.5	1,692.5	1,741.8	1,774.0	1,793.2	1,829.9	1,867.1	1,918.3
33 Other, net	462.1	655.0	740.3	750.5	750.5	776.6	827.5	837.4	862.9	893.3	921.8
Private domestic nonfinancial investors											
34 Credit market claims	1,491.0	1,617.0	1,854.1	2,106.0	2,106.0	2,182.6	2,227.4	2,283.6	2,326.8	2,401.9	2,443.4
35 U.S. government securities	803.3	848.7	936.7	1,072.2	1,072.2	1,099.1	1,119.8	1,166.6	1,201.0	1,279.7	1,286.3
36 Tax-exempt obligations	231.5	212.6	274.4	340.9	340.9	348.9	353.6	363.1	369.2	363.0	367.0
37 Corporate and foreign bonds	37.1	90.5	114.0	100.4	100.4	123.6	125.1	121.2	117.2	125.4	136.7
38 Open market paper	135.2	145.1	178.5	218.0	218.0	225.1	233.5	235.9	227.4	219.0	232.6
39 Other	283.8	320.1	350.4	374.4	374.4	386.0	395.3	396.8	412.1	414.7	420.9
40 Deposits and currency	3,116.8	3,410.1	3,583.9	3,832.3	3,832.3	3,865.5	3,927.1	3,977.2	4,072.1	4,098.1	4,103.5
41 Currency	171.9	186.3	205.4	220.1	220.1	220.7	226.4	224.4	231.8	234.4	242.6
42 Checkable deposits	420.3	516.6	515.4	527.2	527.2	494.6	495.8	487.2	528.9	501.9	499.0
43 Small time and savings accounts	1,831.9	1,948.3	2,017.1	2,156.2	2,156.2	2,168.9	2,189.3	2,224.4	2,256.7	2,290.4	2,316.9
44 Money market fund shares	225.6	268.9	297.8	318.0	318.0	342.7	362.1	391.0	403.3	436.7	426.3
45 Large time deposits	339.9	336.7	373.9	414.7	414.7	430.8	435.7	440.0	437.8	429.2	407.1
46 Security RPs	108.3	128.5	150.1	182.9	182.9	192.1	197.1	198.6	196.2	191.6	194.5
47 Deposits in foreign countries	18.8	24.8	24.3	13.1	13.1	15.8	20.7	11.4	17.6	13.9	17.0
48 **Total of credit market instruments, deposits, and currency**	**4,607.8**	**5,027.2**	**5,438.0**	**5,938.2**	**5,938.2**	**6,048.1**	**6,154.5**	**6,260.8**	**6,399.0**	**6,500.0**	**6,546.9**
49 Public holdings as percent of total	20.9	22.6	23.4	23.5	23.5	23.7	23.4	23.6	23.7	23.7	24.1
50 Private financial intermediation (in percent)	85.3	87.0	86.8	86.4	86.4	86.5	86.5	86.0	86.0	85.4	85.2
51 Total foreign funds	385.1	501.3	597.8	700.1	700.1	719.5	709.3	750.2	767.8	775.3	784.5
MEMO: Corporate equities not included above											
52 **Total market value**	**2,823.9**	**3,360.6**	**3,325.0**	**3,619.8**	**3,619.8**	**3,730.8**	**4,071.3**	**4,398.7**	**4,382.1**	**4,172.4**	**4,339.8**
53 Mutual fund shares	240.2	413.5	460.1	478.3	478.3	486.3	514.8	543.9	555.1	550.3	587.9
54 Other equities	2,583.7	2,947.1	2,864.9	3,141.6	3,141.6	3,244.5	3,556.5	3,854.8	3,827.0	3,622.1	3,751.9
55 Holdings by financial institutions	800.3	974.6	1,039.5	1,176.1	1,176.1	1,241.6	1,354.4	1,490.5	1,497.8	1,438.4	1,539.8
56 Other holdings	2,023.6	2,385.9	2,285.5	2,443.7	2,443.7	2,489.2	2,716.9	2,908.2	2,884.3	2,734.0	2,800.0

NOTES BY LINE NUMBER.

1. Line 1 of table 1.59.
2. Sum of lines 3–6 or 8–11.
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

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

Measure	1987	1988	1989	1990								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 Industrial production (1987 = 100)[1]	**100.0**	**105.4**	**108.1**	**108.5**	**108.9**	**108.8**	**109.4**	**110.1**	**110.4r**	**110.4**	**110.5r**	**109.6**
Market groupings												
2 Products, total (1987 = 100)	100.0	105.3	108.6	109.4	110.1	109.8	110.5	110.9	110.9r	110.9	111.1r	110.1
3 Final, total (1987 = 100)	100.0	105.6	109.1	109.7	110.7	110.4	111.2	111.7	111.7r	111.8r	112.4r	111.4
4 Consumer goods (1987 = 100)	100.0	104.0	106.7	107.0	107.5	107.2	107.4	107.8	107.5r	107.8	108.4r	107.2
5 Equipment (1987 = 100)	100.0	107.6	112.3	113.3	114.9	114.7	116.2	116.8	117.2r	117.1r	117.6r	116.8
6 Intermediate (1987 = 100)	100.0	104.4	106.8	108.4	108.2	108.0	108.3	108.3	108.4r	107.8r	107.1r	106.3
7 Materials (1987 = 100)	100.0	105.6	107.4	107.1	107.1	107.3	107.7	108.8	109.6r	109.6r	109.7r	108.8
Industry groupings												
8 Manufacturing (1987 = 100)	100.0	105.8	108.9	109.6	109.8	109.5	110.3	110.8	111.1r	111.1r	111.1r	110.2
Capacity utilization (percent)[2]												
9 Manufacturing	81.4	83.9	83.9	83.0	82.9	82.5	82.8	83.0	83.0r	82.7r	82.5r	81.7
10 Construction contracts (1982 = 100)[3]	164.8	166.4	170.0	154.0	157.0	147.0	155.0	153.0	148.0	146.0	166.0	n.a.
11 Nonagricultural employment, total[4]	123.9	128.0	131.7	133.3	133.5	133.6	134.1	134.4	134.3	134.1r	134.1	134.0
12 Goods-producing, total	101.5	103.7	105.3	104.1	103.8	103.4	103.5	103.4	103.1	102.8	102.4	101.9
13 Manufacturing, total	96.7	98.6	99.6	97.8	97.6	97.5	97.4	97.3	97.2	96.9	96.6	96.3
14 Manufacturing, production- worker	91.9	93.7	94.6	92.5	92.4	92.3	92.1	92.0	92.0	91.7	91.3	91.0
15 Service-producing	133.3	138.2	142.7	145.6	146.0	146.2	147.0	147.4	147.3	147.3	147.3	147.4
16 Personal income, total	234.3	253.2	272.7	283.8	285.8	286.4	287.5	288.7	290.1	290.7	292.2	n.a.
17 Wages and salary disbursements	226.4	244.6	258.9	266.9	268.6	269.9	271.2	272.8	274.4	274.4	276.2	n.a.
18 Manufacturing	183.8	196.5	203.1	203.0	204.6	203.9	205.8	206.8	206.9	206.7	206.4	n.a.
19 Disposable personal income[5]	231.6r	252.2r	270.1r	281.7	283.9	283.6	284.4	285.8	287.0	287.4	288.7	n.a.
20 Retail sales[6]	213.6r	228.0r	240.6r	249.7	248.7	246.3	246.1	248.9	250.1	250.2r	253.4r	253.7
Prices[7]												
21 Consumer (1982–84 = 100)	113.6	118.3	124.0	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5
22 Producer finished goods (1982 = 100)	105.4	108.0	113.6	117.4	117.2	117.2	117.7	117.8r	118.0	119.2	120.3	122.3

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision" in the *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
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 latest month are preliminary and the prior three months have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1987	1988	1989	1990							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**185,010**	**186,837**	**188,601**	**189,717**	**189,844**	**189,983**	**190,122**	**190,275**	**190,411**	**190,568**	**190,717**
2 Labor force (including Armed Forces)[1]	122,122	123,893	126,077	127,017	127,061	127,159	126,981	126,906	126,810	127,134	126,976
3 Civilian labor force	119,865	121,669	123,869	124,829	124,886	125,004	124,836	124,767	124,660	124,967	124,784
Employment											
4 Nonagricultural industries[2]	109,232	111,800	114,142	115,133	114,983	115,045	115,041	114,867	114,521	114,717	114,545
5 Agriculture	3,208	3,169	3,199	3,200	3,133	3,305	3,348	3,085	3,137	3,181	3,167
Unemployment											
6 Number	7,425	6,701	6,528	6,495	6,770	6,653	6,447	6,814	7,003	7,069	7,073
7 Rate (percent of civilian labor force)	6.2	5.5	5.3	5.2	5.4	5.3	5.2	5.5	5.6	5.7	5.7
8 Not in labor force	62,888	62,944	62,524	62,700	62,783	62,824	63,141	63,369	63,601	63,434	63,741
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**102,200**	**105,584**	**108,573**	**110,122**	**110,177**	**110,617**	**110,829**	**110,740**	**110,613**[r]	**110,561**[r]	**110,493**
10 Manufacturing	19,024	19,403	19,611	19,217	19,190	19,167	19,148	19,131	19,084[r]	19,017	18,956
11 Mining	717	721	722	729	734	738	744	745	735[r]	736[r]	735
12 Contract construction	4,967	5,125	5,302	5,313	5,256	5,286	5,270	5,229	5,194	5,183[r]	5,103
13 Transportation and public utilities	5,372	5,548	5,703	5,808	5,809	5,833	5,846	5,841	5,846[r]	5,868[r]	5,877
14 Trade	24,327	25,139	25,807	26,125	26,141	26,164	26,205	26,225	26,222[r]	26,199[r]	26,140
15 Finance	6,547	6,676	6,814	6,821	6,823	6,838	6,844	6,842	6,852[r]	6,852[r]	6,853
16 Service	24,236	25,600	26,889	27,950	27,969	28,094	28,225	28,287	28,387[r]	28,407	28,500
17 Government	17,010	17,372	17,726	18,159	18,255	18,497	18,547	18,440	18,293[r]	18,299[r]	18,329

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	1989	1990			1989	1990			1989	1990		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	Output (1987 = 100)				Capacity (percent of 1987 output)				Utilization rate (percent)			
1 **Total industry**	**108.1**	**108.3**	**109.4**	**110.4**	**129.5**	**130.3**	**131.2**	**132.1**	**83.5**	**83.1**	**83.4**	**83.6**
2 Manufacturing	108.7	109.2	110.2	111.1	131.1	132.1	133.2	134.2	82.9	82.6	82.8	82.8
3 Primary processing	106.1	106.4	106.3	107.6	123.4	124.2	124.9	125.7	85.9	85.7	85.1	85.6
4 Advanced processing	109.9	110.5	112.1	112.7	134.7	135.8	137.0	138.2	81.6	81.4	81.8	81.5
5 Durable	110.0	110.4	112.4	113.5	135.2	136.2	137.2	138.3	81.3	81.0	81.9	82.1
6 Lumber and products	104.8	105.1	102.3	101.0	122.3	123.2	124.1	125.0	85.7	85.3	82.5	80.8
7 Primary metals	105.3	106.1	107.4	112.6	126.9	127.2	127.3	127.4	83.0	83.4	84.3	88.3
8 Iron and steel	104.5	107.1	107.5	114.9	131.5	131.9	132.0	132.1	79.5	81.2	81.4	87.0
9 Nonferrous	106.4	104.6	107.1	109.2	120.2	120.4	120.6	120.9	88.5	86.9	88.8	90.4
10 Nonelectrical machinery	121.9	124.4	126.7	128.3	150.1	151.6	153.2	154.9	81.2	82.1	82.7	82.8
11 Electrical machinery	110.1	111.1	112.2	112.4	136.0	137.4	138.8	140.2	81.0	80.9	80.8	80.2
12 Motor vehicles and parts	99.1	91.5	102.6	104.1	132.0	132.5	133.5	134.5	75.1	69.0	76.9	77.5
13 Aerospace and miscellaneous transportation equipment	106.7	111.6	113.6	114.6	132.5	133.4	134.3	135.2	80.6	83.6	84.6	84.7
14 Nondurable	107.1	107.7	107.5	107.9	125.9	126.9	128.0	129.0	85.0	84.8	84.0	83.7
15 Textile mill products	100.3	101.1	102.4	100.5	115.5	116.0	116.6	117.1	86.9	87.2	87.9	85.8
16 Paper and products	104.2	103.9	104.5	107.3	113.3	113.9	114.7	115.5	92.0	91.2	91.1	92.9
17 Chemicals and products	108.9	109.9	109.9	110.7	132.1	133.4	134.7	135.9	82.5	82.4	81.6	81.4
18 Plastics materials	106.2	111.7	116.3	......	123.7	126.1	128.4	......	85.8	88.6	90.6	......
19 Petroleum products	106.8	109.9	106.0	110.5	121.0	121.1	121.1	121.1	88.3	90.8	87.5	91.3
20 Mining	100.6	101.3	102.5	103.2	116.1	115.7	115.2	114.8	86.7	87.6	88.9	89.9
21 Utilities	110.6	105.7	107.8	111.0	125.7	126.0	126.4	126.7	88.0	83.9	85.3	87.5
22 Electric	111.8	108.4	111.0	113.7	120.8	121.1	121.6	122.1	92.6	89.5	91.3	93.1

Series	Previous cycle[2]		Latest cycle[3]		1989	1990							
	High	Low	High	Low	Oct.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.[p]
	Capacity utilization rate (percent)												
23 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**83.3**	**83.4**	**83.1**	**83.4**	**83.7**	**83.8**	**83.5**	**83.5**	**82.6**
24 Manufacturing	88.9	70.8	87.3	70.0	82.9	82.9	82.5	82.8	83.0	83.0	82.7	82.5	81.7
25 Primary processing	92.2	68.9	89.7	66.8	86.6	85.2	85.0	84.9	85.5	86.0	85.8	85.0	84.2
26 Advanced processing	87.5	72.0	86.3	71.4	81.4	82.0	81.5	82.0	81.9	81.7	81.4	81.5	80.6
27 Durable	88.8	68.5	86.9	65.0	81.1	81.9	81.2	82.1	82.4	82.2	82.0	82.1	80.8
28 Lumber and products	90.1	62.2	87.6	60.9	84.6	85.0	83.4	81.9	82.0	83.1	80.4	79.0	77.7
29 Primary metals	100.6	66.2	102.4	46.8	85.7	82.8	83.6	83.4	86.0	86.6	89.0	89.4	86.7
30 Iron and steel	105.8	66.6	110.4	38.3	83.2	80.4	80.8	79.9	83.6	83.7	88.0	89.3	86.4
31 Nonferrous	92.9	61.3	90.5	62.2	89.6	86.6	87.9	88.8	89.8	90.9	90.6	89.6	87.2
32 Nonelectrical machinery	96.4	74.5	92.1	64.9	79.5	82.3	82.3	82.8	82.9	83.1	83.1	82.1	80.9
33 Electrical machinery	87.8	63.8	89.4	71.1	81.2	81.5	80.5	81.0	81.0	80.3	80.3	80.0	79.1
34 Motor vehicles and parts	93.4	51.1	93.0	44.5	75.5	77.9	71.9	77.9	80.7	76.6	75.1	80.7	76.9
35 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	79.0	83.7	84.6	84.5	84.5	85.4	84.4	84.4	84.0
36 Nondurable	87.9	71.8	87.0	76.9	85.4	84.2	84.2	83.9	83.8	84.0	83.7	83.2	82.8
37 Textile mill products	92.0	60.4	91.7	73.8	88.4	85.9	86.7	88.1	88.8	88.0	85.4	84.0	82.8
38 Paper and products	96.9	69.0	94.2	82.0	93.1	90.0	92.0	90.7	90.6	93.5	92.2	93.0	92.4
39 Chemicals and products	87.9	69.9	85.1	70.1	83.1	81.8	82.2	81.1	81.6	81.5	81.7	81.1	81.2
40 Plastics materials	102.0	50.6	90.9	63.4	89.0	88.3	90.8	90.9	90.0	90.5	89.7	......	......
41 Petroleum products	96.7	81.1	89.5	68.2	88.4	90.1	88.2	86.4	87.9	91.3	91.0	91.6	90.3
42 Mining	94.4	88.4	96.6	80.6	86.5	87.5	89.2	88.7	88.8	90.5	89.2	90.0	89.7
43 Utilities	95.6	82.5	88.3	76.2	85.5	84.2	84.5	84.7	86.8	86.6	87.6	88.4	86.8
44 Electric	99.0	82.7	88.3	78.7	90.9	90.4	90.3	90.7	92.9	91.9	93.2	94.1	92.3

1. These data also appear in the Board's G.17 (419) release. For address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pages 411–35.

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	1987 proportion	1989 avg.	1989 Oct.	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July[r]	1990 Aug.[r]	1990 Sept.[r]	1990 Oct.[p]
			Index (1987 = 100)												
MAJOR MARKET															
1 **Total index**	**100.0**	**108.1**	**107.7**	**108.1**	**108.6**	**107.5**	**108.5**	**108.9**	**108.8**	**109.4**	**110.1**	**110.4**	**110.4**	**110.5**	**109.6**
2 Products	60.8	108.6	108.1	108.9	109.7	108.4	109.4	110.1	109.8	110.5	110.9	110.9	110.9	111.1	110.1
3 Final products	46.0	109.1	108.5	109.4	110.3	108.5	109.7	110.7	110.4	111.2	111.7	111.7	111.8	112.4	111.4
4 Consumer goods	26.0	106.7	107.3	107.4	108.3	106.0	107.0	107.5	107.2	107.4	107.8	107.5	107.8	108.4	107.2
5 Durable consumer goods	5.6	107.9	106.8	105.7	106.8	99.4	106.2	110.8	107.3	109.3	112.1	108.3	107.3	110.2	106.7
6 Automotive products	2.5	106.9	102.9	102.4	104.5	85.2	99.3	109.3	102.4	107.0	112.2	106.7	104.6	112.6	107.4
7 Autos and trucks	1.5	105.7	99.7	98.4	100.1	66.3	92.7	107.7	95.8	105.6	112.9	104.8	101.5	115.2	107.2
8 Autos, consumer	.9	101.2	100.7	92.8	92.6	62.1	86.9	100.5	87.7	96.8	103.8	98.0	97.2	115.1	104.3
9 Trucks, consumer	.6	113.3	98.2	108.0	112.6	73.3	102.3	120.0	109.3	120.4	128.3	116.1	108.8	115.4	112.2
10 Auto parts and allied goods	1.0	108.7	107.6	108.2	111.2	113.6	109.4	111.6	112.2	108.9	111.2	109.5	109.3	108.6	107.7
11 Other	3.1	108.7	109.8	108.4	108.6	110.6	111.6	112.0	111.2	111.1	112.0	109.5	109.5	108.4	106.1
12 Appliances, A/C, and TV	.8	106.7	107.6	102.0	101.0	108.4	107.8	108.1	104.4	103.6	107.5	100.2	101.9	100.8	95.3
13 Carpeting and furniture	.9	101.5	101.1	100.4	102.0	103.7	104.7	105.9	107.5	107.6	107.8	106.0	104.5	103.9	101.9
14 Miscellaneous home goods	1.4	114.5	116.6	117.1	117.1	116.2	118.2	118.0	117.3	117.5	117.2	116.9	116.9	115.5	114.8
15 Nondurable consumer goods	20.4	106.4	107.4	107.8	108.7	107.8	107.2	106.6	107.1	106.9	106.6	107.3	107.9	107.9	107.4
16 Foods and tobacco	9.1	104.2	105.6	105.8	106.4	105.5	106.2	105.8	105.6	105.2	104.4	105.1	105.7	104.8	104.8
17 Clothing	2.6	101.6	101.9	100.1	99.4	100.6	99.6	97.0	96.0	96.4	95.7	95.6	94.6	94.6	93.0
18 Chemical products	3.5	109.4	110.3	111.3	110.3	112.7	112.0	111.0	113.5	113.0	112.8	112.4	114.1	114.5	114.2
19 Paper products	2.5	114.3	117.2	118.1	116.9	116.2	117.6	116.4	118.1	118.6	118.3	120.3	120.1	121.6	121.3
20 Energy	2.7	106.7	106.0	108.0	115.2	107.9	101.5	103.1	104.1	104.1	105.3	106.7	108.6	109.4	107.5
21 Fuels	.7	102.8	103.1	103.0	100.5	105.1	106.6	101.8	101.6	98.2	102.6	104.6	106.0	105.8	103.8
22 Residential utilities	2.0	108.1	107.0	109.8	120.7	109.0	99.6	103.6	105.0	106.3	106.3	107.5	109.6	110.7	108.9
23 Equipment, total	20.0	112.3	110.1	112.0	112.9	111.8	113.3	114.9	114.7	116.2	116.8	117.2	117.1	117.6	116.8
24 Business equipment	13.9	119.1	116.0	118.7	119.9	118.0	120.1	122.2	121.6	123.5	124.4	125.0	125.3	126.3	125.0
25 Information processing and related	5.6	121.7	119.9	123.5	124.0	124.0	124.7	126.0	126.4	126.6	126.3	128.0	128.1	129.1	128.8
26 Office and computing	1.9	137.2	132.8	141.0	142.7	142.7	144.3	147.2	149.3	148.9	150.6	152.7	152.2	153.6	152.6
27 Industrial	4.0	113.8	112.4	113.4	112.8	113.5	113.4	113.9	114.2	115.8	116.0	117.2	117.9	116.9	115.8
28 Transit	2.5	123.8	112.9	117.0	123.4	111.4	122.7	130.6	126.2	132.5	137.4	135.5	135.4	141.6	137.4
29 Autos and trucks	1.2	103.9	97.6	98.0	97.6	69.6	91.7	104.5	95.2	105.7	112.2	103.1	101.5	112.9	106.3
30 Other	1.9	116.5	116.3	117.8	118.5	118.7	117.4	117.8	117.6	119.6	118.5	117.6	....	....	....
31 Defense and space equipment	5.4	97.4	96.6	96.7	96.6	97.5	97.6	97.5	97.3	97.6	97.6	97.8	97.5	97.0	97.3
32 Oil and gas well drilling	.6	93.7	97.3	99.9	100.3	98.3	100.1	106.0	114.3	118.6	119.5	116.2	106.9	107.4	107.1
33 Manufactured homes	.2	92.3	87.9	89.4	91.6	91.6	94.3	92.9	89.7	91.3	92.8	90.0	93.4	91.8	89.8
34 Intermediate products, total	14.7	106.8	106.9	107.3	107.9	108.0	108.4	108.2	108.0	108.3	108.3	108.4	107.8	107.1	106.3
35 Construction supplies	6.0	106.1	106.3	107.0	107.4	107.9	108.2	107.3	106.4	105.5	106.0	106.7	105.2	103.8	102.3
36 Business supplies	8.7	107.3	107.3	107.5	108.2	108.0	108.5	108.9	109.1	110.2	109.8	109.5	109.6	109.4	109.1
37 Materials, total	39.2	107.4	107.1	107.0	106.9	106.2	107.1	107.1	107.3	107.7	108.8	109.6	109.6	109.7	108.8
38 Durable goods materials	19.4	111.6	110.8	110.8	110.4	109.4	110.8	110.9	110.9	112.5	113.8	114.0	114.6	114.2	112.8
39 Durable consumer parts	4.2	109.0	106.9	105.7	102.5	96.5	102.8	104.5	103.2	108.5	108.5	108.1	110.3	108.7	106.3
40 Equipment parts	7.3	114.7	114.4	115.3	115.8	116.5	117.6	117.6	117.4	118.1	119.1	119.2	119.2	119.9	119.2
41 Other	7.9	110.2	109.5	109.4	109.5	109.7	108.7	108.1	108.9	109.6	111.8	112.4	112.7	111.8	110.4
42 Basic metal materials	2.8	112.1	111.0	108.6	109.3	108.5	109.9	107.5	110.2	109.2	113.6	115.5	115.8	116.0	113.0
43 Nondurable goods materials	9.0	105.3	106.1	104.9	104.3	105.4	105.8	105.2	106.1	105.2	106.1	107.8	106.8	106.7	106.8
44 Textile materials	1.2	99.8	98.6	96.1	95.8	94.6	96.2	94.9	95.6	97.4	99.4	100.2	97.8	96.7	95.1
45 Pulp and paper materials	1.9	103.8	107.7	104.6	103.7	105.0	105.3	103.0	106.0	104.5	104.8	109.0	106.9	109.5	109.4
46 Chemical materials	3.8	106.4	106.8	105.8	103.8	105.8	107.3	107.5	107.4	105.4	107.3	108.5	108.2	106.7	107.9
47 Other	2.1	107.6	107.5	108.4	110.4	110.9	108.8	108.7	109.8	109.8	108.8	109.9	109.2	109.7	108.9
48 Energy materials	10.9	101.4	101.3	101.9	102.7	101.2	101.7	102.0	101.8	101.1	102.1	103.3	103.0	104.1	103.5
49 Primary energy	7.2	99.9	99.8	100.5	99.0	101.1	102.1	101.2	100.3	100.1	101.2	103.3	102.2	103.2	103.1
50 Converted fuel materials	3.7	104.3	104.2	104.5	110.0	101.4	100.9	103.4	104.6	102.9	103.9	103.4	104.5	105.8	104.1
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	108.2	108.0	108.4	108.9	108.6	108.9	109.0	109.2	109.5	110.0	110.6	110.6	110.4	109.7
52 Total excluding motor vehicles and parts	95.3	108.3	108.1	108.6	109.1	109.0	109.2	109.2	109.5	109.7	110.2	110.8	110.8	110.6	109.9
53 Total excluding office and computing machines	97.5	107.4	107.1	107.3	107.7	106.6	107.6	108.0	107.8	108.4	109.1	109.3	109.3	109.5	108.5
54 Consumer goods excluding autos and trucks	24.5	106.8	107.7	107.9	108.8	108.4	107.8	107.5	107.9	107.6	107.5	107.6	108.2	108.0	107.2
55 Consumer goods excluding energy	23.3	106.7	107.4	107.3	107.5	105.8	107.6	108.0	107.5	107.8	108.1	107.6	107.7	108.3	107.2
56 Business equipment excluding autos and trucks	12.7	120.6	117.8	120.7	122.1	122.8	122.9	124.0	124.2	125.3	125.6	127.2	127.6	127.6	126.8
57 Business equipment excluding office and computing equipment	12.0	116.2	113.3	115.0	116.2	114.0	116.2	118.2	117.2	119.4	120.2	120.5	120.9	121.8	120.5
58 Materials excluding energy	28.4	109.6	109.3	108.9	108.4	108.1	109.2	109.1	109.4	110.2	111.4	112.1	112.1	111.8	110.9

INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Groups	SIC code	1987 proportion	1989 avg.	1989 Oct.	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.	1990 Apr.	1990 May	1990 June	1990 July^r	1990 Aug.^r	1990 Sept.^r	1990 Oct.^p
				Index (1987 = 100)												
MAJOR INDUSTRY																
1 **Total index**	....	**100.0**	**108.1**	**107.7**	**108.1**	**108.6**	**107.5**	**108.5**	**108.9**	**108.8**	**109.4**	**110.1**	**110.4**	**110.4**	**110.5**	**109.6**
2 Manufacturing	....	84.4	108.9	108.4	108.9	108.8	108.1	109.6	109.8	109.5	110.3	110.8	111.1	111.1	111.1	110.2
3 Primary processing	....	26.7	106.4	106.6	106.2	105.3	106.2	106.9	106.0	105.9	106.1	107.0	107.9	107.8	107.1	106.3
4 Advanced processing	....	57.7	110.1	109.3	110.1	110.4	109.0	110.9	111.7	111.3	112.4	112.6	112.5	112.5	112.9	112.0
5 Durable	....	47.3	110.9	109.4	110.1	110.4	108.6	110.7	111.9	111.1	112.6	113.4	113.4	113.4	113.8	112.4
6 Lumber and products	24	2.0	103.0	103.2	104.8	106.4	106.0	104.3	105.0	103.3	101.7	102.0	103.6	100.5	99.0	97.6
7 Furniture and fixtures	25	1.4	105.3	105.6	104.4	105.1	105.1	104.8	105.9	107.6	108.0	108.7	108.0	106.5	105.4	104.1
8 Clay, glass, and stone products	32	2.5	108.0	107.7	108.2	108.6	110.0	108.0	107.7	105.1	106.4	106.1	106.0	106.7	106.6	104.7
9 Primary metals	33	3.3	109.2	108.6	104.8	102.6	105.0	107.9	105.4	106.4	106.2	109.5	110.3	113.5	114.0	110.6
10 Iron and steel	331,2	1.9	109.3	109.2	104.1	100.3	104.6	110.6	106.1	106.7	105.5	110.3	110.6	116.3	117.9	114.2
11 Raw steel	....	.1	108.5	106.4	100.6	97.6	109.9	109.0	105.9	104.9	107.6	111.8	113.9	118.5	111.6	110.2
12 Nonferrous	333–6,9	1.4	109.0	107.6	105.8	105.8	105.6	104.0	104.3	105.9	107.1	108.3	109.8	109.5	108.4	105.5
13 Fabricated metal products	34	5.4	107.2	105.9	106.9	106.3	105.1	105.6	105.5	105.0	107.1	106.7	107.7	107.8	106.1	105.6
14 Nonelectrical machinery	35	8.6	121.8	119.0	122.9	123.8	123.7	124.2	125.2	125.7	126.9	127.5	128.3	128.8	127.7	126.3
15 Office and computing machines	357	2.5	137.2	132.8	141.0	142.7	142.7	144.3	147.3	149.3	149.0	150.6	152.7	152.2	153.6	152.6
16 Electrical machinery	36	8.6	109.5	110.2	110.1	110.1	110.1	111.0	112.3	111.3	112.4	112.8	112.2	112.6	112.5	111.6
17 Transportation equipment	37	9.8	107.2	102.1	102.8	104.4	94.7	103.5	107.9	105.1	109.0	111.0	109.3	107.9	111.7	109.2
18 Motor vehicles and parts	371	4.7	104.9	99.7	99.0	98.7	76.8	94.1	103.5	95.8	104.0	108.0	102.7	101.0	108.7	103.8
19 Autos and light trucks	....	2.3	105.0	99.9	97.6	99.0	65.7	91.8	106.7	94.6	104.3	111.6	103.8	100.9	115.2	106.8
20 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	109.3	104.3	106.3	109.6	111.0	111.9	111.9	113.4	113.5	113.8	115.2	114.1	114.4	114.0
21 Instruments	38	3.3	116.4	116.1	115.6	114.8	116.0	116.2	115.7	115.8	116.5	115.0	116.9	117.3	118.3	118.3
22 Miscellaneous manufacturers	39	1.2	114.9	116.9	117.0	116.4	117.0	118.1	118.6	118.6	119.1	119.6	120.4	121.8	121.3	120.7
23 Nondurable	....	37.2	106.4	107.2	107.3	106.7	107.5	108.3	107.2	107.5	107.4	107.6	108.1	108.1	107.6	107.4
24 Foods	20	8.8	105.5	106.8	107.4	108.0	106.8	107.4	107.1	107.0	106.8	106.1	107.1	107.6	107.0	107.0
25 Tobacco products	21	1.0	99.7	99.7	98.8	98.5	101.3	102.3	100.0	98.8	97.2	95.6	98.5	96.3	94.1	92.5
26 Textile mill products	22	1.8	101.9	101.9	99.3	99.8	100.6	103.0	99.8	100.9	102.7	103.6	102.9	100.0	98.5	97.2
27 Apparel products	23	2.4	104.3	103.9	103.7	102.6	102.4	102.1	99.8	98.7	99.2	99.3	99.2	99.3	98.9	97.7
28 Paper and products	26	3.6	103.2	105.3	104.1	103.4	103.8	105.0	102.8	105.3	104.0	104.2	107.8	106.4	107.6	107.2
29 Printing and publishing	27	6.4	108.5	109.3	109.6	109.6	110.7	112.1	111.4	112.0	112.8	112.0	111.4	111.3	111.1	111.1
30 Chemicals and products	28	8.6	108.5	109.4	109.8	107.6	109.9	110.5	109.5	110.3	109.2	110.3	110.4	111.1	110.6	111.1
31 Petroleum products	29	1.3	106.1	106.9	109.3	104.3	108.6	112.0	109.1	106.8	104.6	106.5	110.5	110.2	110.9	109.3
32 Rubber and plastic products	30	3.0	108.9	108.8	109.1	110.1	110.7	109.1	109.8	109.0	110.9	112.8	110.9	111.7	110.1	109.4
33 Leather and products	31	.3	103.7	102.2	99.4	103.0	104.3	102.9	103.3	102.6	103.5	102.0	102.5	99.8	101.1	98.5
34 Mining	....	7.9	100.5	100.7	101.2	100.1	101.7	101.0	101.1	102.9	102.2	102.2	104.0	102.4	103.3	102.8
35 Metal	10	.3	141.4	143.2	145.9	155.5	144.8	143.4	141.4	152.7	148.7	156.7	164.8	155.7	156.2	151.1
36 Coal	11,12	1.2	105.7	109.9	108.1	103.5	114.1	111.9	112.9	114.2	110.0	113.5	118.5	110.2	116.8	117.8
37 Oil and gas extraction	13	5.7	95.5	94.3	95.5	94.0	94.4	94.1	94.6	95.7	96.0	94.6	95.5	95.8	95.4	95.2
38 Stone and earth minerals	14	.7	113.9	118.0	115.8	119.7	121.2	120.0	116.5	120.2	119.9	121.1	121.8	119.8	120.3	118.0
39 Utilities	....	7.6	107.1	107.4	108.3	116.1	106.8	104.0	106.2	106.7	107.1	109.7	109.7	111.1	112.1	110.3
40 Electric	491,3PT	6.0	108.1	109.7	109.5	116.3	108.3	107.1	109.7	109.7	110.3	113.1	112.1	113.8	115.1	113.0
41 Gas	492,3PT	1.6	103.0	99.1	103.9	115.6	101.2	92.3	93.3	95.5	95.2	97.4	100.7	100.8	101.1	100.2
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts	....	79.8	109.2	108.9	109.4	109.3	109.9	110.5	110.2	110.3	110.7	111.0	111.6	111.6	111.2	110.6
43 Manufacturing excluding office and computing machines	....	82.0	108.1	107.7	107.9	107.7	107.1	108.6	108.7	108.3	109.1	109.5	109.5	......	......	......
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKET																
44 **Products, total**	....	**1,734.8**	**1,889.8**	**1,878.3**	**1,896.9**	**1,905.5**	**1,863.6**	**1,903.3**	**1,922.6**	**1,906.2**	**1,922.2**	**1,937.0**	**1,923.5**	**1,927.7**	**1,940.3**	**1,920.0**
45 Final	....	1,350.9	1,480.1	1,465.6	1,482.8	1,492.5	1,447.9	1,488.3	1,507.5	1,493.9	1,506.0	1,523.4	1,508.7	1,516.5	1,530.0	1,510.6
46 Consumer goods	....	833.4	884.6	883.2	889.0	898.6	864.3	888.6	893.4	883.9	885.9	893.8	886.0	886.7	896.4	883.0
47 Equipment	....	517.5	595.5	582.4	593.8	594.0	583.6	599.8	614.1	610.0	620.1	629.6	622.7	629.9	633.6	627.6
48 Intermediate	....	384.0	409.7	412.7	414.1	413.0	415.7	415.0	415.1	412.3	416.2	413.6	414.9	411.2	410.2	409.4

1. These data also appear in the Board's G.17 (419) release. For requests see address inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2.14 HOUSING AND CONSTRUCTION

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

Item	1987	1988	1989	1989	1990								
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units)												
New Units													
1 Permits authorized	1,535	1,456	1,339	1,416	1,739	1,297	1,232	1,108	1,065	1,108	1,082	1,050	992
2 1-family	1,024	994	932	984	985	974	912	813	802	796	780	762	737
3 2-or-more-family	511	462	407	432	754	323	320	295	263	312	302	288	255
4 Started	1,621	1,488	1,376	1,273	1,568	1,488	1,307	1,216	1,206	1,189	1,153	1,131	1,107
5 1-family	1,146	1,081	1,003	931	1,099	1,154	996	898	897	889	875	836	863
6 2-or-more-family	474	407	373	342	469	334	311	318	309	300	278	295	244
7 Under construction, end of period[1]	987	919	850	886	892	900	887	876	857	849	833	818	798
8 1-family	591	570	535	567	571	575	567	559	546	540	529	518	507
9 2-or-more-family	397	350	315	319	321	325	320	317	311	309	304	300	291
10 Completed	1,669	1,530	1,423	1,302	1,443	1,351	1,378	1,295	1,363	1,295	1,300	1,311	1,326
11 1-family	1,123	1,085	1,026	933	1,031	1,041	1,037	942	1,008	946	981	958	981
12 2-or-more-family	546	445	396	369	412	310	341	353	355	349	319	353	345
13 Mobile homes shipped	233	218	198	189	195	200	193	189	191	191	184	195	181
Merchant builder activity in 1-family units													
14 Number sold	672	675	650	633	613	606	558	533	536	550[r]	545	535	503
15 Number for sale, end of period[1]	366	367	362	362	365	366	363	363	360	354	350	345	337
Price (thousands of dollars)[2]													
Median													
16 Units sold	104.7	113.3	120.4	125.2	125.0	126.9	119.4	130.0	125.0	125.0	119.9	118.4	115.0
Average													
17 Units sold	127.9	139.0	148.3	154.3	151.7	150.9	144.6	153.4	150.6	150.4	149.7	144.6	142.3
Existing Units (1-family)													
18 Number sold	3,530	3,594	3,439	3,560	3,520	3,400	3,400	3,330	3,300	3,330	3,330	3,500	3,170
Price of units sold (thousands of dollars)[2]													
19 Median	85.6	89.2	93.0	92.5	96.3	95.2	96.3	95.6	95.6	97.5	98.3	97.1	94.4
20 Average	106.2	112.5	118.0	118.1	120.0	118.3	119.5	117.8	118.7	121.1	122.0	120.5	116.7
	Value of new construction[3] (millions of dollars)												
Construction													
21 Total put in place	**410,209**	**422,076**	**432,068**	**431,995**	**445,959**	**455,571**	**457,272**	**444,737**	**443,805**	**441,088**	**441,313**	**441,113**	**428,678**
22 Private	319,641	327,102	333,514	325,011	338,078	343,118	347,366	338,780	333,992	329,556	333,207	325,965	319,421
23 Residential	194,656	198,101	196,551	189,636	200,149	203,013	206,868	200,234	196,055	189,462	188,545	186,473	182,152
24 Nonresidential, total	124,985	129,001	136,963	135,375	137,929	140,105	140,498	138,546	137,937	140,094	144,662	139,492	137,269
Buildings													
25 Industrial	13,707	14,931	18,506	18,863	19,680	21,072	21,086	21,039	20,847	20,405	23,680	20,334	20,217
26 Commercial	55,448	58,104	59,389	57,090	57,376	58,748	57,210	55,765	54,698	56,581	57,117	55,408	53,138
27 Other	15,464	17,278	17,848	16,612	17,706	16,964	17,646	18,227	18,379	19,272	19,762	19,798	19,718
28 Public utilities and other	40,366	38,688	41,220	42,810	43,167	43,321	44,556	43,515	44,013	43,836	44,103	43,952	44,196
29 Public	90,566	94,971	98,551	106,984	107,881	112,453	109,906	105,957	109,813	111,532	108,106	115,148	109,257
30 Military	4,327	3,579	3,520	3,552	3,838	3,886	5,099	5,057	5,459	5,868	5,066	5,047	5,063
31 Highway	26,958	30,140	29,502	33,450	31,901	37,018	32,374	29,714	30,658	30,311	28,775	31,377	30,265
32 Conservation and development	5,519	4,726	4,969	5,371	5,192	5,559	4,996	4,979	5,504	3,958	4,501	4,855	3,664
33 Other	53,762	56,526	60,560	64,611	66,950	65,990	67,437	66,207	68,192	71,395	69,764	73,869	70,265

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 Oct. 1990
	1989 Oct.	1990 Oct.	1989	1990			1990					
			Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
Consumer Prices[2] (1982–84=100)												
1 **All items**	**4.5**	**6.3**	**4.9**	**8.5**	**3.5**	**7.9**	**.5**	**.4**	**.8**	**.8**	**.6**	**133.5**
2 Food	5.2	5.6	5.5	11.4	2.1	3.7	.8	.4	.3	.2	.4	133.6
3 Energy items	5.2	17.8	3.9	14.8	−2.0	42.7	.6	−.7	4.3	5.6	4.5	111.4
4 All items less food and energy	4.3	5.3	4.7	7.5	3.9	5.7	.4	.6	.5	.3	.3	137.8
5 Commodities	2.7	3.4	3.4	7.8	.7	2.9	.1	.3	.0	.4	.2	125.3
6 Services	5.1	6.3	5.7	7.2	5.5	7.2	.6	.7	.8	.3	.3	145.1
Producer Prices (1982=100)												
7 Finished goods	5.0	6.4	5.0	7.1	.3	11.7	.2	−.1	1.3	1.6	1.1	122.3
8 Consumer foods	4.3	4.3	12.4	10.6	−3.8^{r}	.6^{r}	−.4^{r}	.2^{r}	.8	−.9	.9	124.6
9 Consumer energy	12.1	33.9	−5.3	24.7	−14.3	137.4	−1.6	−.5	9.5	13.8	8.0	88.1
10 Other consumer goods	4.6	3.4	4.2	3.5	5.4^{r}	2.2^{r}	.8^{r}	−.3^{r}	.2	.6	.0	130.3
11 Capital equipment	3.9	3.3	2.0	4.0	2.3^{r}	5.3^{r}	.4^{r}	.2^{r}	.3	.8	−.2	124.5
12 Intermediate materials[3]	3.8	5.1	−.4	2.5	−.4^{r}	13.4^{r}	−.1^{r}	−.3^{r}	1.5	1.9	1.6	118.1
13 Excluding energy	2.6	1.5	−1.0	1.0	.7	4.0	−.1	.1	.3	.6	.4	122.1
Crude materials												
14 Foods	−3.6	2.8	19.2	9.1	−10.2^{r}	−7.9^{r}	.4^{r}	.6^{r}	−.9	−1.8	1.1	110.9
15 Energy	21.0	51.7	13.2	.5	−39.2^{r}	296.0^{r}	−6.8^{r}	.0^{r}	25.5	12.4	18.7	116.2
16 Other	3.1	.2	−15.3	4.0	13.2^{r}	8.7^{r}	−.5^{r}	.4^{r}	1.8	−.1	−1.7	137.9

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	1987	1988	1989	1989 Q3	1989 Q4	1990 Q1	1990 Q2	1990 Q3
GROSS NATIONAL PRODUCT								
1 **Total**	**4,515.6**	**4,873.7**	**5,200.8**	**5,238.6**	**5,289.3**	**5,375.4**	**5,443.3**	**5,514.4**
By source								
2 Personal consumption expenditures	3,009.4	3,238.2	3,450.1	3,484.3	3,518.5	3,588.1	3,622.7	3,700.6
3 Durable goods	423.4	457.5	474.6	487.1	471.2	492.1	478.4	483.1
4 Nondurable goods	1,001.3	1,060.0	1,130.0	1,137.3	1,148.8	1,174.7	1,179.0	1,202.8
5 Services	1,584.7	1,720.7	1,845.5	1,859.8	1,898.5	1,921.3	1,965.3	2,014.7
6 Gross private domestic investment	699.5	747.1	771.2	775.8	762.7	747.2	759.0	759.6
7 Fixed investment	671.2	720.8	742.9	746.9	737.7	758.9	745.6	750.9
8 Nonresidential	444.9	488.4	511.9	518.1	511.8	523.1	516.5	530.1
9 Structures	133.7	139.9	146.2	147.0	147.1	148.8	147.2	150.2
10 Producers' durable equipment	311.2	348.4	365.7	371.0	364.7	374.3	369.3	379.9
11 Residential structures	226.3	232.5	231.0	228.9	225.9	235.9	229.1	220.8
12 Change in business inventories	28.3	26.2	28.3	28.9	25.0	−11.8	13.4	8.8
13 Nonfarm	32.3	29.8	23.3	26.2	24.1	−17.0	13.0	7.8
14 Net exports of goods and services	−114.7	−74.1	−46.1	−49.3	−35.3	−30.0	−24.9	−49.2
15 Exports	449.6	552.0	626.2	623.7	642.8	661.3	659.7	662.6
16 Imports	564.3	626.1	672.3	673.0	678.1	691.3	684.6	711.8
17 Government purchases of goods and services	921.4	962.5	1,025.6	1,027.8	1,043.3	1,070.1	1,086.4	1,103.4
18 Federal	381.3	380.3	400.0	399.2	399.9	410.6	421.9	425.4
19 State and local	540.2	582.3	625.6	628.6	643.4	659.6	664.6	678.0
By major type of product								
20 Final sales, total	4,487.3	4,847.5	5,172.5	5,209.7	5,264.3	5,387.2	5,429.9	5,505.6
21 Goods	1,788.4	1,935.1	2,072.7	2,090.2	2,085.9	2,111.0	2,146.6	2,160.8
22 Durable	780.5	860.2	906.7	922.1	907.4	919.9	930.1	941.6
23 Nondurable	1,007.9	1,074.9	1,166.1	1,168.1	1,178.6	1,191.2	1,216.4	1,219.2
24 Services	2,292.4	2,488.6	2,671.2	2,693.3	2,747.5	2,791.3	2,834.2	2,894.4
25 Structures	434.9	450.0	456.9	455.0	455.9	473.0	462.5	459.2
26 Change in business inventories	28.3	26.2	28.3	28.9	25.0	−11.8	13.4	8.8
27 Durable goods	22.9	19.9	11.9	6.6	13.2	−21.6	.0	6.9
28 Nondurable goods	5.4	6.4	16.4	22.2	11.9	9.8	13.4	1.9
MEMO								
29 **Total GNP in 1982 dollars**	**3,845.3**	**4,016.9**	**4,117.7**	**4,129.7**	**4,133.2**	**4,150.6**	**4,155.1**	**4,173.6**
NATIONAL INCOME								
30 **Total**	**3,660.3**	**3,984.9**	**4,223.3**	**4,232.1**	**4,267.1**	**4,350.3**	**4,411.3**	n.a.
31 Compensation of employees	2,686.4	2,905.1	3,079.0	3,095.2	3,128.6	3,180.4	3,232.5	3,276.1
32 Wages and salaries	2,249.7	2,431.1	2,573.2	2,586.6	2,612.7	2,651.6	2,696.3	2,733.3
33 Government and government enterprises	419.4	446.6	476.6	479.9	486.7	497.1	505.7	511.3
34 Other	1,830.3	1,984.5	2,096.6	2,106.7	2,126.0	2,154.5	2,190.6	2,222.0
35 Supplement to wages and salaries	436.6	474.0	505.8	508.6	515.9	528.8	536.1	542.8
36 Employer contributions for social insurance	227.2	248.5	263.9	265.1	268.4	276.0	279.7	282.7
37 Other labor income	209.4	225.5	241.9	243.5	247.5	252.8	256.4	260.0
38 Proprietors' income[1]	323.4	354.2	379.3	368.1	381.7	404.0	401.7	398.0
39 Business and professional[1]	280.6	310.5	330.7	329.5	336.0	346.6	350.8	355.2
40 Farm[1]	42.8	43.7	48.6	38.7	45.7	57.4	51.0	42.8
41 Rental income of persons[2]	13.7	16.3	8.2	5.8	4.1	5.5	4.3	7.6
42 Corporate profits[1]	308.3	337.6	311.6	306.7	290.9	296.8	306.6	n.a.
43 Profits before tax[3]	275.3	316.7	307.7	291.4	289.8	296.9	299.3	n.a.
44 Inventory valuation adjustment	−19.4	−27.0	−21.7	−6.1	−14.5	−11.4	−.5	−30.6
45 Capital consumption adjustment	52.4	47.8	25.5	21.4	15.6	11.3	7.7	2.3
46 Net interest	328.6	371.8	445.1	456.2	461.7	463.6	466.2	468.9

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1987	1988	1989	1989		1990		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,766.4**	**4,070.8**	**4,384.3**	**4,402.8**	**4,469.2**	**4,562.8**	**4,622.2**	**4,677.7**
2 Wage and salary disbursements	2,249.7	2,431.1	2,573.2	2,586.6	2,612.7	2,651.6	2,696.3	2,733.3
3 Commodity-producing industries	649.9	696.4	720.6	722.3	721.4	724.6	731.1	735.1
4 Manufacturing	490.3	524.0	541.8	543.2	540.9	541.2	548.1	551.2
5 Distributive industries	531.8	572.0	604.7	607.1	614.6	627.0	637.3	642.4
6 Service industries	648.5	716.2	771.4	777.4	790.0	802.9	822.2	844.6
7 Government and government enterprises	419.4	446.6	476.6	479.9	486.7	497.1	505.7	511.3
8 Other labor income	209.4	225.5	241.9	243.5	247.5	252.8	256.4	260.0
9 Proprietors' income[1]	323.4	354.2	379.3	368.1	381.7	404.0	401.7	398.0
10 Business and professional[1]	280.6	310.5	330.7	329.5	336.0	346.6	350.8	355.2
11 Farm[1]	42.8	43.7	48.6	38.7	45.7	57.4	51.0	42.8
12 Rental income of persons[2]	13.7	16.3	8.2	5.8	4.1	5.5	4.3	7.6
13 Dividends	91.8	102.2	114.4	115.7	118.2	120.5	122.9	124.9
14 Personal interest income	501.3	547.9	643.2	655.2	664.9	670.5	678.0	686.4
15 Transfer payments	549.9	587.7	636.9	641.8	655.9	680.9	686.7	696.0
16 Old-age survivors, disability, and health insurance benefits	282.9	300.5	325.3	328.3	334.1	347.2	347.6	350.2
17 LESS: Personal contributions for social insurance	172.9	194.1	212.8	214.0	215.8	222.9	224.1	228.6
18 EQUALS: Personal income	3,766.4	4,070.8	4,384.3	4,402.8	4,469.2	4,562.8	4,622.2	4,677.7
19 LESS: Personal tax and nontax payments	571.6	591.6	658.8	659.5	669.6	675.1	696.5	709.0
20 EQUALS: Disposable personal income	3,194.7	3,479.2	3,725.5	3,743.4	3,799.6	3,887.7	3,925.7	3,968.6
21 LESS: Personal outlays	3,102.2	3,333.6	3,553.7	3,588.8	3,625.5	3,696.4	3,730.6	3,809.2
22 EQUALS: Personal saving	92.5	145.6	171.8	154.5	174.1	191.3	195.1	159.4
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,759.4	16,302.4	16,550.2	16,578.5	16,546.0	16,575.9	16,554.2	16,575.1
24 Personal consumption expenditures	10,310.7	10,578.3	10,678.5	10,739.9	10,688.2	10,692.1	10,672.5	10,733.5
25 Disposable personal income	10,946.0	11,368.0	11,531.0	11,538.0	11,541.0	11,586.0	11,564.0	11,511.0
26 Saving rate (percent)	2.9	4.2	4.6	4.1	4.6	4.9	5.0	4.0
GROSS SAVING								
27 **Gross saving**	**555.5**	**656.1**	**691.5**	**692.4**	**674.8**	**664.8**	**679.3**	n.a.
28 Gross private saving	662.6	751.3	779.3	776.0	786.4	795.0	806.7	n.a.
29 Personal saving	92.5	145.6	171.8	154.5	174.1	191.3	195.1	159.4
30 Undistributed corporate profits[1]	83.2	91.4	53.0	53.9	39.8	36.7	40.5	n.a.
31 Corporate inventory valuation adjustment	−19.4	−27.0	−21.7	−6.1	−14.5	−11.4	−.5	−30.6
Capital consumption allowances								
32 Corporate	303.2	322.1	346.4	351.6	356.5	356.7	359.7	365.2
33 Noncorporate	183.8	192.2	208.0	215.9	216.0	210.3	211.4	213.6
34 Government surplus, or deficit (−), national income and product accounts	−107.1	−95.3	−87.8	−83.6	−111.6	−130.2	−127.3	n.a.
35 Federal	−158.2	−141.7	−134.3	−131.7	−150.1	−168.3	−166.0	n.a.
36 State and local	51.0	46.5	46.4	48.1	38.5	38.1	38.6	n.a.
37 **Gross investment**	**544.9**	**627.8**	**674.4**	**676.1**	**671.8**	**665.6**	**676.1**	**656.1**
38 Gross private domestic	699.5	747.1	771.2	775.8	762.7	747.2	759.0	759.6
39 Net foreign	−154.6	−119.2	−96.8	−99.7	−90.9	−81.6	−82.9	−103.6
40 **Statistical discrepancy**	**−10.6**	**−28.2**	**−17.0**	**−16.2**	**−3.0**	**.7**	**−3.2**	n.a.

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	1987	1988	1989	1989 Q2	1989 Q3	1989 Q4	1990 Q1	1990 Q2[p]
1 Balance on current account	−162,315	−128,862	−110,035	−28,649	−27,591	−26,692	−21,668	−21,844
2 Not seasonally adjusted	....	....	....	−27,528	−31,620	−27,926	−17,922	−20,314
3 Merchandise trade balance[2]	−159,500	−126,986	−114,864	−28,222	−29,803	−28,746	−26,283	−22,575
4 Merchandise exports	250,266	320,337	360,465	91,111	89,349	91,738	96,262	96,741
5 Merchandise imports	−409,766	−447,323	−475,329	−119,333	−119,152	−120,484	−122,545	−119,316
6 Military transactions, net	−3,530	−5,452	−6,319	−1,667	−1,114	−1,776	−1,287	−1,342
7 Investment income, net	5,326	1,610	−913	−1,957	17	561	1,995	−637
8 Other service transactions, net	9,964	16,971	26,783	6,203	6,839	7,900	7,292	7,423
9 Remittances, pensions, and other transfers	−4,299	−4,261	−3,758	−962	−909	−889	−983	−855
10 U.S. government grants	−10,276	−10,744	−10,963	−2,044	−2,621	−3,742	−2,402	−3,858
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	997	2,969	1,185	−303	574	−47	−659	−624
12 Change in U.S. official reserve assets (increase, −)	9,149	−3,912	−25,293	−12,095	−5,996	−3,202	−3,177	371
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−509	127	−535	68	−211	−204	−247	−216
15 Reserve position in International Monetary Fund	2,070	1,025	471	−159	337	−23	234	493
16 Foreign currencies	7,588	−5,064	−25,229	−12,004	−6,122	−2,975	−3,164	94
17 Change in U.S. private assets abroad (increase, −)	−73,092	−83,232	−102,953	11,017	−38,654	−45,496	36,713	−26,190
18 Bank-reported claims[3]	−42,119	−56,322	−50,684	26,829	−21,269	−32,658	52,353	−12,118
19 Nonbank-reported claims	5,324	−2,847	1,391	−2,384	1,877	47	1,202	....
20 U.S. purchase of foreign securities, net	−5,251	−7,846	−21,938	−6,144	−9,623	−4,109	−7,496	−10,939
21 U.S. direct investments abroad, net	−31,046	−16,217	−31,722	−7,284	−9,639	−8,776	−9,346	−3,133
22 Change in foreign official assets in United States (increase, +)	45,210	39,515	8,823	−4,961	13,003	−7,016	−8,203	6,284
23 U.S. Treasury securities	43,238	41,741	333	−9,726	12,771	−7,342	−5,897	3,092
24 Other U.S. government obligations	1,564	1,309	1,383	−97	190	569	−521	346
25 Other U.S. government liabilities[4]	−2,503	−710	332	470	−350	412	−381	1,147
26 Other U.S. liabilities reported by U.S. banks[3]	3,918	−319	4,940	3,820	−251	−820	−1,278	1,953
27 Other foreign official assets[5]	−1,007	−2,506	1,835	572	643	165	−126	−254
28 Change in foreign private assets in United States (increase, +)	173,260	181,926	205,829	7,755	61,133	76,336	−24,786	15,673
29 U.S. bank-reported liabilities[3]	89,026	70,235	61,199	−20,806	27,845	36,674	−32,264	2,867
30 U.S. nonbank-reported liabilities	2,863	6,664	2,867	−407	−2,175	1,732	290	....
31 Foreign private purchases of U.S. Treasury securities, net	−7,643	20,239	29,951	2,339	12,618	5,671	−835	2,880
32 Foreign purchases of other U.S. securities, net	42,120	26,353	39,568	9,574	10,470	10,793	2,486	4,919
33 Foreign direct investments in United States, net	46,894	58,435	72,244	17,055	12,375	21,466	5,537	5,007
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	6,790	−8,404	22,443	27,236	−2,469	6,117	21,780	26,330
36 Owing to seasonal adjustments	....	....	....	−1,697	−4,953	3,560	2,804	−1,036
37 Statistical discrepancy in recorded data before seasonal adjustment	6,790	−8,404	22,443	28,933	2,484	2,558	18,976	27,366
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	9,149	−3,912	−25,293	−12,095	−5,996	−3,202	−3,177	371
39 Foreign official assets in United States (increase, +) excluding line 25	47,713	40,225	8,491	−5,431	13,353	−7,428	−7,822	5,137
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,956	−2,996	10,713	460	4,532	−1,379	2,953	242

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	1987	1988	1989	1990 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	254,073	322,427	363,812	33,266	32,058	32,774	34,221	32,125	32,549	31,840
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	406,241	440,952	473,211	41,636	39,364	40,543	39,561	41,244	42,283	41,254
Trade balance										
3 **Customs value**	**−152,169**	**−118,526**	**−109,399**	**−8,370**	**−7,306**	**−7,770**	**−5,340**	**−9,119**	**−9,734**	**−9,414**

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	1987	1988	1989	1990 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**45,798**	**47,802**	**74,609**	**76,283**	**77,028**	**77,298**	**77,906**	**78,909**	**80,024**	**82,852**
2 Gold stock, including Exchange Stabilization Fund[1]	11,078	11,057	11,059	11,060	11,065	11,065	11,064	11,065	11,063	11,060
3 Special drawing rights[2,3]	10,283	9,637	9,951	10,103	10,396	10,490	10,699	10,780	10,666	10,876
4 Reserve position in International Monetary Fund[2]	11,349	9,745	9,048	8,687	8,764	8,449	8,686	8,890	8,881	9,066
5 Foreign currencies[4]	13,088	17,363	44,551	46,433	46,803	47,294	47,457	48,174	49,414	51,850

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	1987	1988	1989	1990 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 Deposits	244	347	589	402	309	368	279	337	360	296
Assets held in custody										
2 U.S. Treasury securities[2]	195,126	232,547	224,911	252,759	253,691	255,651	256,585	261,051	261,321	266,750
3 Earmarked gold[3]	13,919	13,636	13,456	13,458	13,460	13,433	13,422	13,412	13,419	13,415

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 at face value.
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	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July	Aug.	Sept.
	All foreign countries									
1 **Total, all currencies**	**518,618**	**505,595**	**545,366**	**535,059**	**535,886**	**541,439**	**524,010**	**531,418**	**551,238r**	**546,140**
2 Claims on United States	138,034	169,111	198,835	176,096	177,104	182,224	179,258	174,583	178,236	182,555
3 Parent bank	105,845	129,856	157,092	135,172	133,573	140,751	138,384	133,682	137,558	140,865
4 Other banks in United States	16,416	14,918	17,042	15,511	17,965	15,647	15,166	15,239	14,500	14,157
5 Nonbanks	15,773	24,337	24,701	25,413	25,566	25,826	25,708	25,662	26,178	27,533
6 Claims on foreigners	342,520	299,728	300,575	308,117	307,470	306,058	293,730	305,005	313,914	311,254
7 Other branches of parent bank	122,155	107,179	113,810	120,488	118,835	116,640	108,464	115,353r	121,683r	123,359
8 Banks	108,859	96,932	90,703	89,837	90,812	90,422	85,780	85,911r	88,822	83,162
9 Public borrowers	21,832	17,163	16,456	15,973	16,217	16,172	16,323	16,595r	16,208	16,379
10 Nonbank foreigners	89,674	78,454	79,606	81,819	81,606	82,824	83,163	87,146r	87,201r	88,354
11 Other assets	38,064	36,756	45,956	50,846	51,312	53,157	51,022	51,830	59,088r	52,331
12 **Total payable in U.S. dollars**	**350,107**	**357,573**	**382,717**	**358,543**	**360,224**	**363,128**	**350,310**	**346,515**	**358,038r**	**360,195**
13 Claims on United States	132,023	163,456	191,184	168,833	169,996	173,887	171,551	166,294	169,714	173,978
14 Parent bank	103,251	126,929	152,294	130,350	129,162	135,211	133,167	128,066	131,994	135,068
15 Other banks in United States	14,657	14,167	16,386	14,992	17,209	14,818	14,575	14,375	13,513	13,416
16 Nonbanks	14,115	22,360	22,504	23,491	23,625	23,858	23,809	23,853	24,207	25,494
17 Claims on foreigners	202,428	177,685	169,690	167,616	168,419	167,630	158,652	158,090	163,270r	164,552
18 Other branches of parent bank	88,284	80,736	82,949	85,028	84,930	83,381	76,410	79,241r	82,539r	84,378
19 Banks	63,707	54,884	48,396	43,408	43,814	44,449	42,918	38,815r	40,725	40,172
20 Public borrowers	14,730	12,131	10,961	11,110	11,191	10,912	10,956	10,652	10,927	11,166
21 Nonbank foreigners	35,707	29,934	27,384	28,070	28,484	28,888	28,368	29,382r	29,079r	28,836
22 Other assets	15,656	16,432	21,843	22,094	21,809	21,611	20,107	22,131	25,054r	21,665
	United Kingdom									
23 **Total, all currencies**	**158,695**	**156,835**	**161,947**	**167,162**	**173,127**	**177,947**	**167,885**	**175,254**	**184,933**	**178,484**
24 Claims on United States	32,518	40,089	39,212	38,809	42,366	43,247	39,904	40,418	40,092	42,568
25 Parent bank	27,350	34,243	35,847	34,648	37,572	39,089	35,924	36,564	36,140	39,042
26 Other banks in United States	1,259	1,123	1,058	1,301	1,262	747	730	894	1,037	717
27 Nonbanks	3,909	4,723	2,307	2,860	3,532	3,411	3,250	2,960	2,915	2,809
28 Claims on foreigners	115,700	106,388	107,657	109,227	111,175	114,800	108,080	114,254	118,423	114,869
29 Other branches of parent bank	39,903	35,625	37,728	39,636	41,613	43,358	38,068	41,181	43,581	44,408
30 Banks	36,735	36,765	36,159	34,803	35,224	35,730	34,194	35,085	37,623	34,094
31 Public borrowers	4,752	4,019	3,293	3,857	3,980	3,943	3,740	3,619	3,757	3,639
32 Nonbank foreigners	34,310	29,979	30,477	30,931	30,358	31,769	32,078	34,369	33,462	32,728
33 Other assets	10,477	10,358	15,078	19,126	19,586	19,900	19,901	20,582	26,418	21 047
34 **Total payable in U.S. dollars**	**100,574**	**103,503**	**103,427**	**101,024**	**107,483**	**110,186**	**100,887**	**103,047**	**107,192**	**107,117**
35 Claims on United States	30,439	38,012	36,404	35,752	39,091	39,374	36,158	36,230	35,979	37,991
36 Parent bank	26,304	33,252	34,329	32,697	35,663	36,712	33,509	33,716	33,585	36,024
37 Other banks in United States	1,044	964	843	1,122	1,041	521	552	681	721	460
38 Nonbanks	3,091	3,796	1,232	1,933	2,387	2,141	2,097	1,833	1,673	1,507
39 Claims on foreigners	64,560	60,472	59,062	57,166	60,165	63,025	57,802	58,278	60,390	60,570
40 Other branches of parent bank	28,635	28,474	29,872	30,421	32,885	34,441	30,050	31,220	32,976	33,990
41 Banks	19,188	18,494	16,579	13,748	14,141	14,635	14,625	13,621	14,570	13,965
42 Public borrowers	3,313	2,840	2,371	3,074	3,131	3,114	2,942	2,839	2,896	2,866
43 Nonbank foreigners	13,424	10,664	10,240	9,923	10,008	10,835	10,185	10,598	9,948	9,749
44 Other assets	5,575	5,019	7,961	8,106	8,227	7,787	6,927	8,539	10,823	8,556
	Bahamas and Caymans									
45 **Total, all currencies**	**160,321**	**170,639**	**176,006**	**155,145**	**150,767**	**154,851**	**154,354**	**145,813**	**150,695r**	**153,234**
46 Claims on United States	85,318	105,320	124,205	105,466	102,184	105,617	107,244	99,918	103,521	106,574
47 Parent bank	60,048	73,409	87,882	70,535	65,084	69,807	72,115	64,748	68,507	70,145
48 Other banks in United States	14,277	13,145	15,071	13,564	15,902	14,079	13,603	13,412	12,625	12,539
49 Nonbanks	10,993	18,766	21,252	21,367	21,198	21,731	21,526	21,758	22,389	23,890
50 Claims on foreigners	70,162	58,393	44,168	42,393	41,467	42,147	39,812	38,393	39,595	39,573
51 Other branches of parent bank	21,277	17,954	11,309	13,171	13,306	12,917	11,906	11,785r	12,031r	11,638
52 Banks	33,751	28,268	22,611	19,370	18,499	19,947	18,492	16,761	17,543	18,076
53 Public borrowers	7,428	5,830	5,217	4,684	4,490	4,350	4,393	4,307	4,554	4,818
54 Nonbank foreigners	7,706	6,341	5,031	5,168	5,172	4,933	5,021	5,540r	5,467r	5,041
55 Other assets	4,841	6,926	7,633	7,286	7,116	7,087	7,298	7,502	7,579r	7,087
56 **Total payable in U.S. dollars**	**151,434**	**163,518**	**170,780**	**150,061**	**145,994**	**149,467**	**149,943**	**140,966**	**146,103r**	**149,233**

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	1987	1988	1989	1990 Mar.	Apr.	May	June	July	Aug.	Sept.
					All foreign countries					
57 **Total, all currencies**	**518,618**	**505,595**	**545,366**	**535,059**	**535,886**	**541,439**	**524,010**	**531,418**	**551,238[r]**	**546,140**
58 Negotiable CDs	30,929	28,511	23,500	21,767	24,113	25,452	23,504	21,805	22,917[r]	21,977
59 To United States	161,390	185,577	197,239	173,675	168,669	169,791	169,769	163,275[r]	167,410[r]	172,747
60 Parent bank	87,606	114,720	138,412	114,170	109,642	109,831	113,151	105,401[r]	109,818[r]	117,217
61 Other banks in United States	20,355	14,737	11,704	10,799	11,782	10,272	9,092	9,454	10,264	8,976
62 Nonbanks	53,429	56,120	47,123	48,706	47,245	49,688	47,526	48,420	47,328	46,554
63 To foreigners	304,803	270,923	296,850	309,756	313,446	315,058	299,951	314,503	321,277[r]	317,339
64 Other branches of parent bank	124,601	111,267	119,591	124,084	120,405	120,722	113,653	119,476	124,510	125,517
65 Banks	87,274	72,842	76,452	75,017	77,875	78,681	73,896	77,940	79,366	75,312
66 Official institutions	19,564	15,183	16,750	17,704	20,683	19,710	17,637	19,718	17,777	17,622
67 Nonbank foreigners	73,364	71,631	84,057	92,951	94,483	95,945	94,765	97,369	99,624[r]	98,888
68 Other liabilities	21,496	20,584	27,777	29,861	29,658	31,138	30,786	31,835[r]	39,634	34,077
69 **Total payable in U.S. dollars**	**361,438**	**367,483**	**396,613**	**369,306**	**368,626**	**369,505**	**358,681**	**355,782**	**365,839[r]**	**364,940**
70 Negotiable CDs	26,768	24,045	19,619	17,084	19,601	20,579	18,928	16,519	17,588[r]	17,219
71 To United States	148,442	173,190	187,286	162,606	157,579	157,851	158,173	150,943[r]	155,171[r]	158,892
72 Parent bank	81,783	107,150	132,563	108,128	103,252	103,389	106,818	98,928[r]	103,355[r]	109,323
73 Other banks in United States	18,951	13,468	10,519	9,296	10,415	8,855	7,741	7,884	8,791	7,501
74 Nonbanks	47,708	52,572	44,204	45,182	43,912	45,607	43,614	44,131	43,025	42,068
75 To foreigners	177,711	160,766	176,460	176,939	178,035	177,888	168,642	174,616	177,411[r]	175,860
76 Other branches of parent bank	90,469	84,021	87,636	86,908	84,090	84,415	78,646	81,332	84,116[r]	85,438
77 Banks	35,065	28,493	30,537	27,639	29,207	28,265	27,434	28,045	29,000	26,576
78 Official institutions	12,409	8,224	9,873	9,248	11,909	11,480	9,066	10,613	9,669	9,346
79 Nonbank foreigners	39,768	40,028	48,414	53,144	52,829	53,728	53,496	54,626	54,626[r]	54,500
80 Other liabilities	8,517	9,482	13,248	12,677	13,411	13,187	12,938	13,704[r]	15,669	12,969
					United Kingdom					
81 **Total, all currencies**	**158,695**	**156,835**	**161,947**	**167,162**	**173,127**	**177,947**	**167,885**	**175,254**	**184,933**	**178,484**
82 Negotiable CDs	26,988	24,528	20,056	18,266	20,535	21,846	19,672	17,795	18,703[r]	17,542
83 To United States	23,470	36,784	36,036	32,780	33,931	33,755	32,291	32,320	33,365	35,483
84 Parent bank	13,223	27,849	29,726	22,970	23,339	23,179	23,158	21,952	23,399	25,461
85 Other banks in United States	1,536	2,037	1,256	1,827	1,841	1,847	1,615	1,626	1,535	1,765
86 Nonbanks	8,711	6,898	5,054	7,983	8,751	8,729	7,518	8,742	8,431	8,257
87 To foreigners	98,689	86,026	92,307	101,160	103,362	106,138	99,279	107,533	109,372[r]	106,496
88 Other branches of parent bank	33,078	26,812	27,397	29,848	28,581	29,193	26,506	28,944	28,967	30,487
89 Banks	34,290	30,609	29,780	29,116	31,026	31,580	28,575	32,420	34,647	30,113
90 Official institutions	11,015	7,873	8,551	9,184	10,829	11,409	10,263	11,314	9,902	9,578
91 Nonbank foreigners	20,306	20,732	26,579	33,012	32,926	33,956	33,935	34,855	35,856[r]	36,318
92 Other liabilities	9,548	9,497	13,548	14,956	15,299	16,208	16,643	17,606	23,493	18,963
93 **Total payable in U.S. dollars**	**102,550**	**105,907**	**108,178**	**103,544**	**109,708**	**110,595**	**101,530**	**104,372**	**108,532**	**107,216**
94 Negotiable CDs	24,926	22,063	18,143	15,660	17,936	19,012	17,233	14,831	15,758[r]	15,502
95 To United States	17,752	32,588	33,056	29,383	30,386	29,666	28,160	27,967	28,779	30,368
96 Parent bank	12,026	26,404	28,812	22,219	22,446	22,339	22,190	21,208	22,423	23,963
97 Other banks in United States	1,308	1,752	1,065	1,552	1,553	1,456	1,325	1,175	1,228	1,471
98 Nonbanks	4,418	4,432	3,179	5,612	6,387	5,871	4,645	5,584	5,128	4,934
99 To foreigners	55,919	47,083	50,517	52,095	54,371	55,163	49,672	54,591	55,252[r]	54,679
100 Other branches of parent bank	22,334	18,561	18,384	19,182	18,799	18,589	16,199	17,408	17,347	18,560
101 Banks	15,580	13,407	12,244	9,976	11,233	11,007	9,911	11,251	13,042	11,116
102 Official institutions	7,530	4,348	5,454	5,192	6,703	7,264	5,305	6,515	5,463	5,324
103 Nonbank foreigners	10,475	10,767	14,435	17,745	17,636	18,303	18,257	19,417	19,400[r]	19,679
104 Other liabilities	3,953	4,173	6,462	6,406	7,015	6,754	6,465	6,983	8,743	6,667
					Bahamas and Caymans					
105 **Total, all currencies**	**160,321**	**170,639**	**176,006**	**155,145**	**150,767**	**154,851**	**154,354**	**145,813**	**150,695[r]**	**153,234**
106 Negotiable CDs	885	953	678	522	524	528	535	548	553	553
107 To United States	113,950	122,332	124,859	108,003	101,024	103,655	103,592	95,904[r]	100,622[r]	104,211
108 Parent bank	53,239	62,894	75,188	61,528	55,311	57,136	58,880	51,415[r]	56,092[r]	62,276
109 Other banks in United States	17,224	11,494	8,883	7,310	8,544	6,991	5,984	6,228	7,039	5,398
110 Nonbanks	43,487	47,944	40,788	39,165	37,169	39,528	38,728	38,261	37,491	36,537
111 To foreigners	43,815	45,161	47,382	44,314	46,741	48,410	47,613	47,010	46,922	46,237
112 Other branches of parent bank	19,185	23,686	23,414	20,778	22,446	25,535	24,184	24,560	24,965	24,781
113 Banks	10,769	8,336	8,823	7,983	8,617	8,154	8,969	8,120	7,469	7,519
114 Official institutions	1,504	1,074	1,097	1,078	1,247	962	960	999	943	731
115 Nonbank foreigners	12,357	12,065	14,048	14,475	14,431	13,759	13,500	13,331	13,545	13,206
116 Other liabilities	1,671	2,193	3,087	2,306	2,478	2,258	2,614	2,351[r]	2,598	2,233
117 **Total payable in U.S. dollars**	**152,927**	**162,950**	**171,250**	**150,758**	**146,259**	**149,707**	**149,680**	**140,377**	**145,670[r]**	**148,589**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1988	1989[r]	1990[r]						
			Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Total**[1]	**304,132**	**312,457**	**302,096**	**307,820**	**308,397**	**309,541**	**312,309**	**321,420**	**322,951**
By type									
2 Liabilities reported by banks in the United States[2]	31,519	36,481	35,553	36,642	36,747	37,471	38,604	40,503	39,009
3 U.S. Treasury bills and certificates[3]	103,722	76,985	73,039	69,454	72,322	71,804	72,690	72,803	72,459
U.S. Treasury bonds and notes									
4 Marketable	152,429	179,264	174,411	179,476	177,092	178,016	178,740	185,534	189,297
5 Nonmarketable[4]	523	568	580	3,596	3,620	3,644	3,668	3,692	3,717
6 U.S. securities other than U.S. Treasury securities[5]	15,939	19,159	18,513	18,652	18,616	18,606	18,607	18,888	18,469
By area									
7 Western Europe[1]	123,752	133,417	135,691	141,102	142,405	146,928	149,454	152,777	155,531
8 Canada	9,513	9,482	8,315	7,809	6,550	6,961	8,415	11,083	10,171
9 Latin America and Caribbean	10,030	8,740	9,151	9,066	9,147	10,200	9,972	11,192	11,426
10 Asia	151,887	153,338	141,068	142,899	141,490	136,325	135,705	137,008	136,383
11 Africa	1,403	1,030	936	895	1,074	946	917	1,697	1,383
12 Other countries[6]	7,548	6,453	6,936	6,047	7,731	8,183	7,848	7,665	8,058

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	1986	1987	1988	1989		1990	
				Sept.	Dec.	Mar.	June[r]
1 Banks' own liabilities	29,702	55,438	74,980	73,755	67,805	63,105	68,086
2 Banks' own claims	26,180	51,271	68,983	70,328	65,127	60,999	66,652
3 Deposits	14,129	18,861	25,100	22,962	20,491	21,456	20,256
4 Other claims	12,052	32,410	43,884	47,366	44,636	39,543	46,396
5 Claims of banks' domestic customers[2]	2,507	551	364	3,044	3,507	1,190	1,501

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	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[p]
1 **All foreigners**	**618,874**	**685,339**	**736,627**	**703,562**	**702,923**	**715,613**	**707,464**	**719,673**	**737,840**	**741,202**
2 Banks' own liabilities	470,070	514,532	577,247	543,292	547,193	552,438	544,196	554,328	570,226	571,386
3 Demand deposits	22,383	21,863	22,080	20,474	21,096	20,578	20,365	19,723	20,706	22,259
4 Time deposits[2]	148,374	152,164	168,735	154,865	148,984	151,063	151,525	154,590	156,747	158,958
5 Other[3]	51,677	51,366	67,650	60,658	65,990	65,367	64,646	66,157	74,260	65,721
6 Own foreign offices[4]	247,635	289,138	318,782	307,295	311,123	315,430	307,660	313,859	318,514	324,448
7 Banks' custody liabilities[5]	148,804	170,807	159,380	160,270	155,730	163,175	163,267	165,344	167,614	169,817
8 U.S. Treasury bills and certificates[6]	101,743	115,056	91,100	88,015	83,649	88,908	90,082	91,883	93,038	91,394
9 Other negotiable and readily transferable instruments[7]	16,776	16,426	19,526	18,809	18,132	18,531	17,865	17,599	16,983	17,144
10 Other	30,285	39,325	48,754	53,446	53,948	55,737	55,320	55,862	57,593	61,279
11 **Nonmonetary international and regional organizations[8]**	**4,464**	**3,224**	**4,772**	**4,896**	**5,727**	**4,558**	**5,018**	**4,112**	**4,288**	**5,856**
12 Banks' own liabilities	2,702	2,527	3,156	3,334	3,781	2,913	3,619	2,790	2,328	4,544
13 Demand deposits	124	71	96	156	52	28	29	46	244	142
14 Time deposits[2]	1,538	1,183	927	1,137	2,025	773	1,416	1,038	1,303	1,165
15 Other[3]	1,040	1,272	2,133	2,041	1,704	2,112	2,174	1,707	781	3,238
16 Banks' custody liabilities[5]	1,761	698	1,616	1,562	1,947	1,645	1,399	1,322	1,959	1,311
17 U.S. Treasury bills and certificates[6]	265	57	197	191	190	174	147	148	1,095	479
18 Other negotiable and readily transferable instruments[7]	1,497	641	1,417	1,371	1,740	1,463	1,253	1,159	819	817
19 Other	0	0	2	0	17	8	0	15	45	15
20 **Official institutions[9]**	**120,667**	**135,241**	**113,466**	**108,592**	**106,096**	**109,069**	**109,275**	**111,294**	**113,306**	**111,468**
21 Banks' own liabilities	28,703	27,109	31,092	31,711	33,864	33,395	33,378	34,858	36,467	35,032
22 Demand deposits	1,757	1,917	2,196	1,826	2,066	1,644	1,613	1,516	1,914	2,503
23 Time deposits[2]	12,843	9,767	10,495	9,730	10,939	11,178	10,179	11,510	11,120	11,014
24 Other[3]	14,103	15,425	18,401	20,155	20,859	20,572	21,586	21,831	23,433	21,515
25 Banks' custody liabilities[5]	91,965	108,132	82,373	76,881	72,231	75,674	75,896	76,437	76,839	76,436
26 U.S. Treasury bills and certificates[6]	88,829	103,722	76,985	73,039	69,454	72,322	71,804	72,690	72,803	72,459
27 Other negotiable and readily transferable instruments[7]	2,990	4,130	5,028	3,671	2,605	3,158	3,650	3,596	3,685	3,676
28 Other	146	280	361	171	173	195	443	150	351	302
29 **Banks[10]**	**414,280**	**459,523**	**514,721**	**489,851**	**492,708**	**503,137**	**496,903**	**507,154**	**524,048**	**528,784**
30 Banks' own liabilities	371,665	409,501	454,206	423,858	426,048	432,438	424,810	433,739	449,031	450,734
31 Unaffiliated foreign banks	124,030	120,362	135,425	116,562	114,925	117,009	117,151	119,881	130,517	126,286
32 Demand deposits	10,898	9,948	10,325	9,625	9,864	9,673	9,503	9,224	9,793	10,415
33 Time deposits[2]	79,717	80,189	90,557	75,389	68,703	71,159	73,243	74,888	77,982	80,885
34 Other[3]	33,415	30,226	34,543	31,548	36,357	36,177	34,405	35,770	42,742	34,987
35 Own foreign offices[4]	247,635	289,138	318,782	307,295	311,123	315,430	307,660	313,859	318,514	324,448
36 Banks' custody liabilities[5]	42,615	50,022	60,514	65,993	66,660	70,699	72,093	73,415	75,017	78,050
37 U.S. Treasury bills and certificates[6]	9,134	7,602	9,367	9,359	9,374	11,578	13,502	13,964	13,855	13,009
38 Other negotiable and readily transferable instruments[7]	5,392	5,725	5,124	5,390	5,437	5,616	5,757	5,760	5,366	6,187
39 Other	28,089	36,694	46,023	51,244	51,850	53,504	52,833	53,690	55,797	58,855
40 **Other foreigners**	**79,463**	**87,351**	**103,669**	**100,223**	**98,391**	**98,848**	**96,268**	**97,112**	**96,198**	**95,095**
41 Banks' own liabilities	67,000	75,396	88,793	84,389	83,500	83,692	82,389	82,941	82,400	81,076
42 Demand deposits	9,604	9,928	9,463	8,867	9,114	9,232	9,220	8,937	8,755	9,200
43 Time deposits[2]	54,277	61,025	66,757	68,608	67,318	67,953	66,687	67,155	66,341	65,895
44 Other[3]	3,119	4,443	12,573	6,914	7,069	6,506	6,481	6,849	7,304	5,981
45 Banks' custody liabilities[5]	12,463	11,956	14,877	15,834	14,891	15,157	13,879	14,170	13,798	14,019
46 U.S. Treasury bills and certificates[6]	3,515	3,675	4,551	5,425	4,632	4,834	4,630	5,081	5,285	5,448
47 Other negotiable and readily transferable instruments[7]	6,898	5,929	7,958	8,378	8,350	8,293	7,205	7,083	7,113	6,464
48 Other	2,050	2,351	2,368	2,031	1,909	2,030	2,044	2,007	1,400	2,107
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,314	6,425	7,203	7,634	7,183	7,282	6,429	5,909	5,713	6,294

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	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[p]
1 **Total**	**618,874**	**685,339**	**736,627**	**703,562**	**702,923**	**715,613**	**707,464**	**719,673**	**737,840**	**741,202**
2 **Foreign countries**	**614,411**	**682,115**	**731,855**	**698,666**	**697,195**	**711,055**	**702,446**	**715,560**	**733,552**	**735,347**
3 Europe	234,641	231,912	237,453	225,210	229,675	236,551	234,112	235,872	244,759	241,015
4 Austria	920	1,155	1,233	1,493	1,549	1,373	1,531	1,498	1,544	1,397
5 Belgium-Luxembourg	9,347	10,022	10,611	12,319	10,128	9,507	10,047	10,564	11,503	11,972
6 Denmark	760	2,200	1,415	1,760	2,244	2,152	2,411	2,581	2,238	2,055
7 Finland	377	285	570	431	464	314	387	485	465	392
8 France	29,835	24,777	26,903	21,900	24,263	23,103	23,566	23,111	24,199	29,191
9 Germany	7,022	6,772	7,578	7,488	8,798	8,030	8,076	7,580	7,595	7,837
10 Greece	689	672	1,028	906	879	860	833	877	940	1,454
11 Italy	12,073	14,599	16,169	12,728	14,138	16,347	16,779	17,114	17,117	16,351
12 Netherlands	5,014	5,316	6,613	9,454	7,731	8,166	7,617	5,968	6,201	5,381
13 Norway	1,362	1,559	2,401	2,619	1,454	1,582	2,420	1,793	2,192	1,951
14 Portugal	801	903	2,407	2,385	2,354	2,359	3,082	3,073	2,934	2,992
15 Spain	2,621	5,494	4,364	4,911	4,230	4,535	4,391	4,922	4,455	4,340
16 Sweden	1,379	1,284	1,491	1,374	1,689	1,655	1,769	1,586	1,495	833
17 Switzerland	33,766	34,199	34,496	33,890	33,244	35,260	34,780	33,809	34,932	34,918
18 Turkey	703	1,012	1,818	1,039	1,459	1,641	1,596	1,654	1,897	1,634
19 United Kingdom	116,852	111,811	102,362	96,966	99,376	104,624	98,530	100,861	107,602	102,339
20 Yugoslavia	710	529	1,474	1,613	1,599	1,934	2,169	2,436	2,272	2,043
21 Other Western Europe[1]	9,798	8,598	13,563	10,494	12,239	11,423	12,360	14,367	13,832	12,018
22 U.S.S.R.	32	138	350	141	446	158	75	257	56	250
23 Other Eastern Europe[2]	582	591	608	1,299	1,392	1,529	1,695	1,335	1,291	1,669
24 Canada	30,095	21,062	18,865	18,538	19,485	19,900	19,956	20,056	21,122	20,796
25 Latin America and Caribbean	220,372	271,146	310,948	313,158	309,109	315,674	312,782	316,603	320,037	326,453
26 Argentina	5,006	7,804	7,304	8,036	8,235	8,346	7,993	8,163	7,845	7,981
27 Bahamas	74,767	86,863	99,341	98,492	90,331	98,658	99,255	98,292	101,634	108,264
28 Bermuda	2,344	2,621	2,884	2,308	2,807	2,514	3,072	2,824	2,659	2,739
29 Brazil	4,005	5,314	6,334	7,281	6,729	6,088	6,110	6,083	6,884	6,468
30 British West Indies	81,494	113,840	138,263	139,120	143,264	142,129	137,069	142,702	141,383	140,571
31 Chile	2,210	2,936	3,212	3,261	3,418	3,517	3,449	3,540	3,550	3,135
32 Colombia	4,204	4,374	4,653	4,510	4,404	4,471	4,508	4,474	4,344	3,918
33 Cuba	12	10	10	9	9	10	11	15	11	10
34 Ecuador	1,082	1,379	1,391	1,337	1,334	1,367	1,368	1,349	1,348	1,348
35 Guatemala	1,082	1,195	1,312	1,403	1,451	1,473	1,473	1,523	1,498	1,517
36 Jamaica	160	269	209	245	224	215	224	221	213	217
37 Mexico	14,480	15,185	15,423	15,269	15,085	15,116	16,141	16,057	16,333	16,486
38 Netherlands Antilles	4,975	6,420	6,310	6,412	6,460	6,806	6,628	6,375	6,446	6,929
39 Panama	7,414	4,353	4,361	4,766	4,749	4,540	4,544	4,388	4,630	4,632
40 Peru	1,275	1,671	1,984	1,836	1,703	1,532	1,473	1,405	1,369	1,362
41 Uruguay	1,582	1,898	2,284	2,513	2,575	2,560	2,529	2,560	2,531	2,514
42 Venezuela	9,048	9,147	9,468	9,916	9,673	9,717	10,292	9,830	10,455	11,251
43 Other	5,234	5,868	6,206	6,446	6,659	6,614	6,645	6,803	6,905	7,110
44 Asia	121,288	147,838	156,201	133,230	131,027	129,147	126,265	134,138	137,766	137,241
China										
45 Mainland	1,162	1,895	1,773	1,578	1,844	1,785	1,871	1,890	2,319	2,105
46 Taiwan	21,503	26,058	19,588	15,579	15,440	15,174	11,006	12,611	12,639	12,467
47 Hong Kong	10,180	12,248	12,416	11,615	12,277	12,896	12,369	13,316	13,823	13,826
48 India	582	699	780	1,033	1,013	1,148	966	909	806	1,035
49 Indonesia	1,404	1,180	1,281	1,545	1,560	1,192	1,520	1,377	1,130	1,398
50 Israel	1,292	1,461	1,243	1,497	1,311	1,227	1,202	1,122	1,125	939
51 Japan	54,322	74,015	81,184	66,430	65,581	62,101	62,367	66,293	68,664	69,283
52 Korea	1,637	2,541	3,215	2,331	2,120	2,049	2,121	2,157	2,316	2,567
53 Philippines	1,085	1,163	1,766	1,216	1,193	1,191	1,329	1,314	1,350	1,340
54 Thailand	1,345	1,236	2,093	1,930	1,595	1,973	2,125	2,745	2,233	1,626
55 Middle-East oil-exporting countries[3]	13,988	12,083	13,370	12,452	11,626	13,049	13,076	14,039	14,928	14,046
56 Other	12,788	13,260	17,491	16,024	15,466	15,362	16,313	16,366	16,433	16,609
57 Africa	3,945	3,991	3,823	3,644	3,722	3,778	3,650	3,412	5,064	5,002
58 Egypt	1,151	911	686	601	595	646	592	583	1,505	970
59 Morocco	194	68	78	80	111	86	81	95	77	93
60 South Africa	202	437	205	277	236	241	318	239	332	393
61 Zaire	67	85	86	74	70	66	41	38	43	44
62 Oil-exporting countries[4]	1,014	1,017	1,121	1,048	936	1,016	890	873	1,072	966
63 Other	1,316	1,474	1,648	1,564	1,775	1,722	1,728	1,584	2,035	2,537
64 Other countries	4,070	6,165	4,564	4,887	4,176	6,005	5,680	5,480	4,803	4,840
65 Australia	3,327	5,293	3,867	3,994	3,469	5,250	5,052	4,892	4,122	4,109
66 All other	744	872	697	893	707	755	628	588	681	732
67 Nonmonetary international and regional organizations	4,464	3,224	4,772	4,896	5,727	4,558	5,018	4,112	4,288	5,856
68 International[5]	2,830	2,503	3,825	3,634	4,147	3,393	3,883	2,981	3,150	4,632
69 Latin American regional	1,272	589	684	949	1,123	912	920	812	567	668
70 Other regional[6]	362	133	263	313	457	253	215	319	571	556

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	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1 **Total**	**459,877**	**491,165**	**533,992**	**487,989**	**488,844**	**489,028**	**489,245**	**488,294[r]**	**495,030**	**491,560**
2 **Foreign countries**	**456,472**	**489,094**	**530,553**	**484,036**	**484,452**	**484,443**	**485,050**	**484,019[r]**	**491,674**	**486,414**
3 Europe	102,348	116,928	119,024	104,298	105,154	103,615	102,394	102,363[r]	106,687	105,146
4 Austria	793	483	415	500	592	420	337	399	287	413
5 Belgium–Luxembourg	9,397	8,515	6,478	6,361	6,330	6,765	5,611	6,744	6,671	5,577
6 Denmark	717	483	582	608	750	1,004	590	503	676	674
7 Finland	1,010	1,065	1,027	1,153	1,025	931	1,035	1,112	1,177	962
8 France	13,548	13,243	16,146	15,631	16,087	16,224	14,794	13,746	14,288	14,485
9 Germany	2,039	2,329	2,865	2,783	2,476	3,045	2,870	2,595[r]	2,939	3,396
10 Greece	462	433	788	664	622	597	514	529	610	686
11 Italy	7,460	7,936	6,662	5,050	4,230	4,758	5,133	4,615	4,500	4,537
12 Netherlands	2,619	2,541	1,904	2,142	2,027	1,968	2,041	1,749[r]	1,647	2,193
13 Norway	934	455	609	777	918	761	745	692[r]	716	744
14 Portugal	477	261	376	273	381	407	540	543	411	412
15 Spain	1,853	1,823	1,930	2,241	1,726	1,897	2,084	2,125	2,107	2,312
16 Sweden	2,254	1,977	1,773	2,236	2,206	2,711	2,614	3,362[r]	3,384	2,395
17 Switzerland	2,718	3,895	6,141	5,056	4,826	4,999	5,249	4,297	3,736	3,970
18 Turkey	1,680	1,233	1,071	1,123	1,120	1,138	1,230	1,186	1,434	1,377
19 United Kingdom	50,823	65,706	65,527	53,100	55,604	52,333	53,577	54,804[r]	58,556	57,605
20 Yugoslavia	1,700	1,390	1,329	1,157	1,121	1,128	1,095	1,070	1,029	1,120
21 Other Western Europe[2]	619	1,152	1,302	1,183	970	786	804	960	982	697
22 U.S.S.R.	389	1,255	1,179	1,356	1,322	945	754	565	624	940
23 Other Eastern Europe[3]	852	754	921	904	820	800	777	765[r]	913	652
24 Canada	25,368	18,889	15,450	15,081	15,234	16,355	16,492	16,391	15,431	15,393
25 Latin America and Caribbean	214,789	214,264	230,392	210,443	200,361	205,853	208,825	199,793[r]	204,015	211,028
26 Argentina	11,996	11,826	9,270	8,189	8,025	7,689	7,600	7,166	7,111	7,204
27 Bahamas	64,587	66,954	77,921	69,095	63,937	70,508	66,913	67,041[r]	67,865	71,421
28 Bermuda	471	483	1,315	425	443	774	1,830	1,988	2,443	3,741
29 Brazil	25,897	25,735	23,749	21,885	21,849	21,793	20,699	20,180[r]	18,906	18,645
30 British West Indies	50,042	55,888	68,709	72,412	67,706	67,564	74,590	66,428[r]	70,973	73,264
31 Chile	6,308	5,217	4,353	4,079	3,715	3,630	3,453	3,490[r]	3,430	3,276
32 Colombia	2,740	2,944	2,784	2,720	2,649	2,624	2,596	2,541	2,700	2,552
33 Cuba	1	1	1	0	0	0	0	1	2	0
34 Ecuador	2,286	2,075	1,688	1,536	1,527	1,503	1,523	1,515	1,507	1,498
35 Guatemala[4]	144	198	197	208	207	206	188	196	208	215
36 Jamaica[4]	188	212	297	265	260	260	258	262	258	260
37 Mexico	29,532	24,637	23,376	14,268	14,734	14,529	14,665	14,689[r]	14,936	15,296
38 Netherlands Antilles	980	1,306	1,921	1,692	1,759	1,630	1,722	1,873	1,633	1,847
39 Panama	4,744	2,521	1,740	1,722	1,733	1,643	1,598	1,491	1,507	1,558
40 Peru	1,329	1,013	771	733	721	679	683	661	631	649
41 Uruguay	963	910	928	926	886	876	842	843	834	796
42 Venezuela	10,843	10,733	9,647	8,528	8,405	8,251	8,136	8,064	7,652	7,274
43 Other Latin America and Caribbean	1,738	1,612	1,726	1,760	1,805	1,693	1,527	1,364[r]	1,420	1,533
44 Asia	106,096	130,881	157,444	145,906	155,553	150,172	148,963	158,028[r]	157,944	146,790
China										
Mainland	968	762	634	599	674	517	537	554	586	539
46 Taiwan	4,592	4,184	2,776	2,016	1,890	1,941	1,946	1,583	2,026	1,710
47 Hong Kong	8,218	10,143	11,128	7,418	8,965	9,563	9,271	9,434	9,473	9,026
48 India	510	560	621	721	588	579	802	852	628	867
49 Indonesia	580	674	651	604	560	599	801	814	836	826
50 Israel	1,363	1,136	813	761	746	738	777	738	785	698
51 Japan	68,658	90,149	111,270	108,554	117,560	108,245	107,671	114,663[r]	114,973	105,727
52 Korea	5,148	5,213	5,323	5,042	5,011	5,186	5,128	5,515	5,614	5,679
53 Philippines	2,071	1,876	1,344	1,204	1,221	1,351	1,357	1,342	1,369	1,333
54 Thailand	496	848	1,140	992	1,073	1,202	1,279	1,242[r]	1,245	1,279
55 Middle East oil-exporting countries[5]	4,858	6,213	10,149	8,929	8,376	9,577	10,816	12,318	10,657	10,433
56 Other Asia	8,635	9,122	11,594	9,066	8,891	10,674	8,576	8,971[r]	9,752	8,674
57 Africa	4,742	5,718	5,890	5,984	5,953	5,913	5,787	5,567[r]	5,659	5,765
58 Egypt	521	507	502	474	491	488	469	421	449	430
59 Morocco	542	511	559	581	596	587	565	544	539	542
60 South Africa	1,507	1,681	1,628	1,648	1,632	1,639	1,573	1,560	1,571	1,600
61 Zaire	15	17	16	25	19	20	21	20	19	20
62 Oil-exporting countries[6]	1,003	1,523	1,648	1,749	1,705	1,665	1,649	1,604	1,586	1,530
63 Other	1,153	1,479	1,537	1,507	1,509	1,515	1,511	1,418[r]	1,496	1,644
64 Other countries	3,129	2,413	2,354	2,324	2,195	2,535	2,590	1,878	1,938	2,292
65 Australia	2,100	1,520	1,781	1,632	1,551	1,657	1,712	1,422	1,304	1,868
66 All other	1,029	894	573	692	644	878	878	456	634	424
67 Nonmonetary international and regional organizations[7]	3,404	2,071	3,439	3,954	4,393	4,585	4,195	4,275[r]	3,356	5,145

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	1987	1988	1989	1990						
				Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[p]
1 **Total**	**497,635**	**538,689**	**592,401**	**541,152**	....	....	**548,135**	....	....	....
2 Banks' own claims on foreigners	459,877	491,165	533,992	487,989	488,844	489,028	489,245	488,294	495,030	491,560
3 Foreign public borrowers	64,605	62,658	60,073	51,755	51,355	50,804	49,139	47,570	46,578	48,073
4 Own foreign offices[2]	224,727	257,436	295,980	274,886	274,354	275,178	280,016	275,275	274,014	277,317
5 Unaffiliated foreign banks	127,609	129,425	134,854	123,186	125,318	125,908	121,706	128,481	137,741	125,148
6 Deposits	60,687	65,898	78,184	70,551	72,633	72,566	68,309	73,114	79,793	71,783
7 Other	66,922	63,527	56,670	52,635	52,685	53,342	53,397	55,367	57,948	53,366
8 All other foreigners	42,936	41,646	43,084	38,162	37,818	37,138	38,384	36,969	36,697	41,022
9 Claims of banks' domestic customers[3]	37,758	47,524	58,409	53,163	....	....	58,890	....	....	....
10 Deposits	3,692	8,289	12,834	16,788	....	....	15,499	....	....	....
11 Negotiable and readily transferable instruments[4]	26,696	25,700	30,983	22,020	....	....	27,451	....	....	....
12 Outstanding collections and other claims	7,370	13,535	14,591	14,354	....	....	15,940	....	....	....
13 MEMO: Customer liability on acceptances	23,107	19,596	12,753	13,563	....	....	12,930[r]	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	40,909	45,565	45,675	42,112	39,272	41,517	40,222[r]	40,837	44,139	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	1986	1987	1988	1989		1990	
				Sept.	Dec.	Mar.	June
1 **Total**	**232,295**	**235,130**	**233,184**	**234,112**	**237,648**	**213,670**	**208,862**
By borrower							
2 Maturity of 1 year or less[2]	160,555	163,997	172,634	170,682	177,896	160,087	159,150
3 Foreign public borrowers	24,842	25,889	26,562	24,102	23,483	22,725	20,371
4 All other foreigners	135,714	138,108	146,071	146,581	154,413	137,362	138,778
5 Maturity over 1 year[2]	71,740	71,133	60,550	63,429	59,752	53,584	49,712
6 Foreign public borrowers	39,103	38,625	35,291	38,134	35,822	30,050	28,332
7 All other foreigners	32,637	32,507	25,259	25,295	23,931	23,533	21,380
By area							
Maturity of 1 year or less[2]							
8 Europe	61,784	59,027	55,909	54,525	53,912	48,368	49,449
9 Canada	5,895	5,680	6,282	6,236	5,886	5,694	5,754
10 Latin America and Caribbean	56,271	56,535	57,991	52,227	52,989	46,719	44,336
11 Asia	29,457	35,919	46,224	50,445	57,766	51,744	51,182
12 Africa	2,882	2,833	3,337	3,514	3,225	3,165	2,991
13 All other[3]	4,267	4,003	2,891	3,735	4,118	4,396	5,437
Maturity of over 1 year[2]							
14 Europe	6,737	6,696	4,666	4,662	4,121	4,407	4,201
15 Canada	1,925	2,661	1,922	2,459	2,353	2,702	2,819
16 Latin America and Caribbean	56,719	53,817	47,547	49,046	45,818	37,668	33,623
17 Asia	4,043	3,830	3,613	4,203	4,142	5,479	5,866
18 Africa	1,539	1,747	2,301	2,475	2,633	2,764	2,739
19 All other[3]	777	2,381	501	584	684	564	464

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	1986	1987	1988		1989				1990		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**386.5**	**382.4**	**354.0**	**346.3**	**346.1**	**340.0**	**346.2**	**338.3**	**334.4**	**322.9**	**333.0**
2 G-10 countries and Switzerland	156.6	159.7	148.7	152.7	145.4	145.1	146.4	152.9	147.1	140.1[r]	144.3
3 Belgium-Luxembourg	8.4	10.0	9.5	9.0	8.6	7.8	6.9	6.3	6.6	6.2	6.5
4 France	13.6	13.7	10.3	10.5	11.2	10.8	11.1	11.7	10.5	10.3	11.1
5 Germany	11.6	12.6	9.2	10.3	10.2	10.6	10.4	10.5	11.2	11.2	11.2
6 Italy	9.0	7.5	5.6	6.8	5.2	6.1	6.8	7.4	6.0	5.5	4.5
7 Netherlands	4.6	4.1	2.9	2.7	2.8	2.8	2.4	3.1	3.1	2.7	3.7
8 Sweden	2.4	2.1	1.9	1.8	2.3	1.8	2.0	2.0	2.1	2.3	2.4
9 Switzerland	5.8	5.6	5.2	5.4	5.1	5.4	6.1	7.1	6.3	6.4	5.6
10 United Kingdom	70.9	68.8	67.6	66.2	65.6	64.5	63.7	67.2	64.0	59.9	62.1
11 Canada	5.2	5.5	4.9	5.0	4.0	5.1	5.9	5.4	4.8	5.2	5.1
12 Japan	25.1	29.8	31.6	34.9	30.5	30.2	31.0	32.2	32.6	30.4[r]	32.1
13 Other developed countries	26.1	26.4	23.0	21.0	21.1	21.2	21.0	20.7	23.1	22.6	23.0
14 Austria	1.7	1.9	1.6	1.5	1.4	1.7	1.5	1.5	1.5	1.5	1.6
15 Denmark	1.7	1.7	1.2	1.1	1.1	1.4	1.1	1.1	1.1	1.1	1.0
16 Finland	1.4	1.2	1.3	1.1	1.0	1.0	1.1	1.0	1.1	.9	.8
17 Greece	2.3	2.0	2.1	1.8	2.1	2.3	2.4	2.5	2.6	2.7	2.8
18 Norway	2.4	2.2	2.0	1.8	1.6	1.8	1.4	1.4	1.7	1.4	1.5
19 Portugal	.9	.6	.4	.4	.4	.6	.4	.4	.4	.8	.6
20 Spain	5.8	8.0	6.3	6.2	6.6	6.2	6.9	7.1	8.3	7.9	8.5
21 Turkey	2.0	2.0	1.6	1.5	1.3	1.1	1.2	1.2	1.3	1.4	1.6
22 Other Western Europe	1.5	1.6	1.9	1.3	1.1	1.1	1.0	.7	1.0	1.1	.7
23 South Africa	3.0	2.9	2.7	2.4	2.2	2.1	2.1	2.0	2.0	1.9	1.9
24 Australia	3.4	2.4	1.8	1.8	2.4	1.9	2.1	1.6	2.1	1.9	2.0
25 OPEC countries[3]	19.4	17.4	17.9	16.6	16.2	16.1	16.2	17.1	15.5	15.4	14.4
26 Ecuador	2.2	1.9	1.8	1.7	1.6	1.5	1.5	1.3	1.2	1.2	1.1
27 Venezuela	8.7	8.1	7.9	7.9	7.9	7.5	7.4	7.0	6.1	6.0	6.0
28 Indonesia	2.5	1.9	1.8	1.7	1.7	1.9	2.0	2.0	2.1	2.0	2.3
29 Middle East countries	4.3	3.6	4.6	3.4	3.3	3.4	3.5	5.0	4.3	4.4	3.3
30 African countries	1.8	1.9	1.9	1.9	1.7	1.6	1.9	1.7	1.8	1.8	1.7
31 Non-OPEC developing countries	99.6	97.8	87.2	85.3	85.9	83.4	81.2	77.5	68.8	66.5[r]	66.3
Latin America											
32 Argentina	9.5	9.5	9.3	9.0	8.5	7.9	7.6	6.3	5.5	5.1	4.9
33 Brazil	25.3	24.7	22.4	22.4	22.8	22.1	20.9	19.0	17.5	16.0[r]	15.0
34 Chile	7.1	6.9	6.3	5.6	5.7	5.2	4.9	4.6	4.3	3.7	3.6
35 Colombia	2.1	2.0	2.1	2.1	1.9	1.7	1.6	1.8	1.8	1.7	1.8
36 Mexico	24.0	23.5	20.4	18.8	18.3	17.7	17.2	17.7	12.8	13.0	13.1
37 Peru	1.4	1.1	.8	.8	.7	.6	.6	.6	.5	.5	.5
38 Other Latin America	3.1	2.8	2.5	2.6	2.7	2.6	2.9	2.8	2.7	2.4	2.4
Asia											
China											
39 Mainland	.4	.3	.2	.3	.5	.3	.3	.3	.3	.2	.2
40 Taiwan	4.9	8.2	3.2	3.7	4.9	5.2	5.0	4.5	3.8	3.6	3.9
41 India	1.2	1.9	2.0	2.1	2.6	2.4	2.7	3.1	3.5	3.6	3.6
42 Israel	1.5	1.0	1.0	1.2	.9	.8	.7	.7	.6	.7[r]	.6
43 Korea (South)	6.7	5.0	6.0	6.1	6.1	6.6	6.5	5.9	5.3	5.6	6.2
44 Malaysia	2.1	1.5	1.7	1.6	1.7	1.6	1.7	1.7	1.8	1.8	1.8
45 Philippines	5.4	5.2	4.7	4.5	4.4	4.4	4.0	4.1	3.7	3.9	3.9
46 Thailand	.9	.7	1.2	1.1	1.0	1.0	1.3	1.3	1.1	1.3	1.5
47 Other Asia	.7	.7	.8	.9	.8	.8	1.0	1.0	1.2	1.1	1.2
Africa											
48 Egypt	.7	.6	.5	.4	.5	.6	.5	.4	.4	.5	.4
49 Morocco	.9	.9	.8	.9	.9	.9	.8	.9	.9	.9	.9
50 Zaire	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[4]	1.6	1.3	1.2	1.1	1.1	1.1	1.0	1.0	.9	.9	.8
52 Eastern Europe	3.5	3.2	3.1	3.6	3.5	3.4	3.5	3.5	3.4	3.0	2.9
53 U.S.S.R.	.1	.3	.4	.7	.7	.6	.8	.7	.8	.4	.4
54 Yugoslavia	2.0	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.4	1.4	1.3
55 Other	1.4	1.1	1.0	1.1	1.1	1.1	1.1	1.3	1.3	1.2	1.2
56 Offshore banking centers	61.5	54.5	47.3	44.2	48.5	43.1	49.2	36.6	42.9	40.1[r]	41.8
57 Bahamas	22.4	17.3	12.9	11.0	15.8	11.0	11.4	5.5	9.3	8.5	8.8
58 Bermuda	.6	.6	.9	.9	1.1	.7	1.3	1.7	.9	2.2	4.0
59 Cayman Islands and other British West Indies	12.3	13.5	11.9	12.9	12.0	10.8	15.3	8.9	10.9	8.5[r]	9.0
60 Netherlands Antilles	1.8	1.2	1.2	1.0	.9	1.0	1.1	2.3	2.6	2.3	2.2
61 Panama[5]	4.0	3.7	2.6	2.5	2.2	1.9	1.5	1.4	1.3	1.4	1.5
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.1	11.2	10.5	9.6	9.6	10.4	10.7	9.7	9.8	10.0	9.0
64 Singapore	9.2	7.0	7.0	6.1	6.8	7.3	7.8	7.0	8.0	7.0	7.2
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	19.8	23.2	26.7	22.6	25.0	27.4	28.5	29.8	33.2	35.1[r]	40.0

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	1986	1987	1988	1989				1990	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**25,587**	**28,302**	**32,938**	**38,513**	**38,460**	**36,523**	**38,429**	**38,518**	**39,872**
2	Payable in dollars	21,749	22,785	27,320	32,706	33,372	31,685	33,585	34,229	35,072
3	Payable in foreign currencies	3,838	5,517	5,618	5,806	5,088	4,838	4,845	4,289	4,800
	By type									
4	Financial liabilities	12,133	12,424	14,507	18,744	18,427	17,117	18,380	17,802	19,786
5	Payable in dollars	9,609	8,643	10,608	14,648	14,551	13,289	14,478	14,589	16,097
6	Payable in foreign currencies	2,524	3,781	3,900	4,096	3,875	3,829	3,902	3,213	3,689
7	Commercial liabilities	13,454	15,878	18,431	19,768	20,034	19,406	20,050	20,716	20,086
8	Trade payables	6,450	7,305	6,505	7,094	6,510	6,902	7,373	7,275	6,850
9	Advance receipts and other liabilities	7,004	8,573	11,926	12,674	13,524	12,503	12,676	13,440	13,237
10	Payable in dollars	12,140	14,142	16,712	18,058	18,821	18,397	19,107	19,639	18,975
11	Payable in foreign currencies	1,314	1,737	1,719	1,711	1,213	1,009	943	1,076	1,111
	By area or country									
	Financial liabilities									
12	Europe	7,917	8,320	9,962	13,854	12,575	11,197	11,622	10,925	12,026
13	Belgium-Luxembourg	270	213	289	320	357	308	340	333	347
14	France	661	382	359	224	257	242	258	217	156
15	Germany	368	551	699	561	618	590	523	482	601
16	Netherlands	542	866	880	874	835	853	946	865	934
17	Switzerland	646	558	1,033	954	938	799	541	529	667
18	United Kingdom	5,140	5,557	6,533	10,721	9,402	8,207	8,742	8,212	8,759
19	Canada	399	360	388	616	626	575	573	476	345
20	Latin America and Caribbean	1,944	1,189	839	677	1,262	1,367	1,268	1,814	2,508
21	Bahamas	614	318	184	189	165	186	157	237	249
22	Bermuda	4	0	0	0	7	7	17	0	0
23	Brazil	32	25	0	0	0	0	0	0	0
24	British West Indies	1,146	778	645	471	661	743	635	1,096	1,717
25	Mexico	22	13	1	15	17	4	6	5	4
26	Venezuela	0	0	0	0	0	0	0	0	0
27	Asia	1,805	2,451	3,312	3,591	3,863	3,878	4,814	4,483	4,848
28	Japan	1,398	2,042	2,563	2,825	3,100	3,130	3,963	3,445	3,846
29	Middle East oil-exporting countries[2]	8	8	3	1	12	2	2	3	5
30	Africa	1	4	2	5	3	4	2	3	3
31	Oil-exporting countries[3]	1	1	0	3	2	2	0	0	1
32	All other[4]	67	100	4	2	97	97	100	102	55
	Commercial liabilities									
33	Europe	4,446	5,516	7,305	7,834	7,778	8,319	8,883	9,133	8,304
34	Belgium-Luxembourg	101	132	158	122	114	137	178	233	295
35	France	352	426	455	552	535	806	871	881	928
36	Germany	715	909	1,699	1,373	1,190	1,183	1,362	1,143	959
37	Netherlands	424	423	587	667	688	548	699	688	606
38	Switzerland	385	559	417	446	447	531	621	583	607
39	United Kingdom	1,341	1,599	2,065	2,585	2,709	2,703	2,618	2,925	2,434
40	Canada	1,405	1,301	1,217	1,163	1,133	1,189	1,067	1,124	1,260
41	Latin America and Caribbean	924	864	1,090	1,253	1,673	1,086	1,187	1,304	1,277
42	Bahamas	32	18	49	35	34	27	41	37	22
43	Bermuda	156	168	286	426	388	305	308	516	412
44	Brazil	61	46	95	103	541	113	100	116	106
45	British West Indies	49	19	34	31	42	30	27	18	29
46	Mexico	217	189	217	250	235	220	304	241	285
47	Venezuela	216	162	114	114	131	107	154	85	119
48	Asia	5,080	6,565	6,915	7,318	7,045	7,086	7,038	6,885	6,970
49	Japan	2,042	2,578	3,094	3,059	2,708	2,674	2,772	2,624	3,088
50	Middle East oil-exporting countries[2,5]	1,679	1,964	1,385	1,520	1,482	1,442	1,401	1,393	1,125
51	Africa	619	574	576	700	762	648	844	753	885
52	Oil-exporting countries[3]	197	135	202	272	263	255	307	263	277
53	All other[4]	980	1,057	1,328	1,499	1,642	1,077	1,031	1,517	1,390

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	1986	1987	1988	1989				1990	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**36,265**	**30,964**	**33,874**	**31,873**	**34,088**	**31,738**	**31,085**	**29,488**	**31,077**[r]
2	Payable in dollars	33,867	28,502	31,494	29,514	31,871	29,513	28,706	27,334	28,772[r]
3	Payable in foreign currencies	2,399	2,462	2,381	2,359	2,217	2,225	2,379	2,154	2,304
	By type									
4	Financial claims	26,273	20,363	21,739	19,734	21,617	18,827	17,388	16,286	17,521[r]
5	Deposits	19,916	14,894	15,642	14,594	16,500	12,143	10,435	10,458	9,898[r]
6	Payable in dollars	19,331	13,765	14,543	13,680	15,581	11,278	9,460	9,564	8,801[r]
7	Payable in foreign currencies	585	1,128	1,099	914	919	866	975	893	1,097
8	Other financial claims	6,357	5,470	6,097	5,140	5,117	6,684	6,953	5,828	7,623
9	Payable in dollars	5,005	4,656	5,320	4,202	4,380	5,822	6,199	5,140	6,929
10	Payable in foreign currencies	1,352	814	777	938	737	862	754	688	694
11	Commercial claims	9,992	10,600	12,136	12,139	12,471	12,912	13,697	13,202	13,556
12	Trade receivables	8,783	9,535	11,061	10,877	11,039	11,427	12,084	11,610	11,865
13	Advance payments and other claims	1,209	1,065	1,075	1,262	1,432	1,485	1,612	1,593	1,691
14	Payable in dollars	9,530	10,081	11,630	11,632	11,911	12,414	13,047	12,630	13,043
15	Payable in foreign currencies	462	519	505	507	560	498	650	573	513
	By area or country									
	Financial claims									
16	Europe	10,744	9,531	10,169	9,018	8,616	7,253	6,861	6,727	9,179
17	Belgium-Luxembourg	41	7	18	22	161	166	28	22	133[r]
18	France	138	332	203	193	176	166	153	199	141[r]
19	Germany	116	102	120	112	149	120	195	507	93[r]
20	Netherlands	151	350	348	384	297	292	303	315	332
21	Switzerland	185	65	218	241	68	111	95	123	137[r]
22	United Kingdom	9,855	8,467	8,929	7,769	7,468	6,169	5,850	5,358	8,136[r]
23	Canada	4,808	2,844	2,325	2,175	2,568	2,356	1,934	1,803	1,993
24	Latin America and Caribbean	9,291	7,012	8,139	7,504	9,319	8,315	7,428	6,903	5,431[r]
25	Bahamas	2,628	1,994	1,846	2,183	1,875	1,699	1,516	1,599	920
26	Bermuda	6	7	19	25	33	33	7	4	3
27	Brazil	86	63	47	49	78	70	224	79	84
28	British West Indies	6,078	4,433	5,742	4,826	6,923	6,125	5,268	4,806	4,027[r]
29	Mexico	174	172	151	117	114	105	94	152	153
30	Venezuela	21	19	21	25	31	36	20	21	20
31	Asia	1,317	879	844	895	995	801	831	763	815
32	Japan	999	605	574	571	525	440	439	416	473
33	Middle East oil-exporting countries[2]	7	8	5	8	8	7	8	7	6
34	Africa	85	65	106	89	80	75	140	67	62
35	Oil-exporting countries[3]	28	7	10	8	8	8	12	11	8
36	All other[4]	28	33	155	52	40	27	195	23	41
	Commercial claims									
37	Europe	3,725	4,180	5,170	5,094	5,290	5,423	6,160	6,025	6,118
38	Belgium-Luxembourg	133	178	189	214	205	220	241	219	207
39	France	431	650	670	786	770	824	948	957	902
40	Germany	444	562	667	689	675	688	689	690	661
41	Netherlands	164	133	212	164	413	396	478	450	475
42	Switzerland	217	185	344	264	231	222	305	270	235
43	United Kingdom	999	1,073	1,323	1,301	1,371	1,396	1,570	1,690	1,654
44	Canada	934	936	983	1,124	1,181	1,278	1,058	1,091	1,108
45	Latin America and Caribbean	1,857	1,930	2,239	2,118	2,100	2,131	2,161	2,046	2,199
46	Bahamas	28	19	36	34	13	10	57	22	17
47	Bermuda	193	170	230	234	238	270	323	242	283
48	Brazil	234	226	298	277	314	232	286	226	230
49	British West Indies	39	26	22	23	30	33	36	38	46
50	Mexico	412	368	461	485	438	508	508	524	593
51	Venezuela	237	283	227	213	229	188	146	187	220
52	Asia	2,755	2,915	2,979	3,113	3,143	3,299	3,513	3,249	3,380[r]
53	Japan	881	1,158	946	1,042	998	1,177	1,185	1,061	1,046
54	Middle East oil-exporting countries[2]	563	450	446	437	430	406	508	432	424[r]
55	Africa	500	401	434	394	407	398	418	425	391[r]
56	Oil-exporting countries[3]	139	144	122	95	111	87	107	89	98
57	All other[4]	222	238	331	297	350	381	386	367	360

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	1988	1989	1990 Jan.–Sept.	1990 Mar.	Apr.	May	June	July	Aug.r	Sept.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	181,185	213,535	135,454	16,430	11,457	15,231	18,211	17,447	20,653	8,812
2 Foreign sales	183,185	203,537	144,945	19,117	12,356	17,717	18,584	16,080	21,950	11,318
3 Net purchases, or sales (−)	**−2,000**	**9,998**	**−9,491**	**−2,687**	**−899**	**−2,486**	**−372**	**1,367**	**−1,297**	**−2,506**
4 Foreign countries	**−1,825**	**10,232**	**−9,600**	**−2,733**	**−937**	**−2,543**	**−336**	**1,315**	**−1,334**	**−2,452**
5 Europe	−3,350	471	−6,170	−990	−666	−1,048	−590	−12	−1,379	−1,160
6 France	−281	−708	−895	7	−85	−189	32	−25	−175	−148
7 Germany	218	−830	−125	105	6	−57	−66	−41	−119	2
8 Netherlands	−535	167	−322	48	−25	−20	−83	−30	−107	−48
9 Switzerland	−2,243	−3,274	−2,239	−441	−221	−347	−198	−170	−253	−126
10 United Kingdom	−954	3,729	−2,327	−720	−99	−200	−114	252r	−637	−718
11 Canada	1,087	−845	238	−163	−212	−101	88	174	330	210
12 Latin America and Caribbean	1,238	3,089	−991	−208	−27	90	−14	−90	−234	−218
13 Middle East[1]	−2,474	3,531	−1,207	−425	116	−593	−85	−36	187	−437
14 Other Asia	1,365	3,586	−1,161	−921	−55	−904	243	1,056	−69	−712
15 Japan	1,922	3,340	−1,195	−764	−92	−750	212	851	22	−737
16 Africa	188	131	−10	1	−2	0	−7	13	16	1
17 Other countries	121	268	−299	−27	−91	13	30	211	−186	−135
18 Nonmonetary international and regional organizations	**−176**	**−234**	**109**	**46**	**38**	**57**	**−37**	**52**	**37**	**−55**
BONDS[2]										
19 Foreign purchases	86,381	120,540	88,737	9,248	8,355	8,467	12,572	10,923	11,857	7,494
20 Foreign sales	58,417	86,510	76,232	8,636	7,643	6,347	8,456	7,558r	12,359	9,364
21 Net purchases, or sales (−)	**27,964**	**34,031**	**12,505**	**612**	**712**	**2,120**	**4,116**	**3,365r**	**−503**	**−1,870**
22 Foreign countries	**28,506**	**33,678**	**12,717**	**451**	**705**	**2,195**	**4,084**	**3,327r**	**−472**	**−1,900**
23 Europe	17,239	19,848	8,574	340	864	781	3,380	1,996	820	−819
24 France	143	372	385	5	−58	108	293	54	−40	−103
25 Germany	1,344	−238	−170	−15	−40	−39	82	33	172	3
26 Netherlands	1,514	850	41	−11	−2	33	37	37	45	−71
27 Switzerland	505	−165	580	−185	59	83	186	570	−346	0
28 United Kingdom	13,084	18,459	8,021	585	1,013	495	2,761	1,145	776	−275
29 Canada	711	1,116	1,752	183	353	198	292	70	91	−87
30 Latin America and Caribbean	1,931	3,686	3,148	313	411	508	578	273	−103	−208
31 Middle East[1]	−178	−182	128	36	−2	251	−120	17	−176	−65
32 Other Asia	8,900	9,063	−733	−461	−993	440	11	999	−986	−692
33 Japan	7,686	6,331	−563	−419	−1,044	331	−131	930	−632	−871
34 Africa	−8	56	87	−8	48	8	2	−4	−1	5
35 Other countries	−89	91	−241	48	24	9	−59	−24r	−118	−34
36 Nonmonetary international and regional organizations	**−542**	**353**	**−212**	**160**	**6**	**−76**	**32**	**39**	**−31**	**30**
	Foreign securities									
37 Stocks, net purchases, or sales (−)[3]	−1,959	−13,097	−7,158	−91	−869	−2,422	−2,756	−1,117	−90	397
38 Foreign purchases	75,356	109,789	95,640	11,775	8,368	9,785	11,027	11,376	12,373	7,468
39 Foreign sales[3]	77,315	122,886	102,798	11,866	9,237	12,207	13,783	12,493	12,463	7,070
40 Bonds, net purchases, or sales (−)	−7,434	−6,049	−15,600	−9,605	−1,830	−1,867	−2,030	−400r	54	−318
41 Foreign purchases	218,521	234,215	212,243	22,375	20,184	25,879	25,658	23,367r	29,818	25,779
42 Foreign sales	225,955	240,264	227,844	31,981	22,015	27,746	27,688	23,767	29,764	26,097
43 Net purchases, or sales (−), of stocks and bonds	**−9,393**	**−19,145**	**−22,758**	**−9,697**	**−2,699**	**−4,289**	**−4,786**	**−1,517r**	**−37**	**79**
44 Foreign countries	**−9,873**	**−19,178**	**−21,594**	**−8,096**	**−2,849**	**−4,085**	**−4,333**	**−1,547r**	**−480**	**−196**
45 Europe	−7,864	−17,811	−7,836	−306	−666	−1,888	−3,646	−383	−1,254	135
46 Canada	−3,747	−4,180	−4,382	−1,323	−1,797	−721	−219	−328	170	39
47 Latin America and Caribbean	1,384	426	−6,640	−6,648	−171	252	418	−222	−63	−401
48 Asia	979	2,540	−2,258	693	−341	−1,403	−1,073	−201r	608	−344
49 Africa	−54	93	−99	−1	−28	6	8	−83	−8	12
50 Other countries	−571	−246	−379	−511	154	−331	180	−330	67	364
51 Nonmonetary international and regional organizations	**480**	**33**	**−1,164**	**−1,601**	**150**	**−205**	**−453**	**30**	**444**	**275**

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. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data above.

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

Millions of dollars

Country or area	1988	1989	1990 Jan.–Sept.	1990 Mar.	Apr.	May	June	July	Aug.r	Sept.p
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**48,832**	**54,269**	**8,640**	**−8,446**	**3,224**	**−2,744**	**3,554**	**5,488r**	**4,609**	**1,097**
2 Foreign countries[2]	48,170	52,367	9,283	−8,251	4,215	−3,154	3,249	5,331r	3,968	1,454
3 Europe[2]	14,319	36,286	12,052	−2,361	6,150	−3,787	2,587	3,643r	−2,128	5,182
4 Belgium–Luxembourg	923	1,048	85	−256	458	115	270	179r	−395	−95
5 Germany[2]	−5,268	7,904	2,916	−475	633	306	−1,061	−1	1,424	633
6 Netherlands	−356	−1,141	1,064	−411	749	−263	313	196	1,253	956
7 Sweden	−323	693	148	39	264	−254	−34	133	−266	128
8 Switzerland[2]	−1,074	1,097	−703	−251	422	−189	−19	−799	−128	548
9 United Kingdom	9,640	20,198	953	−326	2,271	−3,545	1,894	1,051	−3,776	1,599
10 Other Western Europe	10,786	6,508	7,564	−684	1,344	43	1,223	2,884r	−251	1,407
11 Eastern Europe	−10	−21	17	0	6	0	0	0	11	0
12 Canada	3,761	701	−3,610	−1,383	110	−1,752	367	1,418	1,177	−868
13 Latin America and Caribbean	713	490	5,255	672	2,134	478	914	1,934	1,319	−1,953
14 Venezuela	−109	311	−98	38	−49	71	48	−1	0	−49
15 Other Latin America and Caribbean	1,130	−297	2,342	270	−35	610	1,021	1,060	295	−1,157
16 Netherlands Antilles	−308	475	3,012	365	2,218	−204	−154	874	1,023	−747
17 Asia	27,603	13,335	−4,863	−4,785	−3,880	2,026	−1,086	−1,672r	3,304	−1,751
18 Japan	21,750	1,719	−7,260	−5,351	−6,111	2,234	−469	161	2,376	−2,092
19 Africa	−13	116	244	−43	−4	−8	52	17	57	151
20 All other	1,786	1,439	205	−351	−294	−110	416	−9	239	692
21 Nonmonetary international and regional organizations	661	1,902	−643	−196	−991	410	305	158	641	−357
22 International	1,106	1,473	−137	−92	−528	403	462	−25	444	−154
23 Latin America regional	−31	231	−35	−26	74	25	−109	25	25	−75
Memo										
24 Foreign countries[2]	48,170	52,367	9,283	−8,251	4,215	−3,154	3,249	5,331r	3,968	1,454
25 Official institutions	26,624	26,835	10,034	−3,738	5,066	−2,384	924	724r	6,794	3,763
26 Other foreign[2]	21,546	25,532	−751	−4,512	−851	−770	2,325	4,607r	−2,826	−2,310
Oil-exporting countries										
27 Middle East[3]	1,963	8,148	728	1,020	668	−188	−439	−2,095	−365	241
28 Africa[4]	1	−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 Nov. 30, 1990 Percent	Rate on Nov. 30, 1990 Month effective	Country	Rate on Nov. 30, 1990 Percent	Rate on Nov. 30, 1990 Month effective	Country	Rate on Nov. 30, 1990 Percent	Rate on Nov. 30, 1990 Month effective
Austria	6.5	Oct. 1989	France[1]	9.25	Nov. 1990	Norway	8.0	June 1983
Belgium	10.5	Nov. 1989	Germany, Fed. Rep. of	6.0	Oct. 1989	Switzerland	6.0	Oct. 1989
Canada	12.26	Nov. 1990	Italy	12.5	May 1990	United Kingdom[2]	....	....
Denmark	10.5	Oct. 1989	Japan	6.0	Aug. 1990			
			Netherlands	7.25	Nov. 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	1987	1988	1989	1990 May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars	7.07	7.85	9.16	8.44	8.35	8.23	8.09	7.99	8.07	8.06
2 United Kingdom	9.65	10.28	13.87	15.17	15.11	14.95	14.92	14.95	14.88	14.02
3 Canada	8.38	9.63	12.20	13.59	13.77	13.76	13.58	13.13	12.63	12.58
4 Germany	3.97	4.28	7.04	8.20	8.27	8.24	8.17	8.36	8.39	8.51
5 Switzerland	3.67	2.94	6.83	9.01	8.78	8.71	8.81	8.71	8.11	7.88
6 Netherlands	5.24	4.72	7.28	8.46	8.37	8.26	8.16	8.44	8.42	8.39
7 France	8.14	7.80	9.27	9.92	9.70	9.94	9.91	10.03	10.24	9.92
8 Italy	11.15	11.04	12.44	12.11	12.09	11.33	11.38	11.49	10.65	11.40
9 Belgium	7.01	6.69	8.65	10.19	9.90	9.63	9.30	9.30	9.04	8.89
10 Japan	3.87	3.96	4.73	6.62	6.84	6.86	7.02	7.15	7.41	7.53

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	1987	1988	1989	1990 June	1990 July	1990 Aug.	1990 Sept.	1990 Oct.	1990 Nov.
1 Australia/dollar[2]	70.137	78.409	79.186	76.106	77.903	79.076	80.871	82.512	80.060
2 Austria/schilling	12.649	12.357	13.236	11.699	11.843	11.520	11.044	11.044	10.719
3 Belgium/franc	37.358	36.785	39.409	34.325	34.602	33.715	32.280	32.282	31.373
4 Canada/dollar	1.3259	1.2306	1.1842	1.1747	1.1730	1.1570	1.1448	1.1583	1.1600
5 China, P.R./yuan	3.7314	3.7314	3.7673	4.7339	4.7339	4.7339	4.7339	4.7342	4.7339
6 Denmark/krone	6.8478	6.7412	7.3210	6.3349	6.4080	6.2339	6.0033	5.9961	5.8117
7 Finland/markka	4.4037	4.1933	4.2963	3.9270	3.9561	3.8386	3.7051	3.7113	3.6187
8 France/franc	6.0122	5.9595	6.3802	5.5989	5.6613	5.4924	5.2680	5.2575	5.1032
9 Germany/deutsche mark	1.7981	1.7570	1.8808	1.6630	1.6832	1.6375	1.5702	1.5701	1.5238
10 Greece/drachma	135.47	142.00	162.60	163.82	164.78	160.59	154.82	154.93	153.17
11 Hong Kong/dollar	7.7986	7.8072	7.8008	7.7877	7.7855	7.7704	7.7707	7.7647	7.7722
12 India/rupee	12.943	13.900	16.213	17.325	17.421	17.412	17.347	17.860	18.074
13 Ireland/punt[2]	148.79	152.49	141.80	161.21	159.28	163.75	170.86	170.91	176.04
14 Italy/lira	1,297.03	1,302.39	1,372.28	1,221.93	1,235.60	1,199.65	1,157.07	1,172.87	1,141.62
15 Japan/yen	144.60	128.17	138.07	154.04	153.70	149.04	147.46	138.44	129.59
16 Malaysia/ringgit	2.5186	2.6190	2.7079	2.7024	2.7104	2.7051	2.6956	2.6959	2.6995
17 Netherlands/guilder	2.0264	1.9778	2.1219	1.8704	1.8946	1.8452	1.7692	1.7699	1.7180
18 New Zealand/dollar[2]	59.328	65.560	59.354	57.293	58.254	59.147	61.294	62.077	61.129
19 Norway/krone	6.7409	6.5243	6.9131	6.4477	6.4700	6.2925	6.0810	6.0735	5.8241
20 Portugal/escudo	141.20	144.27	157.53	147.08	147.90	143.93	138.71	139.18	134.41
21 Singapore/dollar	2.1059	2.0133	1.9511	1.8589	1.8471	1.8193	1.7905	1.7671	1.7257
22 South Africa/rand	2.0385	2.2770	2.6214	2.6468	2.6592	2.6253	2.5734	2.5712	2.5445
23 South Korea/won	825.94	734.52	674.29	711.85	718.07	718.75	718.26	717.87	717.76
24 Spain/peseta	123.54	116.53	118.44	103.98	103.91	100.41	96.90	98.49	95.59
25 Sri Lanka/rupee	29.472	31.820	35.947	40.023	40.018	40.018	40.007	39.953	40.285
26 Sweden/krona	6.3469	6.1370	6.4559	6.0560	6.0896	5.9470	5.7754	5.7663	5.6411
27 Switzerland/franc	1.4918	1.4643	1.6369	1.4198	1.4250	1.3924	1.3076	1.3069	1.2818
28 Taiwan/dollar	31.753	28.636	26.407	26.961	27.391	27.163	27.291	27.302	27.288
29 Thailand/baht	25.775	25.312	25.725	25.928	25.876	25.706	25.579	25.376	25.130
30 United Kingdom/pound[2]	163.98	178.13	163.82	167.74	171.03	180.98	190.13	187.94	194.56
MEMO									
31 United States/dollar[3]	96.94	92.72	98.60	92.04	92.43	89.68	86.55	86.10	83.43

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 table follows.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2] Consolidated Report of Condition, March 31, 1990

Millions of dollars

Item	Total	Banks with foreign offices			Banks with domestic offices only	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets[6]**	**3,300,548**	**1,901,097**	**443,865**	**1,515,973**	**1,026,054**	**373,397**
2 Cash and balances due from depository institutions	318,977	230,018	111,229	118,788	63,372	25,587
3 Cash items in process of collection, unposted debits, and currency and coin		84,684	1,451	83,233	29,942	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	71,023	21,605	
5 Currency and coin		n.a.	n.a.	12,210	8,337	
6 Balances due from depository institutions in the United States		31,756	19,415	12,341	19,863	
7 Balances due from banks in foreign countries and foreign central banks	n.a.	92,911	89,936	2,975	2,251	n.a.
8 Balances due from Federal Reserve Banks		20,667	427	20,239	11,315	
MEMO						
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		n.a.	n.a.	7,744	13,461	8,982
10 **Total securities, loans and lease financing receivables, net**	**2,722,971**	**1,474,479**	n.a.	n.a.	**916,532**	**331,960**
11 Total securities, book value	581,868	249,842	34,808	215,035	218,674	113,352
12 U.S. Treasury securities and U.S. government agency and corporation obligations	395,583	153,479	2,947	150,532	154,629	87,475
13 U.S. Treasury securities	n.a.	49,503	1,009	48,494	68,069	n.a.
14 U.S. government agency and corporation obligations	n.a.	103,976	1,939	102,038	86,560	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	128,206	72,248	1,510	70,738	38,381	17,577
16 All other	n.a.	31,728	429	31,299	48,179	n.a.
17 Securities issued by states and political subdivisions in the United States	90,727	35,198	1,587	33,611	38,463	17,065
18 Other domestic debt securities	n.a.	27,821	1,911	25,909	21,428	n.a.
19 All holdings of private certificates of participation in pools of residential mortgages	4,283	2,344	192	2,153	1,506	433
20 All other domestic debt securities	52,516	25,477	1,720	23,757	19,923	7,117
21 Foreign debt securities	n.a.	29,503	27,508	1,994	500	n.a.
22 Equity securities	8,757	3,842	854	2,987	3,653	1,262
23 Marketable	4,221	1,156	279	877	2,119	946
24 Investments in mutual funds	1,901	122	15	106	893	886
25 Other	2,788	1,188	264	924	1,431	169
26 Less: Net unrealized loss	468	153	0	153	205	110
27 Other equity securities	4,536	2,685	575	2,110	1,535	316
28 Federal funds sold and securities purchased under agreements to resell	145,416	71,319	727	70,592	48,618	25,479
29 Federal funds sold	127,393	57,023	n.a.	n.a.	45,147	25,223
30 Securities purchased under agreements to resell	18,022	14,295	n.a.	n.a.	3,471	256
31 Total loans and lease financing receivables, gross	2,062,310	1,197,185	211,175	986,011	666,749	198,376
32 LESS: Unearned income on loans	14,145	6,023	1,590	4,433	6,109	2,014
33 Total loans and leases (net of unearned income)	2,048,165	1,191,162	209,585	981,578	660,641	196,362
34 LESS: Allowance for loan and lease losses	52,236	37,604	n.a.	n.a.	11,400	3,233
35 LESS: Allocated transfer risk reserves	242	240	n.a.	n.a.	1	1
36 EQUALS: Total loans and leases, net	1,995,687	1,153,318	n.a.	n.a.	649,240	193,129
Total loans, gross, by category						
37 Loans secured by real estate	774,478	388,190	23,656	364,534	288,329	97,960
38 Construction and land development	n.a.	n.a.	n.a.	88,400	39,748	7,457
39 Farmland				2,107	5,247	9,416
40 1–4 family residential properties				161,224	141,963	53,724
41 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	27,917	21,453	2,862
42 All other loans				133,307	120,511	50,861
43 Multifamily (5 or more) residential properties				11,734	7,489	1,814
44 Nonfarm nonresidential properties				101,068	93,881	25,549
45 Loans to depository institutions	54,565	48,641	19,564	29,077	5,502	422
46 To commercial banks in the United States	n.a.	24,741	1,259	23,482	4,944	n.a.
47 To other depository institutions in the United States	n.a.	1,823	178	1,644	525	n.a.
48 To banks in foreign countries	n.a.	22,077	18,126	3,950	33	n.a.
49 Loans to finance agricultural production and other loans to farmers	29,643	5,204	288	4,915	7,515	16,924
50 Commercial and industrial loans	620,231	435,337	104,805	330,532	145,524	39,370
51 To U.S. addressees (domicile)	n.a.	351,737	23,259	328,478	145,200	n.a.
52 To non-U.S. addressees (domicile)	n.a.	83,600	81,546	2,054	325	n.a.
53 Acceptances of other banks	3,440	1,131	638	493	1,222	1,087
54 U.S. banks	n.a.	377	21	356	n.a.	n.a.
55 Foreign banks	n.a.	754	617	137	n.a.	n.a.
56 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	387,539	159,055	14,800	144,255	189,855	38,630
57 Credit cards and related plans	122,821	45,421	n.a.	n.a.	75,426	1,974
58 Other (includes single payment and installment)	264,718	113,634	n.a.	n.a.	114,429	36,656
59 Obligations (other than securities) of states and political subdivisions in the U.S. (includes nonrated industrial development obligations)	39,741	24,246	254	23,992	13,936	1,559
60 Taxable	1,282	795	82	714	426	61
61 Tax-exempt	38,459	23,451	172	23,279	13,510	1,498
62 All other loans	115,944	104,780	43,367	61,413	9,325	1,839
63 Loans to foreign governments and official institutions	n.a.	27,080	25,537	1,543	123	n.a.
64 Other loans	n.a.	77,700	17,830	59,870	9,201	n.a.
65 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	15,920	1,488	n.a.
66 All other loans	n.a.	n.a.	n.a.	43,950	7,713	n.a.
67 Lease financing receivables	36,729	30,602	3,802	26,800	5,541	586
68 Assets held in trading accounts	47,725	46,359	21,570	24,756	1,115	251
69 Premises and fixed assets (including capitalized leases)	48,465	26,110		n.a.	15,984	6,371
70 Other real estate owned	14,173	6,955		n.a.	4,863	2,355
71 Investments in unconsolidated subsidiaries and associated companies	3,276	2,469		n.a.	754	52
72 Customers' liability on acceptances outstanding	25,714	25,305	n.a.	n.a.	392	17
73 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.		36,873	n.a.	n.a.
74 Intangible assets	7,182	4,335		n.a.	2,638	209
75 Other assets	112,066	85,066		n.a.	20,405	6,595

4.20—Continued

Item	Total	Banks with foreign offices			Banks with domestic offices only	
		Total	Foreign	Domestic	Over 100	Under 100
76 **Total liabilities, limited-life preferred stock, and equity capital**	**3,300,548**	**1,901,097**	n.a.	n.a.	**1,026,054**	**373,397**
77 **Total liabilities**[7]	**3,089,976**	**1,799,309**	**443,834**	**1,414,215**	**950,797**	**339,871**
78 Limited-life preferred stock	83	0	n.a.	n.a.	82	1
79 Total deposits	2,528,630	1,362,779	326,731	1,036,049	833,621	332,229
80 Individuals, partnerships, and corporations			191,897	948,538	769,202	304,560
81 U.S. government				2,436	1,495	489
82 States and political subdivisions in the United States				37,896	44,667	22,987
83 Commercial banks in the United States	n.a.	n.a.	n.a.	23,186	9,381	1,315
84 Other depository institutions in the United States				5,118	2,569	809
85 Banks in foreign countries				7,218	127	n.a.
86 Foreign governments and official institutions		24,252	23,088	1,164	397	n.a.
87 Certified and official checks	19,179	11,366	873	10,493	5,784	2,029
88 All other[8]	n.a.	n.a.	110,872	n.a.	n.a.	42
89 Total transaction accounts				312,742	218,162	85,810
90 Individuals, partnerships, and corporations				263,322	192,832	76,480
91 U.S. government				1,468	1,155	382
92 States and political subdivisions in the United States				8,836	10,752	5,975
93 Commercial banks in the United States	n.a.	n.a.	n.a.	17,889	6,119	685
94 Other depository institutions in the United States				3,253	1,308	241
95 Banks in foreign countries				6,680	106	n.a.
96 Foreign governments and official institutions				801	106	n.a.
97 Certified and official checks				10,493	5,784	2,029
98 All other				n.a.	n.a.	18
99 Demand deposits (included in total transaction accounts)				233,519	132,995	44,489
100 Individuals, partnerships, and corporations				186,506	113,633	39,318
101 U.S. government				1,445	1,134	373
102 States and political subdivisions in the United States				6,459	4,825	1,837
103 Commercial banks in the United States				17,889	6,118	684
104 Other depository institutions in the United States				3,252	1,290	231
105 Banks in foreign countries				6,675	106	n.a.
106 Foreign governments and official institutions				799	106	n.a.
107 Certified and official checks				10,493	5,784	2,029
108 All other				n.a.	n.a.	18
109 Total nontransaction accounts				723,307	615,459	246,419
110 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	685,215	576,370	228,080
111 U.S. government				968	340	106
112 States and political subdivisions in the United States				29,061	33,915	17,012
113 Commercial banks in the United States				5,297	3,262	630
114 U.S. branches and agencies of foreign banks				673	217	n.a.
115 Other commercial banks in the United States				4,624	3,044	n.a.
116 Other depository institutions in the United States				1,865	1,260	568
117 Banks in foreign countries				538	21	n.a.
118 Foreign branches of other U.S. banks				3	17	n.a.
119 Other banks in foreign countries				535	5	n.a.
120 Foreign governments and official institutions				363	291	n.a.
121 All other				n.a.	n.a.	24
122 Federal funds purchased and securities sold under agreements to repurchase	279,586	214,958	792	214,166	62,078	2,549
123 Federal funds purchased	179,326	146,950	n.a.	n.a.	31,446	930
124 Securities sold under agreements to repurchase	100,260	68,009	n.a.	n.a.	30,632	1,619
125 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	10,306	3,022	379
126 Other borrowed money	130,204	96,532	37,177	59,355	33,115	557
127 Banks liability on acceptances executed and outstanding	25,820	25,411	5,339	20,072	392	17
128 Notes and debentures subordinated to deposits	19,559	17,077	n.a.	n.a.	2,356	126
129 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	21,868	n.a.	n.a.
130 All other liabilities	92,470	72,245	n.a.	n.a.	16,212	4,013
131 Total equity capital[9]	210,488	101,788	n.a.	n.a.	75,176	33,525
MEMO						
132 Holdings of commercial paper included in total loans, gross		964	715	249	1,370	n.a.
133 Total individual retirement accounts (IRA) and Keogh plan accounts				50,901	47,118	17,361
134 Total brokered deposits				46,576	18,923	953
135 Total brokered retail deposits				14,538	12,054	854
136 Issued in denominations of $100,000 or less						
137 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				3,741	3,502	757
Savings deposits				10,797	8,552	97
138 Money market deposit accounts (MMDAs)				194,015	129,992	37,752
139 Other savings deposits (excluding MMDAs)				84,931	77,668	28,773
140 Total time deposits of less than $100,000				224,265	277	138,252
141 Time certificates of deposit of $100,000 or more				187,294	126,668	40,229
142 Open-account time deposits of $100,000 or more	n.a.	n.a.	n.a.	32,802	4,544	1,414
143 All NOW accounts (including Super NOW)				77,758	82,951	39,831
144 Total time and savings deposits				802,530	700,626	287,740
Quarterly averages						
145 Total loans				954,475	655,693	193,955
146 Obligations (other than securities) of states and political subdivisions in the United States				23,442	13,883	n.a.
147 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				77,662	83,814	40,547
Nontransaction accounts in domestic offices						
148 Money market deposit accounts (MMDAs)				191,045	128,557	37,297
149 Other savings deposits				81,791	75,990	27,969
150 Time certificates of deposit of $100,000 or more				186,387	127,220	39,359
151 All other time deposits				253,120	279,698	138,448
152 Number of banks	12,572	238	n.a.	n.a.	2,661	9,673

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices[1,2,6] Consolidated Report of Condition, March 31, 1990

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[6]	**2,542,027**	**2,016,181**	**1,625,038**	**391,142**	**525,846**
2 Cash and balances due from depository institutions	182,160	150,080	120,796	29,284	32,080
3 Cash items in process of collection and unposted debits	92,628	83,110	68,257	14,853	9,518
4 Currency and coin	20,548	16,948	14,145	2,803	3,599
5 Balances due from depository institutions in the United States	32,204	20,548	16,454	4,094	11,656
6 Balances due from banks in foreign countries and foreign central banks	5,226	4,032	3,123	909	1,194
7 Balances due from Federal Reserve Banks	31,555	25,442	18,817	6,625	6,113
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**2,195,136**	**1,725,904**	**1,402,417**	**323,486**	**469,233**
9 Total securities, book value	433,709	325,950	251,391	74,559	107,759
10 U.S. Treasury securities	116,563	82,104	64,416	17,687	34,459
11 U.S. government agency and corporation obligations	188,598	148,955	116,453	32,502	39,643
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	109,119	92,812	72,954	19,858	16,308
13 All other	79,479	56,143	43,499	12,644	23,335
14 Securities issued by states and political subdivisions in the United States	72,075	55,434	41,840	13,595	16,640
15 Other domestic debt securities	47,338	33,954	25,096	8,858	13,384
16 All holdings of private certificates of participation in pools of residential mortgages	3,658	2,736	2,326	410	922
17 All other	43,679	31,218	22,770	8,448	12,462
18 Foreign debt securities	2,494	2,123	891	1,233	371
19 Equity securities	6,641	3,380	2,695	684	3,261
20 Marketable	2,996	701	569	132	2,296
21 Investments in mutual funds	1,000	482	426	55	518
22 Other	2,355	305	202	102	2,050
23 Less: Net unrealized loss	358	86	60	26	273
24 Other equity securities	3,645	2,679	2,127	552	965
25 Federal funds sold and securities purchased under agreements to resell[10]	119,209	96,951	78,300	18,651	22,259
26 Federal funds sold	45,147	28,919	24,686	4,233	16,228
27 Securities purchased under agreements to resell	3,471	2,476	2,165	312	995
28 Total loans and lease financing receivables, gross	1,652,760	1,310,894	1,079,116	231,778	341,866
29 Less: Unearned income on loans	10,542	7,891	6,390	1,501	2,651
30 Total loans and leases (net of unearned income)	1,642,218	1,303,003	1,072,726	230,277	339,215
Total loans, gross, by category					
31 Loans secured by real estate	652,862	496,896	424,477	72,418	155,967
32 Construction and land development	128,149	102,786	86,126	16,660	25,362
33 Farmland	7,354	4,824	4,254	571	2,530
34 1–4 family residential properties	303,187	227,449	194,155	33,294	75,738
35 Revolving, open-end and extended under lines of credit	49,370	38,394	32,306	6,088	10,976
36 All other loans	253,817	189,055	161,849	27,207	64,762
37 Multifamily (5 or more) residential properties	19,223	15,027	13,164	1,863	4,196
38 Nonfarm nonresidential properties	194,949	146,809	126,779	20,030	48,140
39 Loans to commercial banks in the United States	28,426	24,902	18,308	6,594	3,524
40 Loans to other depository institutions in the United States	2,169	1,959	1,829	130	210
41 Loans to banks in foreign countries	3,983	3,797	1,605	2,192	186
42 Loans to finance agricultural production and other loans to farmers	12,430	9,360	8,416	943	3,071
43 Commercial and industrial loans	476,057	389,337	310,968	78,369	86,720
44 To U.S. addressees (domicile)	473,678	387,269	309,588	77,681	86,409
45 To non-U.S. addressees (domicile)	2,379	2,068	1,380	688	311
46 Acceptances of other banks[11]	1,715	987	855	131	728
47 Of U.S. banks	683	447	389	57	237
48 Of foreign banks	244	182	149	34	62
49 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	334,109	258,880	219,778	39,102	75,230
50 Credit cards and related plans	75,426	54,804	52,370	2,434	20,622
51 Other (includes single payment and installment)	114,429	70,672	59,332	11,340	43,756
52 Loans to foreign governments and official institutions	1,667	1,609	1,328	280	58
53 Obligations (other than securities) of states and political subdivisions in the United States	37,928	31,988	23,934	8,054	5,940
54 Taxable	1,140	937	682	255	203
55 Tax-exempt	36,788	31,052	23,252	7,799	5,737
56 Other loans	69,071	63,106	44,224	18,882	5,965
57 Loans for purchasing and carrying securities	17,408	15,993	10,175	5,818	1,415
58 All other loans	51,663	47,113	34,049	13,064	4,550
59 Lease financing receivables	32,341	28,075	23,394	4,681	4,267
60 Customers' liability on acceptances outstanding	19,999	18,762	14,520	4,243	1,236
61 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	36,873	31,896	18,753	13,144	4,976
62 Remaining assets	144,732	121,435	87,305	34,129	23,297

4.21—Continued

Item	Total	Members Total	Members National	Members State	Non-members
63 **Total liabilities and equity capital**	**2,542,027**	**2,016,181**	**1,625,038**	**391,142**	**525,846**
64 **Total liabilities**[4]	**2,365,012**	**1,880,005**	**1,516,734**	**363,270**	**485,007**
65 Total deposits	1,869,670	1,454,225	1,187,841	266,385	415,445
66 Individuals, partnerships, and corporations	1,717,739	1,332,652	1,092,775	239,877	385,087
67 U.S. government	3,931	3,301	2,855	445	631
68 States and political subdivisions in the United States	82,563	61,641	51,616	10,025	20,922
69 Commercial banks in the United States	32,567	29,214	22,395	6,819	3,353
70 Other depository institutions in the United States	7,687	6,047	5,222	826	1,639
71 Banks in foreign countries	7,345	6,739	3,455	3,284	606
72 Foreign governments and official institutions	1,561	1,473	1,029	443	88
73 Certified and official checks	16,277	13,159	8,494	4,665	3,119
74 Total transaction accounts	530,904	425,817	342,772	83,044	105,087
75 Individuals, partnerships, and corporations	456,154	361,584	295,352	66,232	94,570
76 U.S. government	2,623	2,132	1,807	324	492
77 States and political subdivisions in the United States	19,588	15,620	12,972	2,648	3,968
78 Commercial banks in the United States	24,008	22,227	17,257	4,969	1,782
79 Other depository institutions in the United States	4,561	3,743	3,076	667	818
80 Banks in foreign countries	6,786	6,480	3,293	3,187	306
81 Foreign governments and official institutions	906	873	522	352	33
82 Certified and official checks	16,277	13,159	8,494	4,665	3,119
83 Demand deposits (included in total transaction accounts)	366,514	299,474	236,281	63,193	67,040
84 Individuals, partnerships, and corporations	300,139	241,493	194,068	47,425	58,646
85 U.S. government	2,578	2,097	1,773	324	482
86 States and political subdivisions in the United States	11,284	9,415	7,810	1,606	1,868
87 Commercial banks in the United States	24,007	22,227	17,257	4,969	1,781
88 Other depository institutions in the United States	4,542	3,732	3,066	667	810
89 Banks in foreign countries	6,781	6,478	3,293	3,186	302
90 Foreign governments and official institutions	905	873	521	352	32
91 Certified and official checks	16,277	13,159	8,494	4,665	3,119
92 Total nontransaction accounts	1,338,766	1,028,409	845,068	183,340	310,358
93 Individuals, partnerships, and corporations	1,261,585	971,068	797,423	173,645	290,517
94 U.S. government	1,308	1,169	1,048	121	139
95 States and political subdivisions in the United States	62,975	46,021	38,644	7,377	16,954
96 Commercial banks in the United States	8,558	6,987	5,137	1,849	1,572
97 U.S. branches and agencies of foreign banks	890	535	385	150	356
98 Other commercial banks in the United States	7,668	6,452	4,752	1,700	1,216
99 Other depository institutions in the United States	3,125	2,304	2,146	158	821
100 Banks in foreign countries	559	259	162	98	300
101 Foreign branches of other U.S. banks	20	12	9	3	8
102 Other banks in foreign countries	539	247	153	94	292
103 Foreign governments and official institutions	654	599	507	92	55
104 Federal funds purchased and securities sold under agreements to repurchase[12]	276,244	241,014	181,342	59,672	35,230
105 Federal funds purchased	31,446	25,171	21,750	3,422	6,275
106 Securities sold under agreements to repurchase	30,632	16,007	13,332	2,674	14,625
107 Demand notes issued to the U.S. Treasury	13,328	11,949	9,479	2,470	1,379
108 Other borrowed money	92,470	71,685	60,342	11,343	20,784
109 Banks liability on acceptances executed and outstanding	20,464	19,224	14,937	4,287	1,240
110 Notes and debentures subordinated to deposits	2,356	1,850	1,779	71	506
111 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	21,868	20,290	18,490	1,800	1,578
112 Remaining liabilities	90,479	80,056	61,014	19,042	10,423
113 **Total equity capital**[9]	177,015	136,176	108,304	27,872	40,839
MEMO					
114 Holdings of commercial paper included in total loans, gross	1,619	694	601	94	924
115 Total individual retirement accounts (IRA) and Keogh plan accounts	98,018	76,321	63,030	13,290	21,698
116 Total brokered deposits	65,500	48,659	41,503	7,156	16,841
117 Total brokered retail deposits	26,593	17,601	14,775	2,826	8,992
118 Issued in denominations of $100,000 or less	7,243	3,613	3,201	412	3,631
119 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	19,349	13,988	11,574	2,414	5,361
Savings deposits					
120 Money market deposit accounts (MMDAs)	324,006	259,593	214,930	44,664	64,413
121 Other savings accounts	162,598	125,941	93,141	32,800	36,657
122 Total time deposits of less than $100,000	500,853	373,621	314,848	58,773	127,232
123 Time certificates of deposit of $100,000 or more	313,963	237,078	202,204	34,873	76,885
124 Open-account time deposits of $100,000 or more	37,346	32,176	19,946	12,230	5,171
125 All NOW accounts (including Super NOW accounts)	160,709	123,742	104,104	19,638	36,968
126 Total time and savings deposits	1,503,156	1,154,751	951,559	203,192	348,405
Quarterly averages					
127 Total loans	1,610,168	1,277,620	1,053,744	223,876	332,548
128 Obligations (other than securities) of states and political subdivisions in the United States	37,325	31,440	23,212	8,227	5,885
129 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	161,476	124,332	104,671	19,661	37,144
	319,602	255,895	211,253	44,643	63,707
Nontransaction accounts					
130 Money market deposit accounts (MMDAs)					
131 Other savings deposits	157,781	121,872	90,672	31,200	35,909
132 Time certificates of deposits of $100,000 or more	313,607	236,004	200,730	35,274	77,604
133 All other time deposits	532,818	401,639	331,625	70,014	131,179
134 Number of banks	2,899	1,604	1,343	261	1,295

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,2,6]
Consolidated Report of Condition, March 31, 1990

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets[6]**	**2,915,424**	**2,165,268**	**1,743,762**	**421,505**	**750,157**
2 Cash and balances due from depository institutions	207,747	160,474	129,199	31,275	47,273
3 Currency and coin	23,684	18,218	15,169	3,050	5,466
4 Noninterest-bearing balances due from commercial banks	30,187	17,145	13,607	3,537	13,042
5 Other	153,876	125,111	100,423	24,689	28,765
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	2,530,330	1,859,479	1,508,565	350,913	670,852
7 Total securities, book value	547,061	370,007	287,381	82,626	177,053
8 U.S. Treasury securities and U.S. government agency and corporation obligations	392,636	265,123	208,711	56,412	127,512
9 Securities issued by states and political subdivisions in the United States	89,140	61,805	46,991	14,814	27,335
10 Other debt securities	57,382	39,113	28,507	10,606	18,270
11 All holdings of private certificates of participation in pools of residential mortgages	4,092	2,941	2,460	481	1,152
12 All other	53,291	36,172	26,047	10,125	17,119
13 Equity securities	7,903	3,966	3,172	794	3,936
14 Marketable	3,942	1,049	862	187	2,893
15 Investments in mutual funds	1,886	833	722	110	1,053
16 Other	2,524	341	233	108	2,183
17 Less: Net unrealized loss	468	125	93	32	343
18 Other equity securities	3,961	2,918	2,310	607	1,043
19 Federal funds sold and securities purchased under agreements to resell[10]	144,689	108,104	87,141	20,963	36,585
20 Federal funds sold	70,370	39,948	33,445	6,503	30,422
21 Securities purchased under agreements to resell	3,727	2,599	2,246	353	1,128
22 Total loans and lease financing receivables, gross	1,851,136	1,390,109	1,141,066	249,043	461,027
23 LESS: Unearned income on loans	12,555	8,742	7,023	1,719	3,813
24 Total loans and leases (net of unearned income)	1,838,580	1,381,367	1,134,043	247,324	457,213
Total loans, gross, by category					
25 Loans secured by real estate	750,822	535,600	454,728	80,872	215,222
26 Construction and land development	135,606	105,936	88,516	17,421	29,669
27 Farmland	16,770	7,911	6,744	1,167	8,859
28 1–4 family residential properties	356,911	248,921	210,826	38,095	107,990
29 Revolving, open-end loans, and extended under lines of credit	52,232	39,625	33,234	6,392	12,607
30 All other loans	304,679	209,296	177,592	31,703	95,383
31 Multifamily (5 or more) residential properties	21,038	15,692	13,694	1,998	5,346
32 Nonfarm nonresidential properties	220,498	157,139	134,947	22,192	63,359
33 Loans to depository institutions	35,001	30,852	21,896	8,957	4,148
34 Loans to finance agricultural production and other loans to farmers	29,355	15,288	13,189	2,099	14,066
35 Commercial and industrial loans	515,426	405,897	323,704	82,193	109,529
36 Acceptances of other banks	2,802	1,449	1,269	181	1,353
37 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	372,739	274,721	232,245	42,476	98,018
38 Credit cards and related plans	77,400	55,770	53,231	2,539	21,631
39 Other (includes single payment installment)	151,085	85,548	70,939	14,610	65,536
40 Obligations (other than securities) of states and political subdivisions in the United States	39,487	32,560	24,406	8,154	6,927
41 Taxable	1,201	962	703	259	239
42 Tax-exempt	38,286	31,598	23,703	7,895	6,688
43 All other loans	72,576	65,466	46,090	19,376	7,111
44 Lease financing receivables	32,927	28,276	23,540	4,735	4,652
45 Customers' liability on acceptances outstanding	20,016	18,777	14,531	4,246	1,239
46 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	36,873	31,896	18,753	13,144	4,976
47 Remaining assets	157,331	126,538	91,467	35,071	30,793
48 **Total liabilities and equity capital**	**2,915,424**	**2,165,268**	**1,743,762**	**421,505**	**750,157**
49 **Total liabilities[4]**	**2,704,883**	**2,016,013**	**1,625,171**	**390,842**	**688,870**
50 Total deposits	2,201,900	1,586,880	1,293,694	293,186	615,020
51 Individuals, partnerships, and corporations	2,022,299	1,454,558	1,189,970	264,588	567,741
52 U.S. government	4,420	3,494	3,014	480	926
53 States and political subdivisions in the United States	105,550	70,107	58,573	11,534	35,443
54 Commercial banks in the United States	33,881	30,102	22,987	7,115	3,780
55 Other depository institutions in the United States	8,496	6,356	5,468	888	2,139
56 Certified and official checks	18,306	14,040	9,189	4,851	4,266
57 All other	8,947	8,222	4,492	3,730	725
58 Total transaction accounts	616,714	461,155	371,371	89,784	155,559
59 Individuals, partnerships, and corporations	532,634	392,989	320,831	72,157	139,646
60 U.S. government	3,006	2,288	1,934	353	718
61 States and political subdivisions in the United States	25,563	17,787	14,790	2,997	7,775
62 Commercial banks in the United States	24,693	22,838	17,640	5,199	1,855
63 Other depository institutions in the United States	4,803	3,855	3,168	686	948
64 Certified and official checks	18,306	14,040	9,189	4,851	4,266
65 All other	7,710	7,359	3,818	3,540	351
66 Demand deposits (included in total transaction accounts)	411,003	318,342	251,381	66,961	92,662
67 Individuals, partnerships, and corporations	339,457	257,946	207,322	50,623	81,511
68 U.S. government	2,952	2,250	1,898	352	701
69 States and political subdivisions in the United States	13,121	10,069	8,357	1,712	3,052
70 Commercial banks in the United States	24,691	22,838	17,640	5,199	1,853
71 Other depository institutions in the United States	4,774	3,842	3,157	684	932
72 Certified and official checks	18,306	14,040	9,189	4,851	4,266
73 All other	7,704	7,357	3,818	3,539	347
74 Total nontransaction accounts	1,585,185	1,125,725	922,323	203,402	459,461
75 Individuals, partnerships, and corporations	1,489,665	1,061,570	869,139	192,431	428,095
76 U.S. government	1,414	1,207	1,080	127	208
77 States and political subdivisions in the United States	79,988	52,320	43,783	8,537	27,668
78 Commercial banks in the United States	9,188	7,263	5,347	1,916	1,925
79 Other depository institutions in the United States	3,693	2,502	2,300	202	1,191
80 All other	1,237	864	674	189	374

4.22—Continued

Item	Total	Members			Non-members
		Total	National	State	
81 Federal funds purchased and securities sold under agreements to repurchase[12]	278,793	242,361	182,308	60,053	36,432
82 Federal funds purchased	32,376	25,731	22,076	3,655	6,645
83 Securities sold under agreements to repurchase	32,251	16,795	13,972	2,823	15,457
84 Demand notes issued to the U.S. Treasury	13,707	12,115	9,609	2,506	1,593
85 Other borrowed money	93,027	71,905	60,527	11,378	21,122
86 Banks liability on acceptances executed and outstanding	20,481	19,239	14,949	4,290	1,243
87 Notes and debentures subordinated to deposits	2,482	1,883	1,806	77	600
88 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	21,868	20,290	18,490	1,800	1,578
89 Remaining liabilities	94,492	81,631	62,279	19,352	12,861
90 **Total equity capital[9]**	**210,541**	**149,255**	**118,591**	**30,664**	**61,286**
MEMO					
91 Assets held in trading accounts[13]	26,122	24,498	14,680	9,818	1,624
92 U.S. Treasury securities	12,319	11,975	5,605	6,370	344
93 U.S. government agency corporation obligations	2,670	2,634	2,270	364	36
94 Securities issued by states and political subdivisions in the United States	850	832	651	182	17
95 Other bonds, notes, and debentures	65	30	28	2	35
96 Certificates of deposit	1,075	1,075	438	637	0
97 Commercial paper	30	30	30	0	0
98 Bankers acceptances	2,835	2,576	1,768	808	259
99 Other	5,288	4,983	3,547	1,436	306
100 Total individual retirement accounts (IRA) and Keogh plan accounts	115,380	83,015	68,393	14,622	32,365
101 Total brokered deposits	66,453	48,918	41,716	7,202	17,535
102 Total brokered retail deposits	27,447	17,835	14,969	2,866	9,612
103 Issued in denominations of $100,000 or less	8,001	3,844	3,393	451	4,156
104 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	19,446	13,991	11,576	2,415	5,455
Savings deposits					
105 Money market deposit accounts (MMDAs)	361,758	275,865	227,930	47,935	85,893
106 Other savings deposits	191,372	137,521	102,312	35,208	53,851
107 Total time deposits of less than $100,000	639,105	425,888	356,302	69,586	213,217
108 Time certificates of deposit of $100,000 or more	354,191	253,778	215,426	38,352	100,413
109 Open-account time deposits of $100,000 or more	38,760	32,673	20,353	12,320	6,087
110 All NOW accounts (including Super NOW)	200,540	139,726	117,205	22,521	60,814
111 Total time and savings deposits	1,790,896	1,268,538	1,042,313	226,225	522,359
Quarterly averages					
112 Total loans	1,804,123	1,355,130	1,114,488	240,642	448,993
113 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	202,024	140,477	117,905	22,572	61,547
Nontransaction accounts					
114 Money market deposit accounts (MMDAs)	356,899	271,960	224,108	47,851	84,939
115 Other savings deposits	185,750	133,142	99,607	33,535	52,608
116 Time certificates of deposit of $100,000 or more	352,966	252,441	213,739	38,702	100,525
117 All other time deposits	671,266	453,901	373,169	80,732	217,365
118 Number of banks	12,572	5,138	4,114	1,024	7,434

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than $1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under $25 million have been excused from reporting certain detail items.
2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.
3. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.
4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge act and agreement corporations wherever located and IBFs.
5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded $100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than $100 million. (These respondents filed the FFIEC 034 call report.)
6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) will not add to the actual total (domestic).
7. Since the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).
8. The definition of 'all other' varies by report form and therefore by column in this table. See the instructions for more detail.
9. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.
10. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here, therefore, the components will not add to totals for this item.
11. "Acceptances of other banks" is not reported by domestic respondents less than $300 million in total assets, therefore the components will not add to totals for this item.
12. Only the domestic portion of federal funds purchased and securities sold are reported here, therefore the components will not add to totals for this item.
13. Components of assets held in trading accounts are only reported for banks with total assets of $1 billion or more; therefore the components will not add to the totals for this item.

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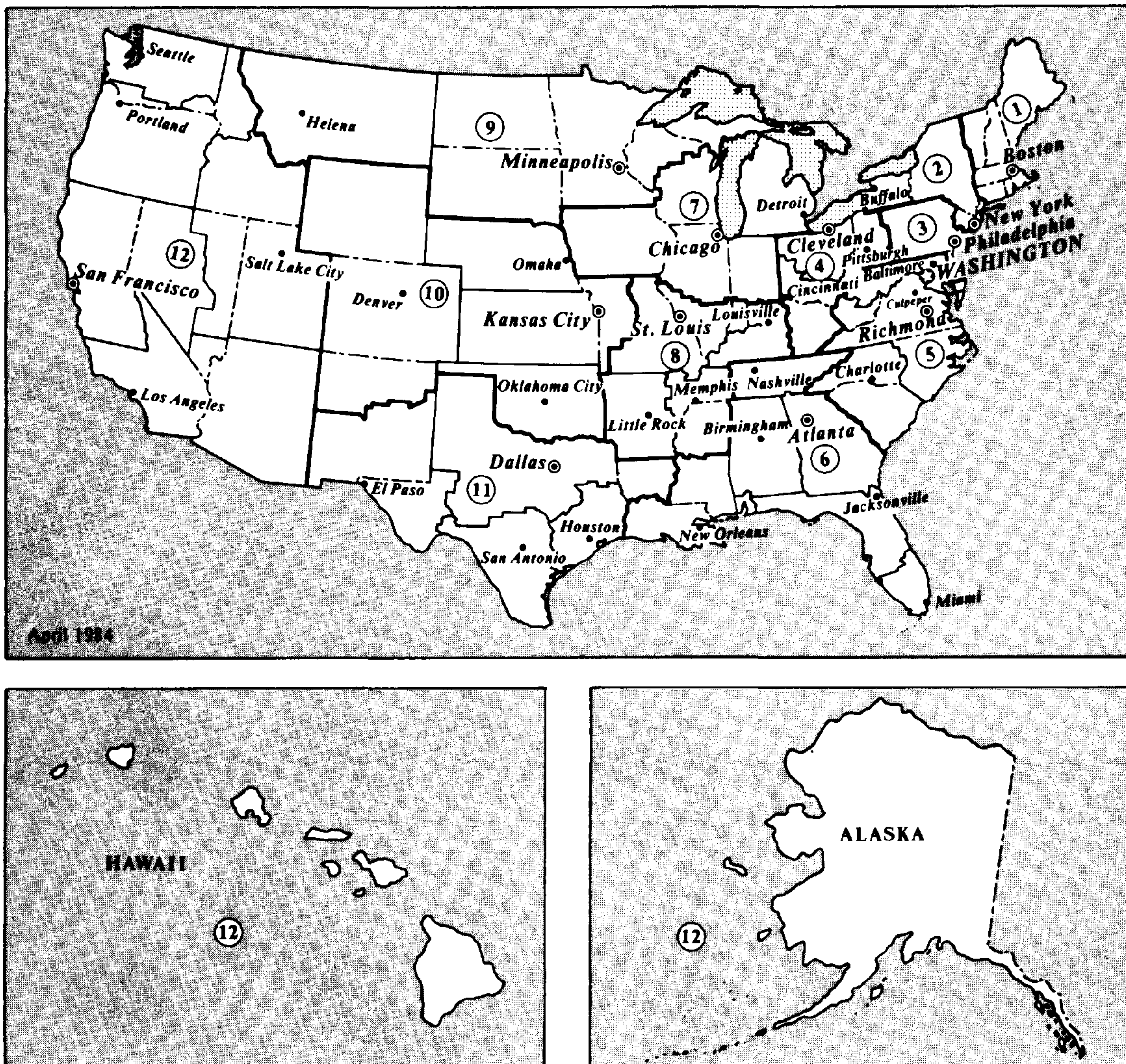

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G.5	Foreign Exchange Rates	Monthly/end of month
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