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stances, it would seek to maintain expansion in bank reserves needed for an orderly and sustained flow of money and credit, consistent with growth of M2 (and M3) from September to December at an annual rate in a range of around 8½ to 9½ percent, and taking account of the desirability of somewhat reduced pressures in private credit markets in the light of current economic conditions. Growth of M2 from the fourth quarter of 1981 to the fourth quarter of 1982 might be somewhat above the range for the year that the Committee had reaffirmed in July; the Committee had also agreed then that for a time it would tolerate growth somewhat above the target range, in the event of unusual precautionary demands for money and liquidity, and that such growth would be consistent with longer-term objectives. Recent and prospective market and economic conditions appeared consistent with that approach. Somewhat slower growth over the period from September to December, bringing those aggregates around the upper part of the ranges for the year ending in the fourth quarter of 1982, would be acceptable and desirable in a context of declining interest rates. Should economic and financial uncertainties lead to still stronger liquidity demands, somewhat more rapid growth in the broader aggregates would be tolerated. The intermeeting range for the federal funds rate, which provides a mechanism for initiating further consultation of the Committee, was set at 7 to 10½ percent.

Thrift Institutions in Recent Years

Michael J. Moran of the Board's Division of Research and Statistics prepared this article.

The financial condition of savings and loan associations and mutual savings banks has always been highly sensitive to fluctuations in market interest rates. Changes through the years in asset and liability powers have altered the impact of interest rates on thrift institutions, but they have not eliminated the basic sensitivity to movements in market rates. Regulatory and statutory changes that will limit the exposure of savings and loans and mutual savings banks to interest rate risk have been made over the past two years. However, time to adjust is needed before the industry becomes reasonably well insulated from the vicissitudes of the interest rate cycle.

At times during the 1960s and 1970s, market interest rates rose well above the level that thrift institutions were allowed to pay on their deposits, resulting in weak deposit growth as savers shifted their funds to higher-yielding assets elsewhere. These periods of disintermediation were associated primarily with reductions in the liquidity position of thrift institutions, although their net income also declined somewhat. In 1978, commercial banks and thrift institutions were authorized to issue deposit accounts whose interest rate ceilings were tied to the prevailing return on Treasury securities. These accounts allowed thrift institutions to remain competitive in the market for savings even when interest rates rose. However, as market-rate deposits grew in importance, earnings became much more volatile because the cost of funds tended to change more rapidly than the return on the longer-term assets held by thrift institutions. As interest rates rose to record levels beginning in 1980, the earnings of savings and loan associations and mutual savings banks deteriorated. In 1981 and 1982, large losses and a declining capital base forced many of these institutions to be merged out of existence.

A number of measures have been implemented in the last two years to address the difficult situation caused by the erosion of thrift earnings. Some of these measures simply involve adjustments to accounting methods while others attempt to remedy the underlying causes of the earnings problem. Many of the policies and procedures adopted by the thrift industry run counter to traditional financial practices, and some involve a fundamental restructuring of the industry. Thus they have stirred considerable controversy. The Congress also has taken steps to assist thrift institutions. The most recent action, and perhaps the most significant, was the passage of the Garn–St Germain Depository Institutions Act of 1982. This act affords the regulatory agencies and insurance funds greater latitude in dealing with financially weak institutions and gives the thrift industry new powers that will foster their viability over the long run.

The pressure on the earnings of thrift institutions has begun to subside in recent months with the sharp fall in interest rates. In the absence of a rebound in interest rates, the industry could return to profitability in 1983. However, the outlook for savings and loan associations and mutual savings banks will be influenced by factors other than interest rates. For example, all depository institutions will have to absorb an increase in interest expense next year as a large volume of low-yielding passbook savings deposits is expected to shift to the new "money market deposit account" authorized by the Garn–St Germain act and the "super NOW" account authorized by the Depository Institutions Deregulation Committee.

This article first reviews the earnings experience of thrift institutions over the past three years and analyzes the factors that influence net income. It then discusses the policies that have been adopted to assist troubled thrift institutions and the controversies that have surrounded them.

THE RECENT EARNINGS PERFORMANCE OF THRIFT INSTITUTIONS

The deterioration in the earnings of thrift institutions began in 1980, when savings and loan associations posted only a small profit and mutual savings banks recorded their first loss in the postwar period (table 1). Losses at thrift institutions increased throughout 1981 and totaled $6.0 billion for the year, or 0.75 percent of average assets. In the first half of 1982, losses of savings and loan associations increased slightly further from the level in the latter part of 1981, while earnings of mutual savings banks showed a small improvement.

As the losses of thrift institutions have accumulated, the net-worth positions reported on their balance sheets have been drawn down. This erosion is especially marked at savings and loans, where the combination of declining net worth and continued expansion in assets has pushed the ratio of net worth to total assets to 3½ percent at the end of the third quarter (table 2). These aggregated data do not reveal the large number of institutions with critically low levels of net worth that probably will require either capital assistance from one of the federal deposit insurance agencies or an arranged merger with a stronger institution. At midyear 1982, for example, about 500 savings and loan associations, accounting for 16 percent of industry assets, had ratios of net worth to assets below 2 percent—roughly the minimum amount required by the Federal Home Loan Bank Board. The capital position of mutual savings banks is somewhat stronger: not only is the aggregate ratio of net worth to assets higher than at savings and loan associations, but only eight institutions insured by the Federal Deposit Insurance Corporation, accounting for 7½ percent of total assets, had net-worth ratios below 2 percent.

1. Net income at thrift institutions

Amounts in billions of dollars; percentages at annual rates

Year	FSLIC-insured savings and loan associations		All operating mutual savings banks	
	Amount	As a percent of average assets	Amount	As a percent of average assets
1970...	.9	.57	.2	.27
1971...	1.3	.71	.4	.48
1972...	1.7	.77	.6	.60
1973...	1.9	.76	.6	.54
1974...	1.5	.54	.4	.35
1975...	1.4	.47	.4	.38
1976...	2.3	.63	.6	.45
1977...	3.2	.77	.8	.55
1978...	3.9	.82	.9	.58
1979...	3.6	.67	.7	.46
1980...	.8	.14	−.2	−.12
1981...	−4.6	−.73	−1.4	−.83
H1....	−1.5	−.49	−.5	−.56
H2....	−3.1	−.97	−.9	−1.10
1982-H1	−3.3	−1.01	−.8	−.92

2. Ratio of net worth to total assets at thrift institutions

Percent

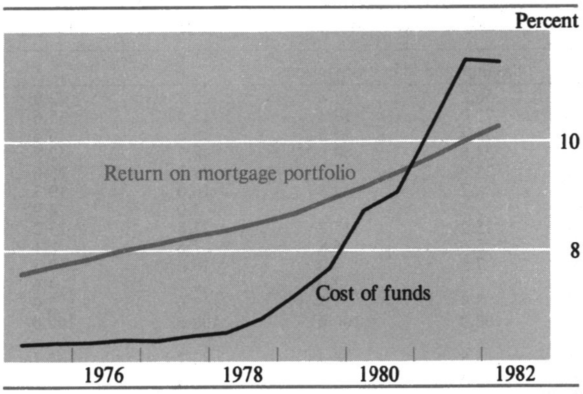
Year	FSLIC-insured savings and loans	All operating mutual savings banks
1975	5.80	6.96
1976	5.58	6.71
1977	5.45	6.77
1978	5.51	6.90
1979	5.58	7.05
1980	5.25	6.63
1981	4.23	5.68
1982[1]	3.44	5.34

1. Data for 1982 are for the end of September.

Factors Influencing Earnings

The underlying causes of the earnings squeeze in the thrift industry are the changing nature of the liabilities held by thrift institutions and the unprecedented movements in interest rates. Specifically, over the last several years the liabilities issued by thrift institutions have moved to current market rates more rapidly than have the assets held in their portfolios. This movement, combined with the sharp rise in interest rates, has pushed the average cost of funds above the average return on assets (chart 1). The divergence between the average cost of funds and the average return on assets was possible because the liabilities of thrift institutions had much shorter maturities than their assets, and thus could be converted to current market rates more quickly. The faster pace of deregulation on the liability side of the thrift industry's balance sheet, and the portfolio decisions of the institutions themselves, contributed to the mismatch between the maturities of assets and liabilities and the acceleration in the average cost of funds.

1. Interest income and expenses at
FSLIC-insured savings and loans



The reaction of thrift institution customers to rising market interest rates also has played a role in the recent earnings squeeze.

The Liabilities of Thrift Institutions. Before 1978, thrift institutions relied primarily on savings and small-denomination time deposits, with fixed interest rate ceilings, to finance their large holdings of long-term, fixed-rate mortgages (table 3). When market rates rose above the ceilings on deposit rates, savers frequently withdrew their funds from thrift institutions and invested them in higher-yielding market instruments. Savings and loan associations and mutual savings banks typically responded to this disintermediation by drawing down liquid assets and increasing their reliance on borrowed funds; both methods reduce an institution's liquidity position and depress earnings somewhat.

In 1978 and 1979, the financial regulatory agencies acted to limit the outflow of funds during periods of rising market interest rates by authorizing the six-month money market certificate and the 2½-year small saver certificate. The interest rate ceilings on these accounts change frequently and are tied to the returns on Treasury securities of comparable maturity. Thus, as market rates increased in 1980 and 1981, the ceilings on these deposit accounts also rose. Although institutions can profitably reinvest new inflows into these accounts, transfers from the existing lower-rate accounts represent a pure cost increase not matched by a corresponding adjustment to the return on existing assets. As table 3 shows, savers have reduced significantly their holdings of fixed-ceiling accounts, replacing them with deposits paying market-related rates.

The poor earnings performance of thrift institutions over the past three years, however, cannot be attributed solely to the authorization of these new deposit accounts. If savings and loan associations and mutual savings banks had not been allowed to issue these accounts, the movements in interest rates in recent years probably would have caused massive deposit outflows and generated serious liquidity and earnings problems as institutions sold liquid assets and turned to borrowing at market rates. A more fundamental source of the earnings squeeze was an uneven transformation of the asset and liability sides of the balance sheet. The movement to liabilities with market rates was started while most thrift institutions were prohibited from issuing mortgages with adjustable rates and were limited with respect to the types of nonmortgage loans they could hold. If savings and loan associations and mutual savings banks had been given several years to restructure their asset portfolios toward shorter-term or variable-rate instruments before the deregulation of liabilities began, those institutions that took advantage of such opportunities would have been in a better position to absorb the rapid increases in interest expenses that began in 1980.

The strategies for asset and liability management used by many thrift institutions also were not well suited to the financial situation that took shape in 1980. Conditioned by the relative stability of interest rates in earlier periods, the wide spread between short- and long-term interest rates that was evident before 1980, and certain tax incentives for investment in mortgages, thrift institutions continued to invest in longer-term assets. Simultaneously, they deepened their reliance on short-term funds through the issuance of large-denomination time deposits, advances from the Federal Home Loan Banks, and other types of borrowing. If they had invested more in shorter-term assets (such as Treasury or agency securities or federal funds), or issued more longer-term liabilities (such as mortgage-backed bonds), earnings would have been stronger in 1981 and 1982.

3. Balance sheets of thrift institutions
Percent of total liabilities and assets

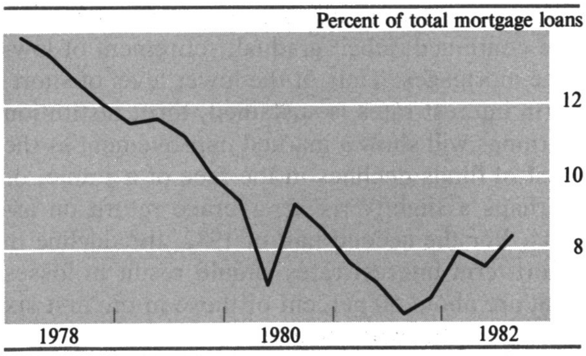
Item	1977	1978	1979	1980	1981	1982[1]
			Savings and loan associations			
Fixed ceiling liabilities	87.3	75.3	56.2	37.8	25.9	22.0
Passbook and NOW accounts	33.9	28.1	22.0	18.3	15.9	15.6
Fixed ceiling time deposits	53.4	47.2	34.2	19.5	10.0	6.4
Market ceiling small time deposits	...	8.9	24.6	40.9	48.7	52.8
Money market certificate	...	8.9	23.9	31.6	29.7	28.6
Small saver certificate	...	...	.7	9.3	16.0	19.3
Other small time deposits	...	...	...	...	3.0	4.9
Discretionary liabilities	8.6	11.5	15.2	17.7	21.8	23.2
Large time deposits	2.1	2.9	5.0	6.8	7.6	8.1
FHLB advances	4.7	6.5	7.5	8.0	10.0	10.5
Other borrowings	1.8	2.1	2.7	2.9	4.2	4.6
Other liabilities	4.0	4.2	3.9	3.6	3.6	2.0
Total liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Mortgage assets	86.0	86.0	85.8	84.4	83.2	81.1
Fixed rate	86.0	86.0	85.8	80.3	77.6	74.9
Adjustable rate	n.a.	n.a.	n.a.	4.1	5.6	6.2
Nonmortgage loans	2.3	2.3	2.8	3.0	2.9	2.6
Cash and nonmortgage investments	9.2	9.3	8.9	9.9	10.2	11.2
Other assets	2.5	2.4	2.5	2.7	3.7	5.1
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
			Mutual savings banks			
Fixed ceiling liabilities	95.8	85.8	69.1	52.2	40.8	36.1
Passbook and NOW accounts	56.8	48.7	40.2	33.7	29.8	29.0
Fixed ceiling time deposits	39.0	37.1	28.9	18.5	11.0	7.1
Market ceiling small time deposits	...	8.7	23.5	39.3	48.3	52.6
Money market certificate	...	8.7	22.9	31.6	32.3	31.9
Small saver certificate	...	...	.6	7.7	13.3	15.9
Other small time deposits	...	...	...	...	2.7	4.8
Discretionary liabilities	1.3	2.4	4.6	5.9	8.1	8.3
Large time deposits	0.9	1.3	2.2	3.1	3.3	3.2
FHLB advances	0.1	0.5	0.9	1.2	1.4	1.5
Other borrowings	0.3	0.6	1.5	1.6	3.4	3.6
Other liabilities	2.9	3.1	2.8	2.6	2.8	3.0
Total liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Mortgage assets	65.5	66.5	67.8	66.3	64.8	63.1
Nonmortgage loans	4.2	4.6	5.7	6.8	8.4	9.4
Cash and nonmortgage investments	27.6	26.3	23.9	23.9	23.6	23.6
Other assets	2.7	2.6	2.6	3.0	3.2	3.9
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

1. Data for 1982 are for the end of June.

The Customers of Thrift Institutions. The reactions of the industry's customers to high interest rates have exacerbated the earnings problems. For example, the slowdown in overall mortgage activity as interest rates rose and the increasing use of so-called creative financing in real estate transactions have reduced the rate of mortgage repayments. In the late 1970s, when housing markets were more robust and mortgage rates were lower, 14 to 16 percent of mortgages held by savings and loan associations and 10 to 12 percent of the mortgages held by mutual savings banks generally were repaid each year. In an environment of secularly rising rates, this turnover helped to raise interest income because low-rate mortgages could be replaced with higher-rate assets. More recently, however, the repayment rate has fallen to 6 to 8 percent, thereby retarding the increase in asset returns (chart 2).

On the liability side of the balance sheet, the reactions of the industry's customers to rising interest rates and an expansion of investment alternatives also have caused earnings to deteriorate. One obvious impact, already noted, is the shift from lower-yielding passbook and fixed-ceiling time deposits to the newer accounts tied to market rates (see table 3). A more subtle impact is the gradual erosion over the past two years in the core deposit base (that is, deposits owned by households or smaller organizations). Throughout 1981 and 1982, savings and small-denomination time deposits at savings and loan

2. Mortgage repayment rate at
FSLIC-insured savings and loans



associations and mutual savings banks have expanded at an exceptionally low rate and also have weakened relative to the growth at commercial banks (table 4). Slower growth in the retail deposit base at thrift institutions will further depress earnings because these institutions must rely on more costly sources of funds, and the acquisition of new assets—which could offset some of the losses embedded in the existing balance sheet—will be smaller than it would have been otherwise.

One of the more important causes of the erosion of the thrift deposit base in 1981 and 1982 has been the competition from money market mutual funds. In previous periods of disintermediation, such as 1970–71 and 1973–75, thrift institutions appeared to have been affected somewhat more severely than commercial banks (see table 4). Thus, if money market mutual funds have grown at the expense of depository institutions, some slowdown in thrift growth both absolutely and relative to commercial banks may be expected.

Another factor that has contributed to the slowdown in deposit growth at savings and loans and mutual savings banks is the loss of a rate advantage on six-month money market certificates vis-à-vis commercial banks. When this account was introduced in June 1978, thrift institutions were allowed to offer an interest rate that was ¼ percentage point higher than the commercial bank rate. However, in March 1979, this differential was made effective only at lower levels of interest rates, and deposit growth at

4. Growth of savings and small time deposits at commercial banks and thrift institutions

Percent change from December to December

Year	Commercial banks (1)	Thrift institutions[1] (2)	Column 2 less column 1 (3)
1970	7.2	7.0	−.2
1971	16.6	17.0	.4
1972	12.3	16.5	4.2
1973	5.1	8.1	3.0
1974	6.1	4.9	−1.2
1975	16.9	15.3	−1.6
1976	17.8	15.3	−2.5
1977	8.2	13.2	5.0
1978	4.3	9.0	4.7
1979	7.6	5.0	−2.6
1980	9.7	5.1	−4.6
1981	7.9	1.3	−6.6
1982[2]	13.8	3.8	−10.0

1. Includes savings and loan associations and mutual savings banks.
2. Deposit growth, at an annual rate, from December 1981 to September 1982.

savings and loans and mutual savings banks weakened considerably relative to that at commercial banks. Finally, a reluctance of savers to hold funds in institutions experiencing earnings difficulties may help explain the slow deposit growth at savings and loans and mutual savings banks.

Differences in Thrift Earnings

Although nearly all savings and loan associations and mutual savings banks have experienced an erosion in their net income, the performance has varied widely among individual institutions, as indicated by the data presented in table 5. Among savings and loan associations, about 15 percent of all institutions (accounting for slightly more than 10 percent of total assets) had positive income in the first half of 1982. At the opposite end of the distribution, about one-fourth of all institutions (accounting for slightly more than 20 percent of total assets) had a ratio of net income to average assets of −1.5 percent or less. A much larger proportion of mutual savings banks reported positive earnings, and the proportion of such institutions with very low net income was smaller than it was for savings and loan associations.

Several factors explain the better earnings performance of some thrift institutions, including

5. Number, assets, and net-worth ratios of thrift institutions, by ratio of net income to average assets, first half of 1982

Net income as a percent of average assets (annual rate)	Number of institutions	Total assets (billions of dollars)	Net-worth ratio (percent)
	Savings and loan associations[1]		
Less than −2.0	386	73.2	1.27
−2.0 to −1.6	437	77.5	3.02
−1.5 to −1.1	782	153.4	2.70
−1.0 to −.6	778	186.5	4.09
−.5 to 0	552	108.9	4.51
.1 to .5	310	50.9	4.34
.6 to 1.0	138	16.1	4.30
More than 1.0	128	9.0	4.67
Total	**3,511**	**675.5**	**3.67**
	Mutual savings banks[2]		
Less than −2.0	16	24.0	2.44
−2.0 to −1.6	19	13.2	3.80
−1.5 to −1.1	42	31.7	4.58
−1.0 to −.6	79	42.3	4.94
−.5 to 0	79	24.9	6.12
.1 to .5	70	17.0	7.99
.6 to 1.0	17	3.2	8.65
More than 1.0	3	.7	13.55
Total	**325**	**157.0**	**5.02**

1. FSLIC-insured savings and loan associations.
2. FDIC-insured mutual savings banks.

a wider diversification on the asset side of the balance sheet, a more rapid rate of deposit growth so that a greater proportion of assets were acquired at higher interest rates, and relatively larger volumes of low-cost passbook savings deposits. In addition, newer thrift institutions, because they are not burdened with large portfolios of low-yielding mortgages, generally have reported positive earnings. Finally, location has played a role: institutions in areas with a more rapid rate of economic growth and more active housing markets, or in states that did not have mortgage usury ceilings, have tended to fare somewhat better than the industry average.

The Near-Term Outlook for the Industry

In the near term, the primary factor likely to influence the earnings of thrift institutions is the level of short-term interest rates, which have fallen substantially in recent months. Savings and loan associations and mutual savings banks hold a large volume of short-term, market-rate liabilities that are maturing and being replaced with cheaper sources of funds. On the asset side, thrift institutions hold a much smaller volume of short-term assets that are maturing and being replaced with lower-yielding instruments. This reduction in asset returns could even be offset by the continued, albeit gradual, retirement of low-rate mortgages. Thus, if the lower level of short-term interest rates is sustained, thrift institution earnings will show a marked improvement as the cost of funds declines in the face of a stable, or perhaps a slightly rising, average return on assets. For the second half of 1982, the decline in short-term interest rates should result in losses that are about 50 percent of those in the first six months. The performance of earnings may be even better in 1983, but whether the industry returns to profitability will depend upon other factors as well.

Another important determinant of earnings at thrift institutions in 1983 will be the composition of deposits. If a large portion of lower-rate passbook savings deposits and negotiable order of withdrawal (NOW) accounts shifts to a market-rate deposit, the interest expenses of thrift institutions will rise and earnings will be lower than otherwise. Pursuant to the mandate of the Congress, the Depository Institutions Deregulation Committee recently established a new deposit instrument that is designed to compete with money market mutual funds, but also might induce large transfers of funds from passbook savings deposits. This new account has no interest rate ceiling or fixed maturity, and provides for up to six third-party transfers per month. In short, it has greater liquidity than savings deposits and allows institutions to pay a market interest rate. The only real constraint on transfers from passbook savings deposits to this new account is a $2,500 minimum denomination, but this requirement probably will exercise a limited restraint: according to survey data gathered by various trade associations, the bulk of savings deposits—80 percent at savings and loan associations and 85 percent at mutual savings banks—are held in accounts with balances in excess of this minimum.

The Depository Institutions Deregulation Committee also has authorized a "super NOW" account that will be available in early January. This account provides unlimited transactions and has no interest rate ceiling if balances remain above $2,500.

6. Number and total assets of thrift institutions, by ratio of savings deposits to total deposits, June 1982

Ratio of savings deposits to total deposits	Savings and loans		Mutual savings banks	
	Number of institutions	Total assets	Number of institutions	Total assets
Less than 10	722	66.4	1	.3
10 to 19	1,743	445.0	4	1.1
20 to 29	738	135.8	95	84.2
30 to 40	207	21.5	179	61.4
More than 40	101	6.8	46	10.0
Total	**3,511**	**675.5**	**325**	**157.0**

The precise impact of the new instruments on the earnings of thrift institutions is difficult to gauge at this early date because it will depend upon the rates paid on the new accounts, the amount of funds transferred internally (especially from savings deposits), the volume of funds that institutions can attract from market instruments, and the profits that institutions earn on these new funds. If interest rates stay at low levels and a large volume of funds is attracted from market instruments, the earnings impact will be damped; with higher levels of interest rates and smaller inflows of new funds, the earnings impact will be more severe. Whatever the overall outcome, mutual savings banks likely will suffer a relatively larger decline in earnings than savings and loan associations because savings deposits account for a larger proportion of their liabilities. At the end of September 1982, savings deposits accounted for 31 percent of total deposits at mutual savings banks, compared with 17 percent at savings and loan associations. In addition, more than two-thirds of all savings banks insured by the FDIC (with 45 percent of total assets) had more than 30 percent of their total deposits in savings accounts (table 6). A relatively small number of savings and loan associations have more than 30 percent of their deposits in passbook accounts.

Accounting Solutions to the Earnings and Net-Worth Problems

Under current statutory and regulatory provisions, the primary determinant of an institution's soundness is the book value of its net worth relative to total assets or total liabilities. Historically, when an institution fell below some critical value of net worth for a substantial period, supervisory action would be taken, including liquidation or merger with a stronger institution. If the Federal Savings and Loan Insurance Corporation had acted on the basis of traditional capital-adequacy guidelines, however, the insurance fund probably would have been insufficient to facilitate all of the mergers and liquidations that have been necessary over the past two years. Therefore, the FSLIC has adopted several innovative approaches. One approach has simply allowed institutions falling below their required level of net worth to continue operating for longer periods of time. In addition, both the FHLBB and the FSLIC have adopted regulatory changes that boost reported net worth, or the ratio of net worth to total liabilities, above what it otherwise would have been. These policies and regulatory changes largely involve adjustments to the balance sheet of a savings and loan association and do little to reduce an institution's losses or to allow it to absorb losses in any real way. Thus these policies represent "solutions" in an accounting sense rather than in basic economic terms.

Although they provide little real benefit to an institution, accounting solutions at least give the federal insurance agencies flexibility in dealing with the thrift industry's problems. The level of net worth reported on an institution's balance sheet, which insurers are forced to rely upon heavily in judging viability, may not indicate accurately the prospects for long-run profitability. For example, reported net worth does not reflect the possibility that the earnings position of many institutions will improve markedly if the current low level of interest rates is sustained.

Thus accounting solutions may be viewed as devices to extend the time before the FSLIC must act and thus to give lower short-term interest rates or restructuring efforts by an institution's management a chance to improve its real earnings. To the extent that mergers and liquidations are avoided with this approach, the cost to the FSLIC is reduced.

Income Capital Certificates

One method to raise an institution's net worth, as well as the ratio of net worth to total assets or liabilities, is the issuance of income capital certificates, a new security developed by the FSLIC and the FHLBB. These securities are issued by a savings and loan association and are acquired by the FSLIC in exchange for cash or interest-bearing notes. Income capital certificates resemble preferred stock in that they have no fixed maturity and carry a specified interest or dividend payment that is made only if the institution has positive net income. With the increase in assets from the FSLIC's cash or notes offset by the issuance of an equity-type security rather than debt, an institution's net worth increases. The earnings impact of income capital certificates will be negligible because the income from the FSLIC's note will be offset by the actual or accrued payment on the income capital certificates. (An article by Douglas P. Faucett and Richard K. Kneipper in the *Federal Home Loan Bank Board Journal* for October 1981 discusses these certificates in detail.)

Income capital certificates allow an institution that has fallen below its net-worth requirement, but has a reasonable prospect of recovery in the long run, to remain in business rather than to become subject to supervisory action. The advantages to the regulators include limited cash outlays—the only outlays are the semiannual interest payments if the ICC is purchased with an FSLIC note—and the recovery of its investment if the institution survives. In the event of failure, however, the ICC represents an increased commitment by the insurance agency and may add to the costs of merger or liquidation.

Thus far the FSLIC has purchased only a moderate amount of income capital certificates to facilitate mergers of savings and loan associations, but the use of this instrument—or one similar to it—could increase sharply in the near future. One of the major provisions of the Garn–St Germain Depository Institutions Act was the authorization for the FSLIC and FDIC to provide capital assistance through the purchase of "net worth certificates" from institutions with large mortgage portfolios, low net worth, and negative earnings. This provision of the Garn–St Germain act expires in three years.

Regulatory Changes

Over the past two years, the Federal Home Loan Bank Board has authorized several regulatory changes designed to encourage institutions to restructure their asset portfolios and to relieve some of the pressure on deteriorating net worth. In 1981, the Bank Board approved two reductions in the net-worth requirement, almost to the lowest level allowed by statute. Accompanying these reductions was a temporary exemption from the net-worth requirement if an institution took steps to match more closely the maturities of assets and liabilities, such as selling older mortgages and replacing them with liquid assets or issuing longer-term liabilities.

More recently, the FHLBB has approved another regulatory change that will serve to increase the ratio of net worth to total liabilities, which generally is the focus of the agency for regulatory purposes. Beginning in June 1982, the FHLBB reclassified certain liabilities, such as loans in process and unearned discounts on purchased assets, as "contra-assets." As a result, the level of liabilities is lower, and thus the ratio of net worth to liabilities is higher. For the industry as a whole, the increase in this ratio will be negligible, but certain institutions may be able to report significantly higher ratios.

Effective November 1982, the Federal Home Loan Bank Board allowed federally insured savings and loan associations to include "appraised equity capital" as part of the net-worth figure used for regulatory purposes. Appraised equity capital is the difference between the market value and the book value of office land, buildings, and similar assets. Because the value of these assets has appreciated rapidly in recent years, their market values are well above the values reported on the books of savings and loans, and could represent a substantial boost in regulatory net worth. Appraised equity capital will not appear on the balance sheet of an institution, and the net-worth figure reported in financial statements will not be affected by this ruling. Rather, appraised equity capital is simply to be used by a supervisory agent in reviewing the financial condition of a savings and loan association. Institutions can include appraised equity capital in the regulatory net-worth calculation only once, and the ability to use this accounting technique expires on December 31, 1985.

One of the more widely publicized and controversial regulatory changes by the FHLBB was a revision in the accounting treatment of capital gains and losses on the sale of assets. Generally accepted accounting principles, and previous FHLBB regulations, require that the full amount of a capital gain or loss be realized in the accounting period in which it occurs. In September 1981, however, the FHLBB began to allow savings and loan associations to amortize all gains and losses from the sale of assets over a period equal to the remaining term of that asset. The regulatory change sought to encourage institutions to restructure their asset portfolios by disposing of older, low-yielding mortgages and replacing them with instruments bearing current market rates. Because this accounting treatment does not meet generally accepted accounting principles, it cannot be used by institutions in their certified financial statements.

Another change approved by the FHLBB relates to the accounting treatment of mergers between savings and loan associations. Frequently in merger cases, intangible assets, including "goodwill," are purchased by the acquiring institution, and, like other fixed assets, they must be depreciated over time. Previously, the regulations stated that goodwill must be fully depreciated in no more than ten years. However, in September 1981, the FHLBB changed its regulations to incorporate the forty-year maximum allowed by generally accepted accounting principles. This esoteric change lies at the heart of one of the more controversial aspects of the recent situation: the use of "purchase accounting" in mergers of thrift institutions, which results in higher reported earnings in the years immediately after a merger.

Purchase Accounting

The purchase of assets is one of two generally accepted methods of accounting for mergers between business enterprises; the other is the pooling of interests. Specific criteria have been developed for determining which method should be employed by management. The pooling-of-interests method should be used when the enterprises involved in a merger combine their resources and inherently share the risks and rewards of the resulting firm. The purchase-of-assets method should be used when one of the enterprises clearly dominates and acquires the risks and rewards of the other.

When purchase accounting is employed, two important adjustments are made to the balance sheets of the merging institutions before they are combined. First, the assets and liabilities of the acquired firm are reappraised at their fair market value—that is, they are marked to market. Second, goodwill is recorded as an asset. Goodwill is defined as the purchase price of the acquired institution less net worth after assets and liabilities have been marked to market.

The adjustments made to the balance sheets will be reflected in the combined income statement of the surviving institution in subsequent years. Although the assets of the acquired institution are now recorded at market values, they will be redeemed (or repaid) at the original book value. This difference between the market value and the book value of acquired assets must be accumulated over time and reported as income. It is generally believed that the goodwill purchased by the acquiring firm will diminish over time. Accordingly, goodwill should be gradually depreciated. Thus a second adjustment to the income statement will be the amortization of goodwill, recorded as an expense.

If the difference between the market value and the book value of assets is accumulated over a relatively short period (say, five to ten years) and the goodwill is amortized over a longer period (say, thirty to forty years), the reported earnings of the merged institution initially will be higher than they would have been in the absence of a merger. This boost to reported earnings is temporary, of course, lasting only until the discount on the assets is fully accreted. After this point, the only adjustment to the income statement is the amortization of goodwill, which will tend to depress reported earnings. The boost to earnings in the early years after a merger is strictly the result of accounting adjustments that alter the timing of income and expenses. The higher earnings do not reflect a basic strengthening in the institution.

After the change by the FHLBB in the regulations governing the amortization of goodwill and the widespread application of purchase accounting by thrift institutions, developments unfolded on two fronts. First, industry representatives attempted to obtain authorization from either the Congress or the regulators to employ purchase-accounting techniques even when no merger was involved. These "fresh start" accounting proposals were presented as no-cost solutions to the industry's problem. Both the FHLBB and the FDIC have issued proposals concerning these new accounting techniques for savings and loans and mutual savings banks, but the only change authorized thus far has been the use of appraised equity capital by savings and loan associations. Certain states—New Jersey, Pennsylvania, and Michigan—were more sympathetic to this accounting approach and have allowed state-chartered institutions to use mark-to-market accounting in their financial reports.

In contrast, the Financial Accounting Standards Board, which establishes generally accepted accounting principles, has acted to limit the gain in earnings associated with the application of purchase accounting to mergers of thrift institutions. Concerned that purchase accounting does not reflect the true condition of the merged associations, the Financial Accounting Standards Board is expected to rule soon that the period over which goodwill can be amortized cannot exceed the period over which the discount on assets is accreted to income. With this ruling in place, the application of purchase accounting to most mergers of thrift institutions will not enhance earnings and the major accounting "solution" used in the thrift industry will be eliminated.

Phoenix Mergers

An accounting solution to the problems of the thrift industry that combines purchase accounting and income capital certificates is the "phoenix" merger (named for the mythical bird that rose from its own ashes). Under this plan, two or more weak institutions are combined with the financial assistance of the FSLIC. The insurance agency will purchase income capital certificates from the new institution, thus raising the level of net worth, and the benefits to earnings associated with purchase accounting will prevent the erosion of net worth in the years immediately after the merger. The hope of the FSLIC is that, over the period that purchase accounting keeps earnings positive, lower interest rates and a restructuring of the institution's operations will restore its profitability. The FSLIC has used the phoenix plan only when other cost-effective mergers were not available; currently, there are five phoenix institutions. Once the ruling of the Financial Accounting Standards Board eliminates the benefit to earnings associated with purchase accounting, the phoenix plan is unlikely to remain a useful alternative.

THE RESTRUCTURING OF THE THRIFT INDUSTRY

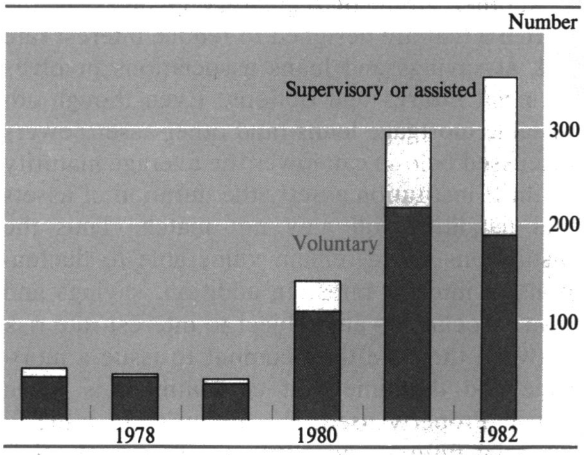
Accounting solutions, by themselves, are not the permanent answer to the earnings problems of the thrift industry. Their function is to forestall immediate supervisory action by the insurance agencies and to permit institutions to adjust gradually to a more competitive and volatile financial environment. Over the long run, many institutions will be unable to survive and will have to be merged out of existence, while others will seek merger partners voluntarily to gain access to new markets or to broaden the services they offer. Thus a rapid pace of consolidation can be expected to continue for several years. In addition, various regulatory and statutory changes in recent years have expanded the asset and liability powers in an effort to reduce the volatility of earnings and to allow thrift institutions to retain their customers and to win new ones. Although the industry has already incorporated some of these new powers, change probably will be gradual.

Merger and Consolidation

A general downward trend in the number of institutions in the thrift industry has been evident for two decades: there were 6,850 savings and loan associations and mutual savings banks in 1960 and 5,050 at the end of 1980. During the past two years this trend has accelerated dramatically: more than 300 mergers were completed in 1981, and the total for 1982 could exceed 500 (chart 3).

As might be expected, many of the recent mergers were supervisory in nature—that is, directed or negotiated by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation—and several involved financial assistance. The fundamental objectives of the agencies are to preserve the insurance fund and to protect depositors at the least cost. The first step to these objectives is to encourage institutions to solve their own problems through internal restructuring or voluntary merger. If these methods cannot work, a supervisory merger, perhaps involving financial assistance, will be arranged. Financial assistance from the FSLIC has taken the form of an income capital certificate, which will minimize outlays in the current period and will be repaid if the institution becomes profitable once again. Another method of financial assistance that minimizes current outlays is an income guarantee for some fixed number of years. Under this approach, the insurance agencies would make contributions to maintain income when an increase in interest rates reduced the earnings of the acquired thrift institution; similarly, the insurance agencies would share in any improvement in earnings brought about by a reduction in interest rates.

3. Mergers of FSLIC-insured savings and loans



Supervisory mergers are those arranged by the FSLIC without financial assistance.
1982 data are as of September 30.

In its effort to conserve the insurance fund, the FSLIC has turned to nontraditional mergers. Interstate mergers have been allowed when there has been no suitable merger partner within a state or when a bid from an out-of-state institution has reduced significantly the amount of required financial assistance. In addition, to reduce FSLIC outlays and to attract new capital, investors from outside the thrift industry have been encouraged to purchase shares of ownership in institutions being merged out of existence. Investors other than thrift institutions that have injected capital into the industry have included bank holding companies, a finance company, a manufacturing firm, and a steel maker.

Controversy has surrounded some of the recent mergers in the thrift industry because interstate expansion and interindustry mergers traditionally have been prohibited either by statute or by federal regulation. Recent action by the Congress, however, will resolve some of the issues. With the passage of the Garn–St Germain Depository Institutions Act, federal regulators were granted explicit authority to approve both interstate and interindustry mergers in emergency situations. Regulators are required to attempt to merge a weak institution with a similar type of institution within the same state, but if a suitable merger partner is not available, they may seek one among other types of financial institutions or outside the institution's home state. This emergency merger authority is in effect for only three years.

Although supervisory mergers have been occurring at a record rate, most mergers have been voluntary. Many of these voluntary mergers are, in fact, undertaken to avoid the involvement of the insurance agencies, which might insist on replacing the management of the acquired institution. Another important motivation for the wave of voluntary mergers is to prepare for the transition from the traditional methods of doing business. To reduce the volatility of earnings, and to adapt to technological advances and new competitors, thrift institutions must diversify their activities and develop expertise in new areas. Few institutions have sufficient financial or managerial resources to adapt individually, and thus many are seeking merger partners to adapt more quickly and to compete more effectively. The Federal Home Loan Bank Board has attempted to facilitate this merger process by easing its regulations concerning mergers and conversions to the stock form of ownership.

Expanded Asset and Liability Powers

Continued progress toward restoration of a more stable, noninflationary economy will improve the environment in which thrift institutions, and other financial intermediaries, operate. But there will always be unexpected shocks of one sort or another to the economy, and the key to insulating the thrift industry from such stresses lies in broadened asset and liability powers. Diversification of assets will permit a closer match with the term of liabilities and allow the average return on assets to keep pace with the average cost of funds. On the liability side, the authority to issue attractive deposit instruments will assist thrift institutions in retaining their customer base and will promote the growth of core deposits. Through both regulatory changes and congressional action, thrift institutions now have considerable latitude to restructure their balance sheets and to stabilize their earnings. Because these new powers will foster major changes in the traditional operation of a thrift institution, they probably will be implemented gradually.

Thrift institutions historically have been specialized mortgage lenders, and regulations now are in place that will allow them to continue concentrating on mortgages while reducing their interest rate risk. In July 1979, all federal savings and loan associations received regulatory approval from the Federal Home Loan Bank Board to write variable-rate mortgages. In April 1980, the authority of federal savings and loan associations was expanded further to permit them to issue renegotiable-rate mortgages. These new instruments were welcomed by the industry, but they did not have the potential to solve its problems because of the rigid constraints on changes to the contract mortgage rate and because they did not affect outstanding mortgage loans.

Not until April 1981, when the industry already had entered the early stages of its earnings squeeze, was an unconstrained mortgage instrument authorized. These so-called adjustable mortgage loans allow thrift institutions, when writing loan contracts, to select any index for adjusting the mortgage rate and to alter that rate as frequently as they wish and by as much as the index allows. These mortgages can reduce significantly the amount of interest rate risk assumed by a depository institution, but their use is likely to spread only gradually: both consumers and the secondary mortgage market also must adapt to them. Currently, about 40 to 45 percent of all new conventional first mortgages closed by savings and loan associations have adjustable-rate features. Mortgage loans outstanding with adjustable rates account for only about 6 percent of total mortgages held by savings and loans (see table 3).

Another group of regulatory changes by the FHLBB that are designed to reduce interest rate risk at savings and loans associations involves financial futures and options. Even though adjustable mortgage loans (and other asset powers discussed below) can lower the average maturity of thrift institution assets, the duration of assets and liabilities still may not match. Thus the institutions could remain vulnerable to fluctuations in interest rates. In addition, savings and loan associations are subject to interest rate risk between the time they commit to issue a mortgage and the time that commitment is taken down. Properly used, the authority to trade in financial futures and options will allow institutions to fix borrowing or lending rates in the future, and thereby reduce any remaining interest rate risk.

Over the past two years, the Congress has expanded significantly the array of assets and liabilities that thrift institutions may have in their portfolios. Under the Depository Institutions Deregulation and Monetary Control Act of 1980, for example, thrift institutions nationwide received the authority to issue NOW accounts. This act also expanded the investment authority of federal savings and loan associations by allowing them to hold commercial paper and corporate debt securities, by easing the constraints on consumer lending, and by permitting them to offer credit card services and to exercise trust and fiduciary powers. Federal savings and loan associations also received expanded authority to invest in service corporations, and mutual savings banks with a federal charter were authorized to issue commercial loans and to hold corporate demand deposits. Finally, this act preempted state laws that limit allowable interest rates on certain contracts for first mortgages.

The Economic Recovery and Tax Act of 1981 authorized all depository institutions to issue from October 1981 through December 1982 a savings certificate on which the first $1,000 of interest income ($2,000 for a joint return) was tax exempt. These "all savers certificates" were designed to limit the interest expenses of thrift institutions because their interest rate was set below other market rates. As it turned out, the all savers certificate program was not of great importance to thrift institutions: the combined inflow to savings and loan associations and mutual savings banks was only about $30 billion, or about 4 percent of total deposits.

The Garn–St Germain Depository Institutions Act of 1982 is the most comprehensive piece of legislation addressing the thrift industry's problems. It provides expanded authority for federal regulators to deal with financially weak institutions, as well as new asset and liability powers that are designed to remedy the underlying causes of the earnings squeeze. As already mentioned, this act authorizes the federal insurance agencies to provide capital assistance to financially weak institutions, permits interindustry and interstate mergers in emergency situations, and authorizes a deposit account competitive with money market mutual fund shares. It also allows thrift institutions to hold up to 10 percent of their assets in commercial loans (and to issue demand deposits in connection with those loans), increases the limits on the amount of consumer loans that a thrift institution may hold, removes constraints on investing in state and local government securities, and authorizes other categories of loans.

Moreover, the Garn–St Germain act preempts state laws that prohibit the enforcement of due-on-sale clauses in mortgage contracts. These laws, which are in effect in 12 states, prohibit a lender from requiring that a mortgage loan be repaid when the property is sold. The net effect is to prolong the life of a mortgage on the balance sheet of a thrift institution and to depress earnings if the loans in question are low yielding. This preemption is effective immediately on new conventional loans issued by depository institutions, but state laws may continue to protect existing loans for three years.

Summary and Conclusions

As recently as six months ago, the situation confronting savings and loan associations and mutual savings banks was bleak. The high level of short-term interest rates was generating large losses at these institutions, and their net-worth positions were deteriorating rapidly. Mergers in the first half of this year had accelerated from the already rapid pace in 1981. Since midyear, however, the prospects for thrift institutions have brightened. The lower level of short-term interest rates improved earnings rather quickly, and the passage of the Garn–St Germain Depository Institutions Act will help ensure the survival of many institutions over the long run.

Although the outlook is now more favorable, many uncertainties and problems still beset this industry. For example, a large transfer of low-cost passbook savings deposits to the new higher-yielding accounts might result in negative income for 1983. In addition, the events of the past three years have left many institutions with very low levels of net worth and earnings problems that will not necessarily disappear with the lower level of interest rates. Thus the federal insurance agencies still have many problem cases to resolve. Finally, thrift institutions face a period of adaptation to the new asset and liability powers that will help foster growth and profitability. Voluntary mergers probably will be an important part of this process as institutions combine to enter new markets and expand the range of services they offer.

Even after this transition period, thrift institutions may well remain primarily mortgage lenders, but a larger percentage of the loans held in their portfolios are likely to have variable-rate features that effectively match the duration of liabilities. The expanded asset powers of savings and loan associations and mutual savings banks will broaden their diversification and provide new sources of income. This greater diversity, combined with adjustable-rate mortgage loans, should make the revenue of thrift institutions more responsive to the swings in short-term interest rates and reduce the volatility of their net income. □

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period August through October 1982, is the twentieth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared 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.

By the end of the August–October period under review the dollar had risen to record highs, or to levels not seen in many years, against several major currencies, strengthening even as U.S. interest rates dropped sharply and as interest differentials favoring dollar-denominated assets narrowed appreciably. Favorable prospects for the U.S. economy relative to other industrial countries, apprehension about the international banking system, and concern about economic and political conditions abroad resulted in an increased global preference for dollar-denominated assets, which pushed dollar exchange rates sharply higher.

Concern over international credit exposures and developing financial strains in various markets around the world were sustaining factors behind the dollar's rise throughout the period. During August, market attention focused on Germany where a large multinational company was being forced into receivership and on Mexico where a foreign exchange crisis was unfolding. During September, concern over the international financial situation mounted as developments in Mexico, particularly in light of the unexpected move to nationalize domestic banks, raised doubts in the market about the ability and willingness of the government and other public-sector institutions in that country to meet their external obligations.

At the same time, the list of countries experiencing payments arrears expanded, and there were well-publicized problems of various commercial banks here and abroad. In this environment, traders did worry about the relatively large exposures of U.S. banks to Mexico and other Latin American countries, and developing pressures on the U.S. banking system were reflected, to an extent, in a widening of yield spreads between U.S. government obligations and private credit instruments. But, with so much of the total international credit exposures made up of dollar-denominated claims, dollar-based institutions were thought to be in a better position than others to deal with emerging liquidity strains. Moreover, individual institutions sought to augment their liquidity positions, especially in dollars, against potential funding and cash-flow problems and in advance of important statement dates.

Meanwhile, prospects for economic recovery remained gloomy, and concerns intensified that many of the industrialized countries would tend to rely more on protectionist measures to deal with high and rising levels of unemployment and slack business investment at home and would welcome improvements in international competitiveness in increasingly restricted export markets. These concerns tended to coalesce in Europe when several Scandinavian countries devalued their currencies, at times by more than private and official observers thought necessary to regain competitive equilibrium. Market speculation developed that several European governments would seek to adjust their currencies downward, involving a realignment of the joint European Monetary System (EMS) float. Within that arrangement speculative selling pressures—largely against the French and Belgian francs, the Italian lira, and the Danish krone—intensified around mid-October. But these pressures tended to moderate late in the period after official actions were taken by several countries to raise domestic interest rates, to adopt domestic austerity measures, or to increase international borrowings. The monetary authorities of the EMS member states intervened heavily as sellers of dollars and, to a lesser extent, of currencies trading at the top of the joint float arrangement. Nonetheless, the EMS currencies as a group declined substantially against the dollar.

Other international developments also reinforced the demands for dollars. These included uncertainties over the future political sovereignty of Hong Kong, which reportedly generated flows of capital to North America, and aggravated hostilities in the Middle East, which kept alive fears of disruption of the flow of internationally traded oil. Certain currencies that had previously offered clear alternatives to investment in dollar-denominated assets also came under sometimes unfavorable exchange market scrutiny, as participants focused on unresolved political divisions over economic, social, and foreign policies in a number of countries. In Germany, Chancellor Schmidt's coalition government collapsed over disputes about economic policy. At first, the prospect of a new government generated expectations that the policy stalemate would be broken. But soon the market concluded that the new coalition government might face serious difficulties in winning a majority at upcoming federal elections next spring and that, in the interim, it had less room to reorient policies than had first been hoped. Also, in Japan, Prime Minister Suzuki unexpectedly announced that he would not seek reelection, and uncertainty over his successor clouded the outlook for the course of Japanese economic policy.

To some extent, developments in the U.S. current account also continued to support the dollar, largely because economic activity that was weaker than expected tended to limit the deterioration in U.S. trade performance associated with the eroding price competitiveness of U.S. exports. Thus, although many forecasters projected a modest current account deficit in the third quarter of 1982, few participants anticipated a major shift from equilibrium in the U.S. current account until the domestic economy moved decidedly out of recession. At the same time, Germany's current account had slipped from surplus to near balance, and some analysts, perceiving structural weaknesses in the German economy, predicted only limited further improvement in Germany's balance of payments in the absence of a recovery in world demand and output. At the same time, earlier optimistic forecasts of Japan's current account surplus were scaled back further.

For these various reasons, the United States was viewed relatively favorably on economic and political grounds, and market participants bid up the value of the dollar. On occasion, however, the impact of these concerns on the dollar was offset, as market participants focused on actual and expected declines in U.S. interest rates. In late August, for example, a shift in the outlook for U.S. interest rates occurred. At midyear Federal Reserve authorities had indicated that, in view of exceptional economic uncertainty and strong liquidity demands, they would tolerate monetary expansion at annual rates that were somewhat higher than those that had been targeted. Market participants, however, were skeptical that declines in interest rates would be sustainable so long as they expected an early recovery in economic activity.

By late summer, however, evidence suggested a deepening of the U.S. recession, a weakening in short-term business credit demands, and a slowing in money supply growth that brought the narrow monetary aggregate—M1—within the annual growth range of 2½ to 5½ percent. By the end of August, therefore, short-term U.S. market rates had dropped about 5 percentage points from the peak levels at the end of June, the Federal Reserve had reduced its discount rate in four steps from 12 to 10 percent, and market participants had gained confidence that these declines would stick. Also, with inflation abating and with the Congress passing a tax increase, bond yields dropped as much as 2 percentage points in the midst of an unusually strong debt-market rally, accompanied by record price increases in the stock market. Abroad, interest rates did not recede nearly so much, although declines in production and output continued and unemployment advanced further with a deepening of the recession in major foreign economies. As a result, interest differentials favorable to the dollar narrowed dramatically—for instance, on three-month Eurodeposits from 7½ to 3¼ percentage points vis-à-vis the German mark and from 9½ to 4 percentage points against the Japanese yen—and the dollar moved lower in the exchange markets.

Early in October the dollar's strengthening trend was again temporarily interrupted. After the Federal Open Market Committee meeting early that month, it was announced that less emphasis would be placed in the immediate future on M1 as an operating target of monetary policy and that somewhat more rapid growth of the broader aggregates would also be tolerated in an environment of extreme economic and financial uncertainty. As explained by Chairman Volcker, financial innovation and institutional change—such as the large volume of all savers certificates about to mature and the new money market deposit accounts to be introduced late in 1982—coupled with the still appreciable strengthening in the desire for liquidity served to distort M1 as a reliable policy guide. Also, the rigid pursuit of targets in view of these developments would have had the practical effect of a more restrictive policy than intended when the targets were initially set out. Shortly after these statements deemphasizing the role of M1, the Federal Reserve cut the discount rate another ½ percentage point to 9½ percent. In the market, these actions were widely interpreted as a shift toward greater monetary accommodation by the U.S. authorities and generated expectations that declines in U.S. money market and official interest rates, which had stalled during September, would again resume. Once again the dollar came on offer in the exchange market.

But, as in August, the dollar's decline proved temporary and market psychology toward the dollar remained positive. Few market participants regarded the shift in operating procedure as an abandonment of the fight against inflation. Moreover, substantial progress had already been achieved in moving toward greater price stability in this country, with wage, salary, and price increases slowing markedly and unit labor costs even more dramatically. In response, interest rates in longer-term markets dropped another 1 percentage point in October alone. Yet, compared with other countries, the decline in U.S. nominal interest rates still lagged behind the reduction of inflationary pressures, so that real U.S. interest rates remained high, both absolutely and relative to other countries. Furthermore, foreign monetary authorities were expected to take fuller advantage of what by this time appeared to be sustainable declines in U.S. interest rates to ease credit conditions in their economies. These expectations were confirmed when official and market interest rates in major European countries declined considerably in the last weeks of October.

Under these circumstances, financial markets were impressed with anecdotal evidence suggesting that foreign investors sought to benefit from the continuing potential for price appreciation in U.S. domestic capital markets by investing in longer-term, dollar-denominated securities. While foreign purchases of these securities were apparently financed largely out of existing dollar-denominated assets, talk of foreign investment activity nonetheless had a positive psychological effect on the dollar and may have been associated with renewed bidding for dollars in the exchange market.

By the end of October the dollar reached record highs against several of the continental currencies, levels not seen in nearly 6 years against the pound sterling and the Japanese yen, and a 14½-month high against the German mark. On balance, for the 3-month period under review the dollar rose 8¼ percent against the Japanese yen, 6 percent against the Swiss franc, 5 percent against the German mark, and 4½ percent against the pound sterling. With respect to the Canadian dollar, however, the dollar declined about 2 percent. On a trade-weighted basis the dollar rose 4¾ percent.

The U.S. authorities intervened on four occasions during the period when the dollar was bid up sharply to higher levels in unsettled markets. The Federal Reserve and the U.S. Treasury intervened early in August and again early in October to purchase $45.0 million equivalent of German marks and $57.0 million equivalent of Japanese yen. The German mark purchases were split evenly between the Federal Reserve and the Treasury. Of the total Japanese yen acquired, $38.5 million equivalent was for the Federal Reserve and $18.5 million equivalent was for the U.S. Treasury.

In the August–October period, various short-term financing arrangements were concluded in support of Mexico's efforts to strengthen its economic and financial position. At the begin-

1. Drawings and repayments by foreign central banks under reciprocal currency arrangements[1]

Millions of dollars; drawings or repayments (−)

Bank drawing on Federal Reserve System	Outstanding, July 31, 1982	August 1 through October 31, 1982	Outstanding, October 31, 1982
Bank of Mexico	700.0	{ 700.0 −700.0 }	700.0

1. Data are on value-date basis.

ning of the period, the Bank of Mexico had outstanding a one-day $700 million drawing on its swap line under the Federal Reserve's reciprocal currency arrangements used to finance a short-run liquidity need, which was repaid on August 1. Then, with the Mexican authorities proceeding with the implementation of a previously announced stabilization program, the Bank of Mexico again drew $700 million under its reciprocal swap line with the Federal Reserve on August 4, this time for a period of three months. The Mexican authorities also arranged a temporary new $1 billion swap facility with the U.S. Treasury over the August 14–15 weekend, drew $825 million, and then on August 24 repaid the entire drawing using an advance payment for oil from the U.S. Department of Energy.

Meanwhile, negotiations among Mexico, the U.S. Treasury, the Federal Reserve, and major foreign central banks resulted in a multilateral package to provide bridge financing to an International Monetary Fund (IMF) standby credit. The credit facility totaling $1.85 billion comprised $325 million with the Federal Reserve, $600 million with the U.S. Treasury, and $925 million with the Bank for International Settlements. During the period under review the Bank of Mexico drew, for three months, $105 million and $195 million on the Federal Reserve and U.S. Treasury swaps respectively, as part of the first $600 million it took down on the combined facility. The Mexican authorities also made one overnight drawing of $250 million on the combined facility, which was repaid. The drawing comprised $43.8 million on the Federal Reserve, $81.2 million on the U.S. Treasury, and $125 million on the Bank for International Settlements. Subsequently, the Bank of Mexico also drew for three months $87.5 million on the Federal Reserve and $162.5 million on the U.S.

2. Drawings and repayments by the Bank of Mexico under special reciprocal currency arrangements[1]

Millions of dollars; drawings or repayments (−)

Drawings on	Outstanding, July 31, 1982	August 1 through October 31, 1982	Outstanding, October 31, 1982
U.S. Treasury special temporary facility for $1,000 million	0	{ 825.0 −825.0 }	0
Drawings on special combined credit facility			
Federal Reserve special facility for $325 million	0	{ 236.3 −43.8 }	192.5
U.S. Treasury special facility for $600 million	0	{ 438.8 −81.3 }	357.5

1. Data are on value-date basis.

Treasury, leaving $1 billion still available on the entire combined credit facility as of October 31.

In other developments the U.S. Treasury provided $1.23 billion of short-term financing to Brazil by arrangements that had been under discussion since October. This additional short-term liquidity was made available in conjunction with economic policies adopted by Brazil at the October meeting of its National Monetary Council. The financing was provided under three swap facilities. One drawing on the first $500 million facility was made on October 28 for $350 million. Other facilities made available in November, when combined with the above-mentioned $500 million, totaled $1.23 billion and were announced by President Reagan during his visit to Brazil in the first week of December. The swap arrangements represent bridging loans to Brazil's drawings under the Compensatory Financing Facility of the IMF as well as on its reserve position with the IMF.

3. Drawings and repayments by the Bank of Brazil under special reciprocal currency arrangement with the U.S. Treasury[1]

Millions of dollars; drawings or repayments (−)

Drawing on	Outstanding, July 31, 1982	August 1 through October 31, 1982	Outstanding, October 31, 1982
U.S. Treasury special facility for $500 million	0	350.0	350.0

1. Data are on value-date basis.

4. U.S. Treasury securities, foreign currency denominated[1]

Millions of dollars equivalent; issues or redemptions (−)

Issues	Amount of commitments July 31, 1982	August 1 through October 31, 1982	Amount of commitments October 31, 1982
Public series			
Germany	2,610.6	−671.2	1,939.4
Switzerland	458.5	0	458.5
Total	**3,069.1**	**−671.2**	**2,397.9**

1. Data are on a value-date basis.

5. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

Period	Federal Reserve	U.S. Treasury	
		Exchange Stabilization Fund	General account
August 1 through October 31, 1982	0	−.6	30.6
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1982	−777.9	−1,472.9	619.3

1. Data are on a value-date basis.

On September 1 the U.S. Treasury redeemed additional securities denominated in German marks equivalent to $671.2 million. After this redemption, the Treasury had outstanding $2,397.9 million equivalent of foreign currency notes, public series, which had been issued in the German and Swiss markets with the cooperation of the respective authorities in connection with the dollar-support program of November 1978. Of the notes outstanding as of October 31, 1982, a total of $1,939.4 million equivalent was denominated in German marks and $458.5 million equivalent was denominated in Swiss francs.

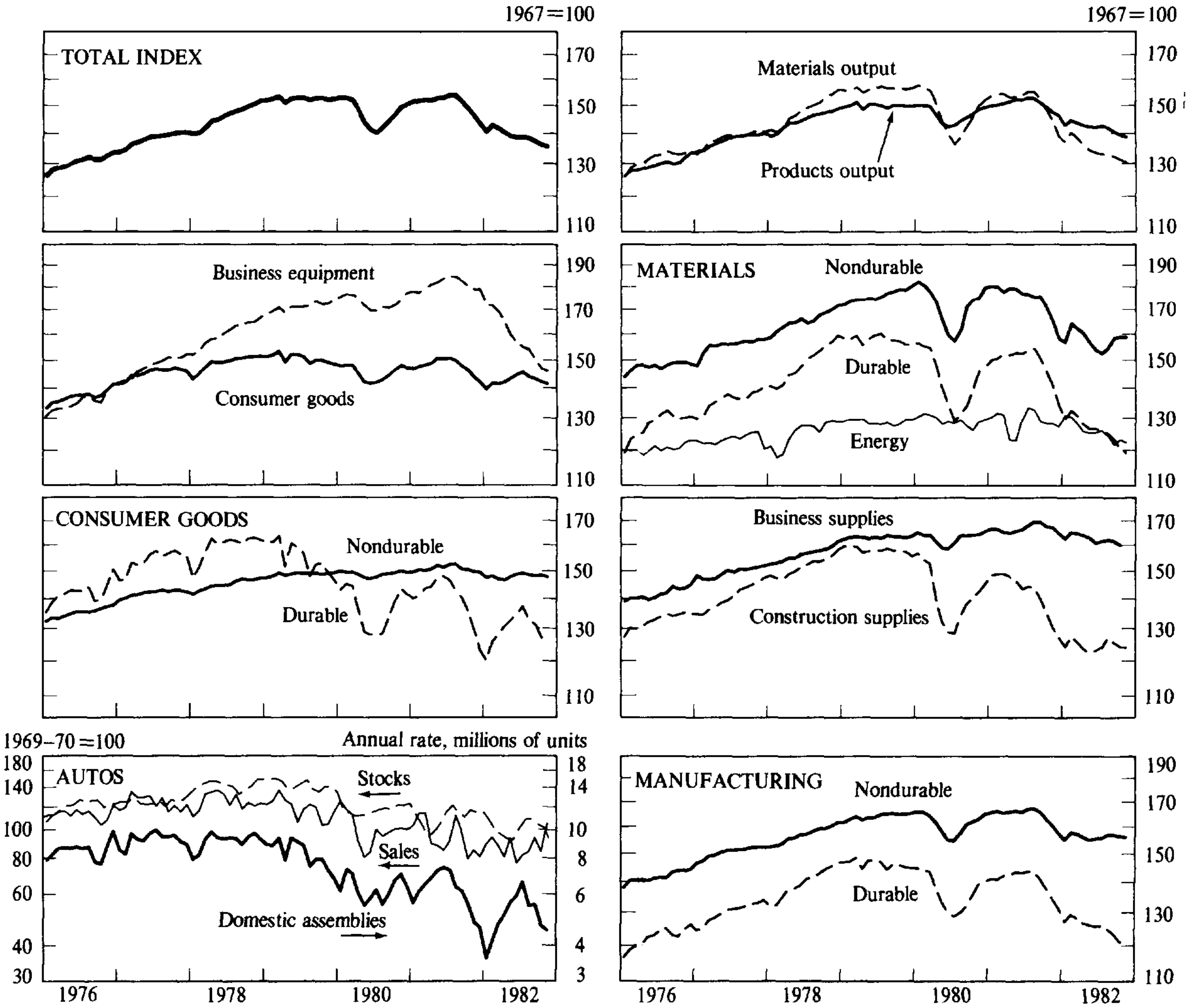
In the three-month period from August through October, the Federal Reserve had no profits or losses on its foreign currency transactions. The Exchange Stabilization Fund (ESF) lost $0.6 million in connection with sales of foreign currency to the Treasury general account, which the Treasury used to finance interest and principal payments on foreign currency-denominated securities. The Treasury general account gained $30.6 million on the redemption of German mark-denominated securities. As of October 31, 1982, valuation losses on outstanding balances were $777.9 million for the Federal Reserve and $1,472.9 million for the ESF. The Treasury general account had valuation gains of $619.3 million related to outstanding issues of securities denominated in foreign currencies. □

Industrial Production

Released for publication December 15

Industrial production declined an estimated 0.4 percent in November. Cutbacks in output were concentrated in motor vehicles, metals, and a number of business equipment industries. At 135.6 percent of the 1967 average, the total index for November was 11.9 percent below its recent peak in July 1981.

In market groupings, output of consumer goods contracted 0.5 percent in November, reflecting a reduction in auto and light truck assemblies as well as declines in nondurable consumer goods, such as food and fuel. The reduced auto assembly rate of 4.5 million units per year helped contract automobile inventories. Production of business equipment declined 0.5 percent, as continued sharp reductions in the output of manufac-



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Nov. 1981 to Nov. 1982
	1982		1982					
	Oct.p	Nov.e	July	Aug.	Sept.	Oct.	Nov.	
	Major market groupings							
Total industrial production	**136.2**	**135.6**	**.1**	**−.3**	**−.8**	**−.8**	**−.4**	**−7.3**
Products, total	139.4	138.9	.4	−.4	−1.0	−.9	−.4	−5.8
Final products	138.6	138.1	.3	−.9	−1.0	−.9	−.4	−6.2
Consumer goods	142.3	141.6	.7	−1.2	−.6	−.7	−.5	−1.7
Durable	127.0	126.0	2.0	−3.2	−1.2	−3.3	−.8	−2.9
Nondurable	148.3	147.8	.2	−.3	−.3	.1	−.3	−1.3
Business equipment	146.9	146.1	−1.1	−.6	−2.4	−2.2	−.5	−18.4
Defense and space	111.2	112.1	1.8	.0	.0	1.6	.8	6.5
Intermediate products	142.1	141.8	.6	1.3	−.9	−.9	−.2	−4.6
Construction supplies	124.2	124.1	.8	2.4	−1.3	−1.0	−.1	−4.6
Materials	131.2	130.4	−.4	−.2	−.5	−.8	−.6	−9.8
	Major industry groupings							
Manufacturing	135.6	134.9	.3	−.1	−.7	−1.1	−.5	−7.0
Durable	121.3	120.3	.3	−.8	−1.2	−1.7	−.8	−10.5
Nondurable	156.3	156.0	.3	.8	.0	−.4	−.2	−2.7
Mining	116.6	116.2	−2.8	−2.7	−1.6	1.4	−.3	−18.9
Utilities	168.2	167.2	−1.0	.5	−.5	.4	−.6	−1.0

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

turing, power, and transit equipment were offset in part by a rise in oil and gas well drilling following ten months of steep decline in this activity. Production of construction supplies edged downward in November, and business supplies declined further.

Production of materials was reduced 0.6 percent—about the average rate of decline during the three preceding months. Output of durable materials decreased sharply, reflecting continued cutbacks in the production of metals, particularly steel, and in the output of parts for consumer durables and for equipment. Production of nondurable materials was unchanged, and output of energy materials declined.

In industry groupings, output of manufacturing declined 0.5 percent in November, reflecting a cutback of 0.8 percent in the production of durables and a decline of 0.2 percent in nondurables. Output of mining and production of utilities were reduced 0.3 and 0.6 percent respectively.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee of the U.S. Congress, November 24, 1982.

I appreciate this opportunity to discuss with you the current stance of monetary policy and some problems for the future. Before responding to certain questions directed to me about monetary policy in your letters of October 18 and November 17, Mr. Chairman, I should first emphasize that the basic thrust and goals of our policy are unchanged since I testified before the Congress on July 20. The precise means by which we move toward our goals must take account of all the stream of evidence we have on the behavior of (and distortions in) the various monetary aggregates, the economy, prices, interest rates, and the like. But we remain convinced that lasting recovery and growth must be sought in a framework of continuing progress toward price stability—and that the process of money and credit creation must remain appropriately restrained if we are to deal effectively with inflationary dangers.

For that reason, we must continue to set forth targets for growth in money and credit and to judge the provision of bank reserves—our most important operating instrument—in the light of the trend in the growth of these aggregates. This process necessarily involves continuing judgments about just what growth in those magnitudes is appropriate in the short and longer run, matters affected by institutional change as well as by more fundamental economic factors.

As you are aware, the current job of developing and implementing monetary policy has been complicated by regulatory decisions as well as by recent developments in the economy and in our financial markets. We have as a consequence (1) made some technical modification in our operating procedures to cope with obvious distortions in some of the monetary data, particularly M1, and (2) accommodated growth in the various monetary aggregates at rates somewhat above the targeted ranges. The first of those decisions was essentially technical. The latter decision is entirely consistent with the view I expressed in testifying before the Banking Committees in July that the Federal Open Market Committee would tolerate "growth somewhat above the targeted ranges . . . for a time in circumstances in which it appeared that precautionary or liquidity motivations, during a period of economic uncertainty and turbulence, were leading to stronger than anticipated demands for money."

Unfortunately, the difficulties and complexities of the economic world in which we live do not permit us the luxury of describing policy in terms of a simple, unchanging numerical rule. For instance, the economic significance of any particular statistic we label "money" can change over time—partly because the statistical definition of money is itself arbitrary and the components of the money supply have differing degrees of use as a medium of exchange and liquidity. That fact doesn't make much difference in a relatively stable economic, financial, and institutional environment, but at times of rapid change like the present, it can matter a great deal.

We also have to take account of varying lags—never known with precision—between actions today and their consequences later. We have to try to disentangle the temporary and cyclical from more persistent trends in relationships among different measures of money and inflation and economic activity. And we have to evaluate the significance of developments abroad as well as at home, as reflected in trade accounts and the exchange rate, and of strains in the financial structure itself.

As this suggests, the economic environment in which we set policy—or policy itself—cannot be condensed into a simple, one-dimensional statement. Perhaps the essence of the problem and our approach can be better captured by a few "yes–but" phrases.

Yes, we have broken the inflationary momentum—but continuing vigilance and effort will be essential to continue progress toward price stability. As you know, the broad price indexes this year have been running at about half or less of the peak levels reached two or three years ago. As part of this disinflationary process, growth in worker compensation in *nominal* terms has declined to the area of 6 to 7 percent—but that slower growth in nominal income has been consistent with higher real wages as inflation has moderated.

Price and cost trends in particular sectors of the economy are mixed—reflecting in part lags in the process of disinflation, the effects of long wage contracts, international and exchange rate developments, and the immediate effects of recession on some prices—most particularly commodities. But there seems to me strong reason to believe that the progress toward price stability can be maintained—albeit at a slower rate—as the economy recovers. For a time, unemployment and excess capacity should restrain costs and prices and, of more lasting significance, productivity growth should improve from the poor performance of most recent years. Taken together, restraint on nominal wage increases and productivity growth should moderate the increase in unit labor costs, which account for about two-thirds of all costs. Real incomes can rise as inflation slows, paving the way for further progress toward stability.

To be sure, as the economy grows, some factors holding down prices over the past year or two will dissipate or be reversed. But large new "price shocks" in the energy or food areas appear unlikely in the foreseeable future, suggesting that a declining trend in the rise of unit labor costs should be the most fundamental factor defining the price trend.

That analysis would not hold, however, if excessive growth in money and credit over time came again to feed first the expectation, and then the reality, of renewed inflation. Too much has been "invested" in turning the inflationary momentum to lose sight of the necessity of carrying through. There are clear implications, as I will elaborate in a moment, for fiscal as well as monetary policy.

Yes, exceptional demands for liquidity can reasonably be accommodated in a period of recession, high unemployment, and excess capacity—but guidelines for restrained money and credit growth remain relevant to insure against renewed inflation. A variety of specific and general evidence strongly suggests that the desire to hold cash and other highly liquid assets, relative to income, has increased this year. Much of the more rapid increase in M1 has been in interest-bearing, negotiable order of withdrawal (NOW) accounts, which did not exist a few years ago, but which provide the basic elements of a savings, as well as a transaction, account. With market interest rates falling, those accounts have been relatively more attractive on interest rate grounds alone, and they are a convenient means of storing liquidity at a time of economic and financial uncertainty. At the same time, the broader aggregates appear to reflect some of the same liquidity motivations, as well as the stronger savings growth in the wake of the tax cut.

Most broadly, we can now observe, over a period of more than a year, a distinct decline in "velocity," that is, the relationship between the gross national product and the monetary aggregates. The velocity decline for M1, which is likely to amount to about 3 percent from the fourth quarter of 1981 to the fourth quarter of 1982, stands in sharp contrast to the average yearly rise in velocity of 3 to 4 percent over the past decade; it will be the first significant decline in velocity in about 30 years. The velocities of M2 and M3—which had been relatively trendless earlier—have also declined significantly. While some tendency toward slower velocity is not unusual in the midst of recession, the magnitude and persistence of the movement in 1982 are indicative of a pronounced tendency to hold more liquid assets relative to current income. Without some accommodation of that preference, monetary policy at the present time would be substantially more restraining in its effect on the economy than intended when the targets for the various aggregates were originally set out earlier this year.

At the same time, policy must take into account the probability that the demands for liquidity will, in whole or in major part, prove temporary, and that an excessive rise in money or other liquid assets could feed inflationary forces later. Elements of judgment are inevitably involved in sorting out these considerations—judgments resting on analysis of the economy, interest rates, and other factors. But broad guidelines for assessing the appropriate growth on the basis of historical experience will surely remain relevant and appropriate.

In that connection, I must note the implications of the future federal budgetary position. To put the point briefly, the prospect of huge, continuing budgetary deficits, *even as the economy recovers,* carries with it the threat of either excessive creation of liquidity and inflation in future years, or a "crowding out" of other borrowers as monetary growth is restrained in the face of the Treasury financing needs, or a combination of both. The problems flowing from the future deficits are simply not amenable to solution by monetary policy. Moreover, the concern engendered in the marketplace works in the direction of higher interest rates today than would otherwise be the case, contrary to the needs of recovery. I know something of how difficult it is to achieve further budgetary savings, but I must emphasize again how important it is to see the deficit reduced as the economy recovers. Those looming deficits in fact are a major hazard in sustaining recovery.

Yes, lower interest rates are critically important in supporting the economy and encouraging recovery—but we also want to be able to maintain lower interest rates over time. Since early summer, short-term interest rates have generally declined 5 to 6 percentage points, and mortgage and most other long-term rates have dropped 3 to 4 percentage points. While consumer loan rates administered by banks and other financial institutions have lagged, they are also now moving lower. There are clear signs of a rise in home sales and building in response to these interest rate declines, and other sectors of the economy are benefiting as well.

We have also had experience in recent years of sharp increases in interest rates curtailing economic activity at times when recovery was incomplete and unemployment high. Sudden large fluctuations in interest rates contribute to other economic and financial distortions as well. And no doubt the fact that many interest rates remain historically high, relative to the *current* rate of inflation, reflects continuing skepticism over prospects for carrying through the fight on inflation.

In this situation, the Federal Reserve has welcomed the declines in interest rates both because of the support they offer economic activity and because they seem to reflect a sense that the inflationary trend has changed. However, we do not believe that progress toward lower interest rates should—or for long in practice can—be "forced" at the expense of excessive credit and money creation. To attempt to do so would simply risk the revival of inflationary forces; renewed expectations of inflation would soon be reflected in the longer-term credit markets, damaging prospects for the long-lasting expansion we all want.

Turning to your explicit questions, Mr. Chairman, against this general background, I believe most policymaking officials in the Federal Reserve share the general view that economic recovery will be evident throughout 1983, but at a moderate rate of speed—probably slower than during previous post-recession years. Unambiguous evidence that the recovery is already under way is still absent, although encouraging signs are evident in some rise in housing, in the improved liquidity and wealth and reduced debt positions of consumers, and in surveys reporting that attitudes and orders may be stabilizing or improving. The federal deficit, while fraught with danger for the future, is of course providing massive support for incomes at present.

What is crucially important—particularly in the light of the experience of recent years—is that we set the stage for an expansion that can be sustained over a long period, bringing with it strong gains in productivity and investment and lasting improvement in employment. I have already emphasized the importance of progress toward price stability to that outlook, and the evidence that, with disciplined monetary and fiscal policies, we can sustain that progress.

So far as the specific questions about monetary policy in your October 18 letter are concerned, we have not, as you know, set any new monetary targets for 1982. Current trends do indicate that the various Ms will end the year above the upper end of the target ranges, probably ½ to 1 percent for M2 and M3 and more for M1 given the current distortions. Bank credit will be close to the midpoint of its range. As I indicated at the start, the "overshoots," in the context of today's economic and financial conditions, are consistent with the approach stated in my July testimony.

No decision has been taken to change the tentative targets for 1983. That matter will, of course, be under intensive scrutiny over the next two months, and the targets will be announced in February.

For the time being we are placing much less emphasis than usual on M1. That decision was precipitated in early October entirely by the likelihood that the data would be grossly distorted in that month by the maturity of a large volume of all-savers certificates, part of the proceeds of which might be expected to, at least temporarily, be placed in checking accounts included in M1.

In about three weeks, the introduction of a new ceiling-less account at financial institutions—highly liquid and carrying significant transaction capabilities—is likely to distort further the M1 data. Judging by comments at the last meeting of the Depository Institutions Deregulation Committee, that account could rapidly be followed by a decision to approve a ceiling-less account with full transaction capabilities. These new accounts could have a large, but quite unpredictable, influence on M1 for a number of months ahead as funds are reallocated among various accounts. Moreover, the introduction of market-rate transaction accounts will very likely result in a different relationship and trend of M1 relative to GNP over time. Increasing confidence in the stability of prices and a trend toward lower market interest rates might also affect the desire to hold money over time.

Obviously, some judgments on those matters will be necessary in setting a target for M1 in 1983 and in deciding upon the degree of weight to be attached to changes in M1 in our operations. Those problems should appropriately be described as "technical" rather than "policy" in the sense that we will need to continue to be concerned with the rate of growth over time of the monetary aggregates, including transaction balances.

The decisions taken in early October do point to greater emphasis on M2 (and M3) in planning the operational reserve path during this transitional period. The link between reserves and M2 is looser and more uncertain than in the case of M1, in large part because reserve requirements on accounts included in M2, apart from transaction balances, are very low or nonexistent. (Transaction balances are about 17 percent of M2.) Therefore once a reserve path is set, deviations of M2 from a targeted growth range may not, more or less automatically, be reflected in substantial changes in pressures on bank reserve positions or in money markets as is the case with M1. Consequently, "discretionary" judgments may be necessary more frequently in altering a reserve path than when the reserve path is focused more heavily on M1. In that technical sense, the operational approach has necessarily been modified.

In sum, the broad framework of monetary targeting has been retained, but greater emphasis is for the time being placed on the broader aggregates. The specific operating technique that had been closely related to M1 has, by force of circumstances, been conformed to that emphasis. Obviously, entirely apart from questions of economic doctrine and contending approaches to monetary control, so long as M1 is subjected to strong institutional distortions, our techniques must be adapted to take account of that fact.

An alternative operating approach suggested by some of supplying and withdrawing reserves with the intent of achieving a particular interest rate target would suffer from several fundamental defects:[1]

1. That was not, as sometimes mistakenly thought, the operating approach used before October 1979. Then, reserves were provided with the aim of achieving and maintaining a particular federal funds rate *thought to be consistent with targets for the monetary aggregates*. The federal funds rate was a *means* to achieving a monetary target and in principle was to be handled flexibly. In practice, among other difficulties, there appeared to be a reluctance to permit rates to vary rapidly enough to maintain control of the aggregates.

1. The body of theory or practice does not provide a sufficiently clear basis for relating the level of a particular interest rate to our ultimate objectives of growth and price stability.

2. The implication that the Federal Reserve could in fact achieve and maintain a particular level of relevant interest rates in a changing economic and financial environment is not warranted.

3. The very concept and measurement of a "real" interest rate, as called for in some proposals, is a matter of substantial ambiguity.

4. As a practical matter, attempts to target and fix interest rates would make more rigid and tend to politicize the entire process of monetary policy.

5. In current circumstances, with huge budget deficits looming, a requirement that the Federal Reserve set explicit interest rate targets is bound to be interpreted as inflationary, and the rekindling of inflationary expectations will work against our objective.

I realize the several legislative proposals addressed to targeting interest rates would, on their face, seem to call for interest rates as only one of several targets. But interest rates would certainly be the most obvious and sensitive target, and those targets would be difficult to change. Other evidence for a need to "tighten" or "ease" would be subordinated, if not ignored.

As we approach the target-setting process for 1983, our objectives will—indeed as required by law—continue to be quantified in terms of growth in relevant money and credit aggregates. We will have to decide how much weight to place on M1 and other aggregates during a transitional period, assuming new accounts continue to distort the data. In reaching and implementing those decisions, the members of the FOMC necessarily rely upon their own analysis of the current and prospective course of business activity; the interrelationships among the aggregates, economic activity, and interest rates; and the implications of monetary growth for inflation. In other words, the process is not a simple mechanical one, and it seems to me capable of incorporating—within a general framework of monetary discipline—the elements of needed flexibility. We will also, as part of that process, review whether technical adjustments in procedures for establishing and changing the reserve paths are appropriate. I will be reporting our conclusions to the Congress in February.

Mr. Chairman, you have suggested that our monetary targets might reasonably be specified as a single number, with a range above and below. At times we have debated within the FOMC the wisdom of such an approach (or setting forth a single target number without a range). My own feeling has been, and remains, that a single number, with or without a range, would convey a specious sense of precision, with the result of greater pressure to meet a more or less arbitrary number to maintain "credibility," even if developments during the year tend to indicate some element of flexibility is appropriate in pursuit of the targets.

To me, our present practice of setting forth a range is preferable. When appropriate, we can and should suggest the probability of being in the upper or lower portion of the range, or suggest what conditions could evolve in which something other than the midpoints (or even an over- or undershoot) would be appropriate. That approach seems to me to provide more information—and more realism—than a single number and is broadly consistent with present practice.

For similar reasons, I believe we need to measure and target a variety of aggregates because, in a swiftly changing economic environment, any single target can be misleading. In that connection, I believe an indication of total credit flows broadly consistent with the monetary targets could be helpful. As you know, we now provide such estimates for bank credit alone.

Given the limits of forecasting and analysis, and the volatility of the data, I would question the usefulness of further sectoral estimates. Even with respect to total credit flows, there is considerable looseness in relationships to economic activity for periods as long as a year—and still more for shorter periods. The theoretical framework relating credit flows to other variables such as the GNP or inflation is less fully developed than in the case of monetary aggregates, and credit flows are less directly amenable to control. The enormous flows across international borders pose large conceptual and statistical problems. Our credit data are typically less complete and up-to-date than monetary data.

However, so long as those difficulties and limitations are recognized—and some of them are relevant with respect to the monetary aggregates as well—I share the view that analysis of credit flows can contribute to policy formulation. To assist in that process, I will propose to the Open Market Committee that estimates of the expected behavior of a broad credit aggregate be set forth alongside the monetary targets in our next report.

I do strongly resist the idea of the Federal Reserve as an institution forecasting interest rates. No institution or individual is capable of judging accurately the myriad of forces working on market interest rates over time. Expectational elements play a strong role—fundamentally expectations about the course of economic activity and inflation but also, in the short run, expectations of Federal Reserve action. We could not escape the fact that a central bank forecast of interest rates would be itself a market factor. To some degree, therefore, in looking to interest rates and other market developments for information bearing on our policy decisions, we would be looking into a mirror. Moreover, the temptation would always be present to breech the thin line between a forecast and a desire or policy intention, with the result that operational policy decisions could be distorted.

While it seems to me inappropriate for a central bank to forecast interest rates regularly, analysis of key factors influencing credit conditions and prices can be helpful at times. On occasion, we have provided such analysis in the past. My concern about the outlook for fiscal policy is rooted in major part in such analysis because the direction of impact on interest rates seems to be unambiguous. I have also, on a number of occasions, indicated that the recent and even current level of interest rates appears extraordinarily high, provided, as I believe, we continue to make progress on the inflation front. Perhaps, in our semiannual reporting, we can more explicitly call attention to major factors likely to influence short- or long-term interest rates and the significance for various sectors of the economy. But I do not believe interest rate forecasting would be desirable or long sustainable, and would in fact be damaging to the policy process.

Finally, Mr. Chairman, you have requested a "single composite forecast" of the major economic variables by FOMC members. As you are well aware, our present practice is to set forth a range of forecasts of individual FOMC members of the nominal and real GNP, prices, and unemployment. The fact is we have no single "Federal Reserve" forecast, and there is no mechanism, within a Committee or Board structure, to force agreement on such a forecast by individual members bringing different views, typically backed by separate staff analysis, to the table. A simple average—possibly supported by no one—seems to me artificial. The process of attempting to force a censensus would certainly dilute the product.

I would put the point positively. A range of forecasts by individual FOMC members more accurately conveys the range of uncertainty and contingencies that must surround any forecast. The seeming neatness and coherence of a single forecast too often obscures the reality that a variety of outcomes is possible; the very essence of the policy problem is to assess risks and probabilities—what can go wrong as well as what can go right. A point forecast would likely be treated more reverently than it would deserve, and could even distort policy judgments in misguided efforts to "hit" a forecast.

I can understand your concern that a range of forecasts may be misleading if strongly influenced by "outlying" opinions rather than reflecting a more even dispersion of views. For that reason, I would be glad to explore with the Open Market Committee a procedure by which we indicated the "central tendency" of members' views—assuming such a central tendency exists—as well as indicating the range of opinions. Conversely, if the forecasts were evenly distributed within the range, we could so indicate. I believe that approach would meet the objectives you seek in a realistic and helpful manner.

In concluding this already long testimony, let me say that we share the common goals of achieving, in the words of the Employment Act of 1946 and the Humphrey–Hawkins Act of 1978, "Maximum employment, production, and purchasing power" and "full employment . . . (and) reasonable price stability." Those objectives have eluded us for too many years. We meet again today in particularly difficult circumstances, and there is a sense of frustration and uncertainty among many.

But I also happen to believe we have come a long way toward laying the base for economic growth and stability: economic recovery should characterize 1983, and that recovery can mark the beginning of a long period of stable growth.

Obviously there are obstacles—interest rates are still too high; inflation is down but not out; there are strains in our financial system; we face budget deficits that are far too high; we are tempted to turn inward or backward for quick solutions that ultimately cannot work. But it is also plainly within our capacity to deal with those threats—provided only that we have a strong base of understanding among us, that we resolve to act when action is necessary, and that we have the patience and wisdom to refrain from actions that can only be destructive.

You are leaving the Congress after 28 years, Mr. Chairman. Through that time, you have consistently provided constructive leadership to the effort to raise the level of economic discussion in general—and of the dialogue between the Congress and the Federal Reserve in particular. I happen to believe strongly in the independence that the Congress has provided the Federal Reserve through the years—but also in the need for close and continuing communication with the Congress and the administration. I presume that this is the last time I will appear before you personally in this forum, but the dialogue will continue to benefit from your efforts, your initiative, and your sense of commitment in more ways than you may realize. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 10, 1982.

I am happy to appear before this committee to discuss the Federal Reserve's involvement with the Penn Square Bank. Let me state at the outset that the Federal Reserve's involvement was limited to its role as a lender of last resort and regulator of Penn Square Bank's parent bank holding company and to a general concern over the impact of bank failures on the orderly operation of the nation's financial system.

As a lender of last resort, the Federal Reserve provides essential credit to depository institutions for the purpose of providing temporary liquidity in times of need. The lending function of the Federal Reserve is conducted through the District Federal Reserve Banks, which operate under broad guidelines established by the Board in Washington. In the case of Penn Square Bank, the Federal Reserve Bank of Kansas City was the lending bank. The President of the Kansas City Reserve Bank has appeared before a congressional committee to explain the Reserve Bank's loans to Penn Square Bank in detail, and his testimony is a matter of public record. Briefly, the relevant facts are as follows.

On June 30, Penn Square Bank requested, and was granted, a $20 million loan from the Federal Reserve Bank of Kansas City. This loan was supported by a pledge of $26.3 million of Penn Square Bank's customer notes. The loan was repaid the next day. Friday, July 2, the bank again borrowed, this time in the amount of $5.7 million that was collateralized by $39.4 million of Penn Square Bank's customer notes.

Over the weekend of the Fourth of July, the Federal Reserve Bank was notified by the Comptroller of the Currency that the Penn Square Bank's current loan losses and potential loan losses arising from irregularities in loan documentation and in other business practices would extinguish the bank's capital funds. The Comptroller also informed the Federal Reserve that the Penn Square Bank would be unable to meet the demands of its depositors and creditors from private funding sources. In response to the Comptroller's evaluation of the bank's asset portfolio, its capital position, and the dissipation of its private funding sources, the Federal Reserve Bank notified the Comptroller of the Currency of its intention not to extend credit to the bank under these circumstances. Subsequently, the Comptroller declared the bank insolvent, and it was closed on July 6. The Federal Deposit Insurance Corporation, as receiver, paid the $5.7

million loan owing to the Federal Reserve Bank of Kansas City, which released the collateral to the receiver.

The Federal Reserve also functioned as the regulator of the bank's parent company, First Penn Corporation. The condition of First Penn Corporation was essentially reflective of the condition of the bank because the parent company was a "shell" principally serving as a vehicle to hold the stock of the bank. As is the case when the holding company owns a national bank, the Reserve Bank relied on the findings of the Comptroller with respect to the bank's condition. The Federal Reserve Bank of Kansas City inspected the First Penn Corporation on two occasions between the beginning of 1981 and the time the bank failed in July 1982. There was no evidence that any of the activities of the holding company contributed to or were in any way responsible for the difficulties of the Penn Square Bank. Indeed, virtually all of the parent company's assets were represented by deposits with, investments in, or loans purchased from the Penn Square Bank.

In the context of the Board's concern over the effect of the failure of Penn Square Bank in the markets generally, the Federal Reserve explored possible alternatives to liquidation of the bank. Given the circumstances and the short period of time available to arrange an alternative solution, however, it became clear on Monday, July 5, that the bank was destined for liquidation.

Before the closing, the Federal Reserve was notified that the Penn Square Bank had a substantial amount of uninsured deposits from financial institutions. Under the receivership, the uninsured depositors were to be given "receiver's certificates" in amounts equal to the uninsured portion of their respective deposits. In response to the potential liquidity needs of these financial institutions, the Federal Reserve announced that the receiver's certificates would be acceptable as collateral for advances at the Federal Reserve discount window. Since the failure of the Penn Square Bank, the Federal Reserve has received only a limited number of discount window borrowing requests from these institutions. As of today, there are no loans outstanding that are secured by receiver's certificates.

The Federal Reserve has also reviewed the Penn Square episode to determine the capacity of existing bank laws and regulations to handle a similar situation should it occur in the future. In our judgment, current banking statutes and regulations and the supervisory tools available to federal bank regulators are adequate at present to oversee the safety and soundness of our nation's banking system. We would point out, once again, that the failure of Penn Square resulted from an extreme emphasis on growth at the expense of sound lending and funding practices, and in the absence of proper management oversight and controls. The extremely unsound banking practices that caused the failure of the Penn Square Bank represent an isolated instance and are not characteristic or typical of most commercial banks or depository institutions generally. Indeed, the evidence we have continues strongly to indicate that the overwhelming majority of banks are being operated in a sound and prudent manner. □

Announcements

Change in Discount Rate

The Federal Reserve Board announced a reduction in the discount rate from 9½ to 9 percent, effective November 22, 1982. The discount rate is the interest rate that is charged for borrowings from the District Federal Reserve Banks.

The further half-point reduction in the discount rate, which is broadly consistent with the prevailing pattern of market rates, was taken against the background of continued progress toward greater price stability and indications of continued sluggishness in business activity and relatively strong demands for liquidity.

The Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco. Subsequently, the Board approved similar requests from the directors of the Federal Reserve Bank of Dallas, effective November 23, and the Federal Reserve Bank of Cleveland, effective November 26, 1982.

ACH Service: Revised Fee Schedule

The Federal Reserve Board has announced a revised fee schedule for its automated clearinghouse service and also changes in the Federal Reserve's procedures for administering clearing balances.[1]

ACH Service Fee Schedule

The Monetary Control Act of 1980 requires that the Federal Reserve establish fee schedules for its ACH service and for other Federal Reserve services, according to pricing principles established by the Board. The Board began charging for ACH services, based on pricing principles published earlier, in August 1981. In adopting the 1981 fee schedule for ACH services, the Board recognized that ACH service was in the process of development and had not yet reached a mature level. In recognition of this fact, the Board established 1981 fees on the basis of what it regarded as a mature volume of ACH items, expected to be achieved in about five years, with the objective of promoting the continuing development of the ACH service in the public interest. The Board said it would review its ACH pricing policy annually.

In reviewing its ACH pricing policy in April 1982, the Board decided it was appropriate to continue providing a measure of such encouragement. However, to provide the private sector with information as to when full cost-recovery pricing would begin, the Board decided on a schedule that calls for increasing ACH fees by 20 percent annually, permitting ACH fees to be set in 1985 to recover 100 percent of the costs incurred in providing commercial ACH services. The Board has therefore adopted the following schedule, which will be in effect in 1983, designed to recover 40 percent of the current costs of providing ACH services.

Fee schedule	cents
Day-cycle cost	
Intra-ACH	
Debits originated	2.0
Credits received	4.0
New York intra-ACH	
Debits originated	1.0
Credits received	2.0
Inter-ACH	
Debits originated	3.5
Credits received	5.5
New York inter-ACH	
Debits originated	2.5
Credits received	3.5
Night-cycle surcharge	
Intra- and inter-ACH	
Debits originated	5.0
New York intra- and inter-ACH	
Debits originated	5.0

1. An automated clearinghouse (ACH) is a computer facility for sorting and settling electronically originated payments, instead of payments originated by checks.

The basic structure of the new ACH fee schedule is the same as the current fee schedule. But the new schedule also recognizes that benefits accrue to receivers of credits arising from reduced costs and from improved availability of funds that are not realized by originators of daytime debits. Consequently, the fees for receivers of ACH credits will be higher, in general, than for originators of ACH debits.

Clearing Balance Procedures

To improve the flexibility of Reserve Banks in meeting the needs of institutions holding clearing balances with the Federal Reserve, the Board approved two changes in procedures governing the establishment and maintenance of clearing balances. Clearing balances are balances maintained with the Federal Reserve by a depository institution for settling fund transfers cleared through the Federal Reserve. These balances earn credits that institutions may use to pay for Federal Reserve services. The changes, to be effective January 27, 1983, or as soon thereafter as possible, are as follows:

1. To permit *any* depository institution desiring a clearing balance to have one. Current procedures vary widely among Reserve Banks, with some Banks allowing clearing balances only for institutions that have zero or small reserve balances and other Banks allowing clearing balances for some larger banks as well.

2. For pure clearing balance and mixed accounts, to revise the current carryover limit of 2 percent of the required clearing balance plus required reserves by providing penalty-free bands on either side of the total required balance equal to the greater of $25,000 or 2 percent of the required clearing balance. Any institution holding a balance within these bands would receive earnings credits on the actual clearing balance held and would not incur penalties for deficiences. The lower bound of the penalty-free band would be truncated at the point at which the total maintained balance equals the required reserve balance. Thus, an institution could not use the penalty-free band on its clearing balance to lower its effective reserve requirement. Carryover would be allowed for amounts outside the penalty-free bands but within current carryover limits. Institutions with only a reserve balance would remain under current carryover rules.

The Board's clearing balance policy that these changes amend was published in the BULLETIN, vol. 67 (March 1981), pp. 247–52.

CONSUMER ADVISORY COUNCIL: NEW MEMBERS

The Federal Reserve Board has named 13 new members to its Consumer Advisory Council to replace members whose terms are expiring, and has designated a new Council Chairman and Vice Chairman.

Ms. Susan Pierson De Witt was named Chairman to succeed Mrs. Charlotte H. Scott. Ms. De Witt is Assistant Attorney General and Chief of the Consumer Protection Division for the State of Illinois.

Mr. William J. O'Connor, Jr., a partner in a law firm in Buffalo, New York, succeeds Dr. Margaret Reilly-Petrone as Vice Chairman.

The Council advises the Board in the field of consumer financial protection laws and other consumer-related matters. Its members come from all parts of the country and include a broad representation of consumer and financial industry interests. The Council meets several times a year in sessions open to the public.

The 13 new members named for 3-year terms are as follows:

James G. Boyle, Austin, Texas, is a consumer law specialist and a director of the Texas Consumer Association. Mr. Boyle formerly served as director of governmental relations for the Consumer Federation of America in Washington, D.C.; was on the board of directors of the National Consumer Law Center in Boston; founded the National Coalition for Consumer Education; and cofounded the Consumer Law Section of the State Bar of Texas.

Thomas L. Clark, Jr., White Plains, New York, Deputy Superintendent of Banks, New York State Banking Department since 1976, is in charge of the Consumer Affairs Division, which supervises state-chartered and licensed financial institutions. Mr. Clark is a member of the Governor's Interagency Task Force on Small Business and the Governor's Minority Business Executive Committee.

Jean A. Crockett, Philadelphia, Pennsylvania, Professor of Finance at the Wharton School of Finance of the University of Pennsylvania, has been at Wharton since 1955. She is the author of numerous publications on interest rates, consumption, savings, and investment. Dr. Crockett is chairman of the board of directors of the Federal Reserve Bank of Philadelphia, and previously served on the Federal Reserve Board's Truth in Lending Advisory Committee. She is also on the board of directors of the American Finance Association and the National Bureau of Economic Research.

Richard F. Halliburton, Kansas City, Missouri, Deputy Director of Legal Aid of Western Missouri, acts as a statewide consumer law resource to legal services attorneys, and has litigated a variety of consumer issues in both state and federal courts. Mr. Halliburton has discussed consumer law issues on local radio and television shows, and has lectured before consumer and community groups and classes. He has also engaged in a number of consumer education activities.

Charles C. Holt, Austin, Texas, Professor at the Management Department of the University of Texas, has served from 1977 until recently as the director of the University's Bureau of Business Research. Dr. Holt was formerly principal research associate at the Urban Institute in Washington, D.C., and before that chaired the Social Systems Research Institute at the University of Wisconsin. He was also professor of economics at the University of Texas, at the London School of Economics, and at the Graduate School of Industrial Administration, Carnegie Institute of Technology.

Kenneth V. Larkin, San Francisco, California, Executive Vice President of the Bank of America, has been with the bank for 37 years. From 1967 to the present, Mr. Larkin served as director of marketing and has been in charge of installment credit and credit card activities within the bank. He is currently senior consultant to the bank on global retail banking and on the boards of directors of VISA U.S.A., VISA International, Finance America Corporation, the California Bankers Association, and the Student Loan Marketing Association.

Timothy D. Marrinan, Minneapolis, Minnesota, Assistant Vice President and Legal Counsel of First Bank System, is responsible for First Bank System's compliance with the consumer financial protection regulations. He is faculty adviser for the American Bankers Association Graduate Compliance School and former dean of its National Compliance School. Mr. Marrinan is also a frequent lecturer at the University of Colorado's Graduate School of Banking and at the Herbert Prochnow Graduate School of Banking at the University of Wisconsin. He has authored several articles on issues facing the financial industry and is a member of the Consumer Bankers Association Lawyers Committee and of the American Bar Association's Committee on Consumer Financial Services.

Elva Quijano, San Antonio, Texas, Vice President and Executive Professional Officer of the Republic Bank of San Antonio, had formerly served as Executive Vice President of Plaza Bank, N.A. With more than 25 years of banking experience, Ms. Quijano is an active member of the American Institute of Banking, the National Association of Bank Women, and the National Bankers Association. In 1980, she served on the task force of women in business at the White House Conference on Small Business.

Janet M. Scacciotti, Providence, Rhode Island, President and Chief Executive Officer of Guild Loan and Investment Company, a consumer financial services company and a subsidiary of Old Stone Corporation, has been primarily involved in developing and implementing new consumer savings products. Ms. Scacciotti also serves as a director of the Rhode Island Share and Deposit Indemnity Corporation, which insures credit union, loan and investment company, and bank deposits.

Glenda G. Sloane, Washington, D.C., Director of Housing and Community Development, Center for National Policy Review at Catholic University School of Law, monitors fair housing laws to ensure equal access to housing and housing finance for minorities and women through participation in the regulatory and legislative processes and in litigation. Mrs. Sloane serves as chairwoman of the Housing Task Force of the Leadership Conference on Civil Rights and as a board member of the National Low-Income Housing Coalition. She formerly served on the U.S. Department of Housing and Urban Development's Task Force on Housing Costs and on the board of directors of the National Housing Council.

Henry J. Sommer, Philadelphia, Pennsylvania, Supervising Attorney with Community Legal Services, Inc., has held legal services positions since 1974, and now serves as lead counsel on a variety of federal and state consumer cases. Mr. Sommer is also involved in a wide range of teaching, consulting, and community activities, and he has recently authored a practice manual for the handling of consumer bankruptcy cases. Mr. Sommer is an associate member of the National Bankruptcy Conference and belongs to the National Lawyers Guild and the National Organization of Legal Services Workers.

Winnie F. Taylor, Gainesville, Florida, joined the faculty of the Holland Law Center at the University of Florida in 1979. As an associate professor, she teaches contracts, consumer law, and other subjects in the consumer–commercial law areas. Since 1978, she has served as a consultant to credit unions in identifying and seeking resolution to consumer regulatory compliance problems. Professor Taylor has lectured on the Equal Credit Opportunity Act nationally, and has appeared on radio and television regarding the resolution of credit discrimination problems. Her previous experience includes two years as a law fellow at the University of Wisconsin School of Law and private practice in Rochester, New York, where she handled corporate and consumer-related matters.

Michael M. Van Buskirk, Columbus, Ohio, Community Development Officer of Banc One Corporation since 1979, directs numerous community redevelopment initiatives for the holding company and affiliated banks and coordinates compliance with consumer and community regulations. From 1974 to 1979, Mr. Van Buskirk served as administrative assistant to Congressman Chalmers Wylie and was involved in the development of many of the consumer banking laws enacted during that period. He chairs the Financial Institutions Committee of the Governor's Task Force on Small Business Financial Incentives; the Ohio Advisory Committee on Community Education; the Columbus-Franklin County PIC (private sector representatives who administer federal manpower training programs); and the Federal Legislative Committee of the Ohio Bankers Association.

REGULATION D: AMENDMENTS

The Federal Reserve Board on November 17, 1982, revised a temporary amendment to Regulation D (Reserve Requirements of Depository Institutions) adopted October 5 that made certain time deposits subject to the reserve requirements that apply to transaction accounts. The amendment affected time deposits linked to a line of credit on which checks or similar third-party transfers may be drawn.

The amendment exempted such time deposit arrangements established before October 5, 1982, but provided that if such a grandfathered deposit is extended, or matures and is renewed, the funds will become subject to the reserve requirements that apply to transaction accounts.

The Board has determined to expand the grandfather provisions of the amendment by exempting from the definition of transaction account such time deposits that mature and automatically renew on or before December 31, 1982. This action was taken to avoid adversely affecting, pending final Board action, some institutions that have been unable to exercise options to terminate such arrangements.

The expansion will provide institutions time to decide whether to terminate these arrangements and to notify depositors of any such decisions. It will also allow institutions to offer, as an alternative to these arrangements, the new money market deposit approved, effective December 14, by the Depository Institutions Deregulation Committee (DIDC).

The Federal Reserve Board has also amended Regulation D to coordinate the end of the phase-in of reserve requirements for member banks under the Monetary Control Act with the start of contemporaneous reserve accounting on February 2, 1984. Member banks, and certain other institutions that are required to maintain reserves in the same way as member banks, are phasing down to the generally lower reserve requirements of the Monetary Control Act that were previously scheduled to end March 1, 1984.

REGULATIONS D AND Q: AMENDMENTS

The Federal Reserve Board has amended its Regulation D (Reserve Requirements of Depository Institutions) and Regulation Q (Interest on Deposits) to implement recently enacted legislation affecting reserve requirements and the availability of negotiable order of withdrawal (NOW) accounts.

The Garn–St Germain Depository Institutions Act of 1982 provides that the first $2 million of reservable liabilities in depository institutions are to be subject to a zero percent reserve requirement; that depository institutions are to be authorized to issue a new type of account, designated a money market depository account (MMDA), to be competitive with money market mutual funds; and that governmental units are eligible to maintain NOW accounts.

To conform its regulations to the requirements of the Garn–St Germain Act affecting reserve requirements, the Board revised Regulation D as follows:

1. Effective with the reserve computation period beginning December 9, 1982, and with the reserve maintenance period beginning December 23, the first $2.1 million in deposits subject to reserve requirements at depository institutions are subject to a zero percent reserve requirement. The exemption amount of $2.1 million takes into account the growth in deposits for the one-year period ending June 30, 1982, as required by the act.

This change will completely exempt some 24,600 institutions, including about 18,400 institutions with total deposits of less than $2 million that have previously been exempted from reserve requirements by Board order, or that have no reservable liabilities.

Institutions that are now reporting their reserve liabilities to the Federal Reserve should continue to report until further notice, even if they are exempt from holding reserves under this provision of the act.

2. With respect to the new money market deposit account authorized by the Garn–St Germain Act, the Depository Institutions Deregulation Committee (DIDC) has authorized depository institutions to issue an MMDA with the following principal features: an account available to all depositors, including businesses; no regulatory interest rate ceiling so long as a balance of $2,500 is maintained; up to six automatic or preauthorized transfers monthly, up to three of which can be by draft; and no restriction on withdrawals made in person, by messenger, or by mail.

The DIDC also authorized—but said it would reconsider at its December 6 meeting—unlimited telephone transfers by the account holder from an MMDA to other accounts of the depositor at the same institution.

The act and its legislative history provide that the MMDA account is not to be subject to *transaction* account reserve requirements (generally, 12 percent) even though up to six third-party transfers, including up to three by draft, are permitted. The Board established for such accounts the same reserve requirements that apply to savings accounts: a 0 percent requirement for personal MMDAs and a 3 percent requirement for nonpersonal MMDAs.

For MMDAs established with telephone transfer privileges beyond the six authorized transfers, the transaction account reserve requirement of 12 percent will apply.

The reserve percentages are those that will apply when the current phasing-in of new reserve requirements under the Monetary Control Act is completed. Member banks are phasing down to the new requirements on a 3½-year schedule to end in February 1984. Nonmember institutions are phasing up to the reserve requirements of the Monetary Control Act over a period ending in September 1987.

The Board also amended its Regulation Q to authorize member banks to permit governmental units—not previously eligible—to place deposits in NOW accounts. This action, which was taken to conform Regulation Q to provisions of the Garn–St Germain Act, was effective October 15, 1982. Entities eligible to maintain NOW accounts as a result of this action include the federal government, state governments, county and municipal governments and their political subdivisions, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory or possession of the United States and their political subdivisions.

Finally, under the terms of the Monetary Control Act of 1980, the Board increased from $26 million to $26.3 million the amount of transaction account deposits subject to a reserve requirement ratio of 3 percent. The Monetary Control Act requires that this low reserve tranche be recalculated yearly based on the change in total transaction accounts at all depository institutions determined as of June 30.

PROPOSED ACTION

The Federal Reserve Board has invited public comment on an application by Hongkong and Shanghai Banking Corporation, together with three other banking organizations, to establish an office in New York City to provide certain services in connection with foreign exchange operations. The Board has requested comment by December 17, 1982.

NEW PAMPHLET

The Board of Governors has published a new pamphlet, "Processing Bank Holding Company and Merger Applications." Designed as a compact reference, the pamphlet assists an applicant banker in preparing and filing an application to merge two banks or to form a bank holding company, explains the application processing steps, and outlines the relevant factors the System must consider in every application. The pamphlet is available free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

REGULATION T: AMENDMENT

The Federal Reserve Board has amended Regulation T (Securities Credit by Brokers and Dealers) to specify the characteristics of private mortgage passthrough securities that may be used as collateral for margin credit, effective January 17, 1983.

The amendment added a provision to the definition of an over-the-counter (OTC) margin bond, on which broker and dealers may extend good faith credit. The final rule requires (1) an original issue (rather than an outstanding principal amount at the time credit is extended) of $25,000,000 that may be sold in a separate series; (2) current filings with the Securities and Exchange Commission; and (3) a reasonable basis for belief by the selling broker that the servicing agent is passing through the mortgage interest and principal payments and meeting other material terms of the offering.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period November 11 through December 10, 1982:

Arizona

Tempe .... Rio Salado Bank

Florida

Sunrise .... First State Bank of Broward

Montana

Livingston .... Montana Bank of Livingston

Virginia

Floyd .... Blue Ridge Bank

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on October 5, 1982

Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP had changed little in the third quarter, following an increase at an annual rate of about 2 percent in the second quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, were continuing to rise more slowly than in 1981.

The nominal value of retail sales fell nearly 1 percent in August, according to the advance report, returning to the sharply reduced June level. Sales declines were particularly marked at automotive outlets and at general merchandise, apparel, and furniture and appliance stores. Sales of new domestic automobiles increased slightly in August to an annual rate of 5.3 million units; sales rose further to an annual rate of 6 million units in the first 20 days of September, apparently in response to purchase incentives offered by manufacturers in an effort to reduce excess stocks of 1982 models.

After having changed little in July, the index of industrial production declined 0.5 percent in August to a level about 1 percent below its second-quarter average and more than 10 percent below its prerecession level in July 1981. Production of consumer goods fell in August, following a sizable advance over the preceding four months, and output of business equipment continued to drop at a rapid rate. Output of defense and space equipment expanded further. Limited information currently available for September was generally indicative of some further decline in production.

Nonfarm payroll employment fell further in August, mainly reflecting sizable job losses in the manufacturing and trade sectors. In contrast to the payroll data, the survey of households indicated an increase in employment, and the unemployment rate was unchanged at 9.8 percent. But initial claims for unemployment insurance rose to a new high in mid-September, suggesting further deterioration in the labor markets.

The Department of Commerce survey of business spending plans taken in late July and August suggested that businesses had again reduced their spending plans for 1982. The survey results indicated that current-dollar expenditures for plant and equipment would rise only ¾ of a percent in 1982, compared with an estimated 2¼ percent in the May survey and 7¼ percent in the February survey. Actual expansion in 1981 was about 8¾ percent.

Private housing starts fell in August to an annual rate of 1.0 million units, reversing much of the substantial increase in July. While starts in August were above the average in the second quarter, they remained quite low by historical standards. Sales of existing homes declined 5 percent in August to the lowest monthly pace since 1970, while sales of new homes continued at the sluggish pace of recent months.

The producer price index for finished goods rose 0.6 percent in August, the same as in July. The consumer price index rose only 0.3 percent in August; food prices declined for the second consecutive month and energy prices leveled off after increasing sharply over the preceding three months. So far this year the producer price index and the consumer price index had risen at annual rates of about 3¾ percent and 5 percent respectively. In recent months the advance in the index of average hourly earnings had remained considerably less rapid than during 1981.

In foreign exchange markets the trade-weighted value of the dollar had risen about 5 percent over the period since the last FOMC meeting. The dollar's strength reflected in part a continuing concern in the market about economic and financial difficulties abroad and also some firming of U.S. interest rates relative to foreign rates after a considerable drop earlier. The U.S. foreign trade deficit rose sharply in August, reflecting primarily a substantial rebound in nonpetroleum imports. The deficit on average in July and August was at a rate well above that for the first half of the year, mainly because of increased imports of oil.

At its meeting on August 24, the Committee had agreed to continue seeking behavior of reserve aggregates consistent with growth of M1 and M2 from June to September at annual rates of about 5 percent and about 9 percent respectively. It had also agreed that somewhat more rapid growth in the monetary aggregates would be acceptable depending upon evidence that economic and financial uncertainties were leading to exceptional liquidity demands and changes in holdings of financial assets. The intermeeting range for the federal funds rate, which provides a mechanism for initiating further consultations of the Committee, was set at 7 to 11 percent.

Following three months of weakness, M1 grew at an annual rate of about 10½ percent in August and appeared to have grown more rapidly in September. Much of the strength of M1 was accounted for by rapid growth in other checkable deposits, but demand deposits also expanded in both months, after contracting on average since early in the year. The expansion in checkable deposits may have reflected in part the early impact on take-home pay of the tax cut as well as unusual liquidity demands in the face of continued economic uncertainties. Moreover, the lower level of short-term market interest rates had reduced the earnings disadvantage of keeping funds in checkable accounts. Growth in M2 accelerated to an annual rate of about 14¼ percent in August, but was estimated to have slowed substantially in September as expansion in its nontransaction component decelerated markedly.

Total credit outstanding at U.S. commercial banks grew at an annual rate of about 6½ percent in August, the same as in July but well below the pace in the first half of the year. Partial data for September suggested that growth slowed somewhat despite a pickup in growth of business loans from the sharply reduced August pace; a significant part of the strengthening in business loans appeared to have been associated with merger activity. Other short-term borrowing by nonfinancial businesses generally was weak: the volume of commercial paper outstanding edged down in August and dropped further in September. However, the weakness in short-term borrowing was largely offset by increased long-term financing in the bond market.

Total reserves expanded quite rapidly in September, after having grown relatively little on average over the preceding several months. A little less than half of the September growth in total reserves was supplied by nonborrowed reserves, and adjustment borrowing (including seasonal borrowing) by depository institutions increased from an average of about $420 million in August to about $815 million in September.

Most short-term market interest rates rose somewhat on balance over the intermeeting interval. Rates had declined substantially over the preceding two months, and decreases were particularly marked around the time of the August 24 meeting of the Committee, when expectations of continued declines in short-term market rates were strong. Effective August 27, the Federal Reserve discount rate was reduced from 10½ to 10 percent. Subsequently federal funds traded at rates somewhat above the discount rate, as compared with a trading level of around 9 percent in the last statement week of August, and rates on private short-term instruments also rose by about 1 to 2 percentage points from their late August lows. At the same time, rates on Treasury bills moved up only slightly, partly reflecting the increased preference for quality on the part of investors. The well-publicized problems in recent months of a few banks here and abroad, the acute external financing difficulties of Mexico, and emerging financing problems in other developing countries led to a more cautious atmosphere in private credit markets and a widening of yield spreads between U.S. government securities and some private credit instruments. Bond yields continued to decline over the intermeeting period, falling ¼ to ¾ percentage point. Average rates on new commitments for fixed-rate conventional home mortgage loans declined about 1 percentage point.

The staff projections presented at this meeting suggested that real GNP would grow moderately in the course of 1983, but that any recovery in economic activity in the months just ahead was likely to be quite limited. The projections for the year ahead also suggested that unemployment would remain at a high level. The rise in prices, as measured by the fixed-weight price index for gross domestic business product, was expected to slow gradually from a rate in the third quarter of 1982 that was estimated to be somewhat higher than that in the first half of the year.

In the Committee's discussion of the economic situation and policy, it was generally agreed that growth in real GNP over the next year at about the relatively restrained pace projected by the staff was a reasonable expectation. Expansion in output at a somewhat faster pace might occur, if consumer and business confidence in the outlook improved during the next few months. So far, however, the widely held expectations of recovery beginning in the spring or summer had been disappointed, and there were still no signs of a strengthening in the economy. The projected expansion in consumer demands associated with the midyear cut in federal income taxes had not yet developed; prospects for business plant and equipment spending and for commercial construction had deteriorated; and agricultural income and expenditures had remained depressed. In September industrial output and employment most likely had declined further, and the unemployment rate had almost surely risen from the July–August level of 9.8 percent. Against that background, it was recognized that there were risks of a shortfall from the projection of moderate growth in real GNP over the quarters ahead.

At the same time, progress in reducing the rate of inflation had been substantial, exceeding expectations of many, even after allowance for the influence of volatile prices of energy products and foods. Moreover, further moderation in labor cost and price pressures and also in inflationary expectations was a reasonable anticipation, given an environment of moderate expansion in output and employment, relatively low levels of resource utilization, and prospects for improvement in productivity.

Domestic problems were being intensified because the recession in economic activity was worldwide; it had affected every major industrial country and, through its impact on foreign trade and commodity prices, the developing countries as well. Many of the latter countries had accumulated large external debts over a number of years, and they now faced difficult financing and adjustment problems. Altogether, these circumstances had been contributing to an atmosphere of nervous uncertainty, which was reflected in, among other things, the foreign exchange value of the dollar. Over recent months, the dollar had risen against other major currencies even when dollar interest rates were declining relative to foreign rates, and the high exchange value currently had serious implications both for U.S. export industries and for efforts abroad to pursue flexible monetary policies.

The U.S. banking system had been subjected to pressures, owing in part to well-known problems of particular institutions but also to a more general uneasiness about the possibility of further credit problems domestically or internationally. An unusually cautious attitude in private credit markets had led to a widening of risk premiums, with the result that private interest rates had declined less than rates on Treasury securities since midsummer, and in recent weeks private short-term market rates had tended to move up. Altogether, these circumstances appeared to have been associated with business efforts to generate and conserve cash, with market participants' concerns about the quality of credit, and with a general increase in precautionary demands for money and liquidity. In financial markets and elsewhere, a sense of disarray could develop, which could increase the atmosphere of uncertainty.

With respect to the period ahead, the Committee continued to face uncertainties about the interpretation of the behavior of the monetary aggregates in general, arising from the impact of the current economic environment on precautionary demands for money and liquidity. Moreover, the behavior of M1 in particular during the final three months of the year would inevitably be distorted by two institutional developments. First, a very large volume of all savers certificates would mature in the first part of October, and disposition of the proceeds could be expected to induce temporary bulges in both the demand deposit and NOW account components of M1. Second, later in the quarter, as the Depository Institutions Deregulation Committee (DIDC) implemented recent legislation, depository institutions would be authorized to offer a new account (or accounts) that would be free from interest rate ceilings, would be usable to some degree for transaction purposes, and would be competitive with money market mutual funds. The new account was likely to have a substantial impact on the behavior of M1, but no basis existed for predicting its magnitude. While the new account seemed likely to have a depressing effect on currently defined M1 as it drew money from NOW accounts, the direction of the overall effect was in some doubt since that would depend in part on the exact characteristics of the instrument or instruments authorized by the DIDC. The new instrument could include even more transaction features than the account specifically provided for in the legislation. The new instrument could also be expected to affect the composition of M2 and perhaps in some degree its total as well. It seemed clear, however, that the new instrument would affect the behavior of M2 and other broader aggregates to a much smaller extent than that of M1.

Because of these difficulties in interpreting the behavior of M1 during the fourth quarter, the Committee decided that it would place much less than the usual weight on that aggregate's movements during this period and that it would not set a specific objective for its growth. In the view of most members, against the background of prevailing economic and financial developments, added pressures on bank reserve positions and money markets in response to a bulge in M1 related to the maturing of all saver certificates were not justified; indeed, some easing of the pressures of recent weeks in some sectors of the private credit markets would be desirable, if that could be consistent with growth in the broader aggregates in line with longer-term objectives.

The Committee agreed that in all the circumstances, it would seek to maintain expansion in bank reserves needed for an orderly and sustained flow of money and credit, consistent with growth of M2 (and M3) from September to December at an annual rate in a range of around 8½ to 9½ percent, and taking account of the desirability of somewhat reduced pressures in private credit markets in the light of current economic conditions. Growth of M2 from the fourth quarter of 1981 to the fourth quarter of 1982 might be somewhat above the range for the year that the Committee had reaffirmed in July; the Committee had also agreed then that for a time it would tolerate growth somewhat above the target range, in the event of unusual precautionary demands for money and liquidity, and that such growth would be consistent with longer-term objectives. Recent and prospective market and economic conditions appeared consistent with that approach. Somewhat slower growth over the period from September to December, bringing those aggregates around the upper part of the ranges for the year ending in the fourth quarter of 1982, would be acceptable and desirable in a context of declining interest rates. Should economic and financial uncertainties lead to still stronger liquidity demands, somewhat more rapid growth in the broader aggregates would be tolerated. The intermeeting range for the federal funds rate, which provides a mechanism for initiating further consultation of the Committee, was set at 7 to 10½ percent.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that real GNP changed little in the third quarter, following a small increase in the second quarter, while prices on the average continued to rise more slowly than in 1981. In August the nominal value of retail sales fell back to the sharply reduced June level, while industrial production and nonfarm payroll employment also declined. Housing starts fell, reversing much of the substantial July increase. The unemployment rate was unchanged at 9.8 percent in August, but claims for unemployment insurance have risen further in recent weeks and there are indications of some further decline in production. In recent months the advance in the index of average hourly earnings has remained considerably less rapid than during 1981.

The weighted average value of the dollar against major foreign currencies has risen strongly further over the past month, reflecting in part a continuing concern in the market about economic and financial difficulties abroad and also some firming of U.S. interest rates relative to foreign rates after a considerable drop earlier. The U.S. merchandise trade deficit rose sharply in August and on average in July and August the deficit rate was well above that for the first half.

After three months of weakness, M1 grew rapidly in August and September; growth in M2 accelerated in August from an already rapid pace but appears to have slowed markedly in September. Following large declines over the preceding two months, short-term market interest rates have risen somewhat on balance since late August, while bond yields and mortgage rates have continued to decline. The Federal Reserve discount rate was reduced from 10½ percent to 10 percent in late August. Meanwhile, reflecting some well-publicized problems in recent months of a few banks here and abroad and the financing difficulties of Mexico, a more cautious atmosphere in private credit markets has been reflected in wider spreads between U.S. government and some private credit instruments.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, promote a resumption of growth in output on a sustainable basis, and contribute to a sustainable pattern of international transactions. In July, the Committee agreed that these objectives would be furthered by reaffirming the monetary growth ranges for the period from the fourth quarter of 1981 to the fourth quarter of 1982 that it had set at the February meeting. These ranges were 2½ to 5½ percent for M1, 6 to 9 percent for M2, and 6½ to 9½ percent for M3. The associated range for bank credit was 6 to 9 percent. The Committee agreed that growth in the monetary and credit aggregates around the top of the indicated ranges would be acceptable in the light of the relatively low base period for the M1 target and other factors, and that it would tolerate for some period of time growth somewhat above the target range should unusual precautionary demands for money and liquidity be evident in the light of current economic uncertainties. The Committee also indicated that it was tentatively planning to continue the current ranges for 1983 but that it would review that decision carefully in the light of developments over the remainder of 1982.

Specification of the behavior of M1 over the balance of the year is subject to unusually great uncertainties because it will be substantially affected by special circumstances—in the very near term by reinvestment of funds from maturing all savers certificates and later by the public's response to the new account directly competitive with money market funds mandated by recent legislation. The probable difficulties in interpretation of M1 during the period suggest much less than usual weight be placed on movements in that aggregate during the current quarter. These developments are expected to affect M2 and other broader aggregates to a much smaller extent.

In all the circumstances, the Committee seeks to maintain expansion in bank reserves needed for an orderly and sustained flow of money and credit, consistent with growth of M2 (and M3) in a range of around 8½ to 9½ percent at an annual rate from September to December, and taking account of the desirability of somewhat reduced pressures in private credit markets in the light of current economic conditions. Somewhat slower growth, bringing those aggregates around the upper part of the ranges set for the year, would be acceptable and desirable in a context of declining interest rates. Should economic and financial uncertainties lead to exceptional liquidity demands, somewhat more rapid growth in the broader aggregates would be tolerated. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 7 to 10½ percent.

Votes for this action: Messrs. Volcker, Solomon, Balles, Gramley, Martin, Partee, Rice, Mrs. Teeters, and Mr. Wallich. Votes against this action: Messrs. Black and Ford and Mrs. Horn.

Mr. Black dissented from this action because he preferred to direct operations in the period immediately ahead toward restraining monetary growth. Although he was mindful of the current difficulties of interpreting the behavior of M1, he was concerned that the recent strength in M1 might be followed by still more rapid growth in lagged response to the substantial decline in short-term interest rates that had occurred in the summer, which could require even more restrictive operations later.

Mr. Ford dissented from this action because he preferred a policy for the period immediately ahead that was more firmly directed toward restraining monetary growth, although he recognized that the behavior of M1 in particular would be difficult to interpret. He was concerned that the Committee's policy directive might be misinterpreted in ways that could adversely affect pursuit of the System's longer-run anti-inflationary objectives, particularly in the context of a highly expansive fiscal policy program.

Mrs. Horn dissented from this action because she preferred to continue setting a specific objective for growth of M1, as well as for M2, over the current quarter, notwithstanding the problems of interpreting its behavior. In setting a target for M1, she would tolerate faster growth early in the period, owing to the uncertain impact of the proceeds from maturing all savers certificates, and would give greater weight to the behavior of M2 for some weeks after the introduction of the new instrument at depository institutions.

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's Annual Report, are made available a few days after the next regularly scheduled meeting and are later published in the BULLETIN.

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors of the Federal Reserve System has amended Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204) to implement section 708 of the Garn-St Germain Depository Institutions Act of 1982 ("Garn-St Germain Act") (Pub. L. 97-320). Under this provision, a bank that was a member of the Federal Reserve System on or after July 1, 1979, but which withdrew from membership on or before March 31, 1980, is entitled to a phase-in of reserve requirements during a period beginning October 28, 1982, and ending October 24, 1985. Such banks are currently subject to reserve requirements in the same manner as member banks, while other nonmembers are phasing into the reserve requirements of the Monetary Control Act during a period that ends September 3, 1987.

Effective October 28, 1982, the Board amends Part 204 by revising section 204.4(b) and (c) to read as set forth below:

Part 204—Reserve Requirements of Depository Institutions

Section 204.4—Transitional Adjustments

* * * * *

(b) *Members and former members.* The required reserves of any depository institution that is a member bank on September 1, 1980, or withdraws from membership after March 31, 1980, shall be determined as follows: ***

(c) *Certain former member banks.* The required reserves of any depository institution that was a member bank on July 1, 1979, and withdrew from membership during the period beginning on July 1, 1979, and ending on March 31, 1980, shall be determined by reducing the amount of required reserves computed under section 204.3 in accordance with the following schedule:

Reserve maintenance periods occurring between	Percentage that computed reserves will be reduced
October 28, 1982 and October 26, 1983	50
October 27, 1983 and October 24, 1984	33.3
October 25, 1984 and October 23, 1985	16.7
October 24, 1985 and forward	0

However, an institution shall not reduce the amount of required reserves on any category of deposits or accounts that are first authorized under Federal law in any State after April 1, 1980.

* * * * *

AMENDMENTS TO REGULATION K

The Board of Governors of the Federal Reserve System has amended its Regulation K to change the procedures for establishing a U.S. branch of an Edge corporation and to shorten the notification period in Section 211.5(c)(2) of its Regulation K from 60 to 45 days.

In addition, the Board has amended Regulation K governing the U.S. operations of foreign banking organizations to delete an exception from a reporting requirement concerning information on U.S. investments not readily available to the reporting organization. The Board also approved a technical change in the language of the regulation to conform it to the corresponding statutory provision in the Bank Holding Company Act.

Effective November 8, 1982, the Board amends Part 211 as set forth below:

Part 211—International Banking Operations

1. By revising section 211.4(c)(1) to read as follows:

Section 211.4—Edge and Agreement Corporations

* * * * *

(c) *Branches.*

(1) An Edge Corporation may establish branches in the United States 45 days after the Edge Corporation has given notice to its Reserve Bank, which is to include a copy of the notice of the proposal published in a newspaper of general circulation in the communities to be served by the branch, unless the Edge Corporation is notified to the contrary within that time. The newspaper notice shall be placed in the classified advertising legal notices section of the newspaper and may appear no more than 90 calendar days prior to submission of notice of the proposal to the Reserve Bank. The newspaper notice must provide an opportunity for the public to give written comment on the proposal to the appro-

priate Federal Reserve Bank for at least 30 days after the date of publication. The factors considered in acting upon a proposal to establish a branch are those enumerated in section 211.4(a)(1).

* * * * *

2. By revising the first sentence of section 211.5(c)(2) to read as follows:

Section 211.5—Investments in Other Organizations

* * * * *

(c) ***

(2) *Prior Notification.* An investment in a subsidiary or joint venture that does not qualify under the general consent procedure may be made after the investor has given 45 days' prior written notice to the Board, unless the Board waives such period because it finds immediate action by the investor is required by the circumstances presented, if the total amount to be invested does not exceed 10 percent of the investor's capital and surplus.

3. Section 211.23(h) is amended by removing paragraph (3).

4. Section 211.23(a)(3) is revised to read as follows:

Section 211.23—Nonbanking Activities of Foreign Banking Organizations

(a) ***

(3) "Subsidiary" means any organization 25 per cent or more of whose voting shares is directly or indirectly owned, controlled or held with power to vote by a foreign banking organization, or which is otherwise controlled or capable of being controlled by a foreign banking organization.

AMENDMENT TO REGULATION O

The Board of Governors of the Federal Reserve System is amending its Regulation O (12 CFR Part 215), which governs loans by a member bank to its executive officers, directors, and principal shareholders, to implement certain amendments to sections 22(g) and (h) of the Federal Reserve Act, (12 U.S.C. § 375a and 375b), included in the Garn-St Germain Depository Institutions Act of 1982. The amendments to the Regulation relate to the limitations on loans by a member bank to its executive officers. In addition, the rule confirms the dollar amount above which the prior approval of the bank's board of directors is required for loans by a member bank to its executive officers, directors, and principal shareholders and their related interests.

Effective November 1, 1982, the Board amends Part 215 as set forth below:

Part 215—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks

Section 215.5—Additional Restrictions on Loans to Executive Officers

* * * * *

(c) A member bank is authorized to extend credit to any executive officer of the bank:

(1) in any amount to finance the education of the executive officer's children;

(2) in any amount to finance the purchase, construction, maintenance, or improvement of a residence of the executive officer, if the extension of credit is secured by a first lien on the residence and the residence is owned (or expected to be owned after the extension of credit) by the executive officer; and

(3) in an aggregate amount not to exceed $10,000 outstanding at any one time for a purpose not otherwise specifically authorized under this paragraph.

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors of the Federal Reserve System is amending its Rules Regarding Delegation of Authority to delegate (1) to the Federal Reserve Banks authority to approve formation of a foreign "shell" branch by a member bank, and authority to waive the 30 days' notice requirement to the Board before a foreign banking organization exercises its one time change of home State; (2) to the Director of the Division of Banking Supervision and Regulation authority to suspend the notification period in section 211.5(c)(2) of Regulation K; and (3) to the Secretary of the Board authority to act on certain applications where authority is delegated to the Reserve Bank but a senior officer or director of an involved party is also a director of the Reserve Bank or branch. It is anticipated that these new delegations would aid the Board in processing applications and notices in an expeditious fashion.

Effective November 8, 1982, the Board amends Part 265 as set forth below:

Part 265—Rules Regarding Delegation of Authority

Section 265.2—Specific Functions delegated to Board Employees and to Federal Reserve Banks

(a) ***

(1) ***

(2) Under the provisions of sections 18(c) and 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. §§ 1828(c) and 1828(c)(4)), sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. §§ 1842(a) and 1843(c)(8)), the Change in Bank Control Act (12 U.S.C. § 1817(j)) and section 25(a) of the Federal Reserve Act (12 U.S.C. 611 et seq.), and sections 225.3(b) and (c), and 225.4(a) and (b) and 225.7 of Regulation Y (12 CFR §§ 225.3(b) and (c), 225.4(a) and (b), and 225.7), sections 211.3(a), 211.4(c) and 211.5(c) of Regulation K (12 CFR §§ 211.3(a), 211.4(c) and 211.5(c)), to furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation and to take actions the Reserve Bank could take except for the fact that the Reserve Bank may not act because a director or senior officer of any holding company, bank, or company involved in the transaction is a director of a Federal Reserve Bank or branch.

* * * * *

(c) ***

(27) Under section 25 and 25(a) of the Federal Reserve Act and Part 211 of this Chapter (Regulation K), to waive the 45 days' prior notice period for an investment that qualifies for the prior notification procedures set forth in section 211.5(c)(2) of Regulation K (12 CFR 211.5(c)(2)).

(28) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to suspend the notification period or to require that an investor file an application for the Board's specific consent.

* * * * *

(f) ***

(30) Under the provisions of the Change in Bank Control Act of 1978 (12 U.S.C. § 1817(j)) and section 225.7 of this chapter (Regulation Y), with respect to a bank holding company or State member bank, to determine the informational sufficiency of notices and reports filed under the Act, to extend periods for consideration of notices, to determine whether a person who is or will be subject to a presumption described in section 225.7(a) of this chapter should file a notice regarding a proposed transaction, and, if all the following conditions are met, to issue a notice of intention not to disapprove a proposed change in control:

(i) No member of the Board has indicated an objection prior to the Reserve Bank's action.

(ii) No senior officer or director of an involved party is also a director of a Federal Reserve Bank or branch.

(iii) All relevant departments of the Reserve Bank concur.

(iv) If the proposal involves shares of a State member bank or bank holding company controlling a State member bank, the appropriate bank supervisory authorities have indicated that they have no objection to the proposal, or no objection has been received from the appropriate bank supervisory authorities within the time allowed by the Act.

(v) No significant policy issue is raised by the proposal as to which the Board has not expressed its view.

* * * * *

(50) Pursuant to section 211.4(c)(2) of this Chapter (Regulation K), to approve an Edge Corporation application to establish a branch abroad, provided that no senior officer or director of the involved Parties is also a director of a Reserve Bank or branch and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

* * * * *

(55) Pursuant to section 211.3(a) of this Chapter (Regulation K), to approve the establishment, directly or indirectly, of a foreign branch by a member bank where the application is not one for a full-service branch in a foreign country, provided that no senior officer or director of the involved parties is also a director of a Reserve Bank or branch and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(56) Pursuant to section 211.22(c)(1) of this Chapter (Regulation K), to waive the 30 days' prior notification period with respect to a foreign bank's change of home State.

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

Orders Under Section 3 of Bank Holding Company Act

First Bancorp of New Hampshire, Inc., Manchester, New Hampshire

Order Approving Acquisition of Bank

First Bancorp of N.H., Inc., Manchester, New Hampshire ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the act (12 U.S.C. § 1842(a)(3)) to acquire The Bedford Bank, Bedford, New Hampshire ("Bank").

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

Applicant, the second largest commercial banking organization in the state, controls eight banks with total deposits of $417 million (as of March 31, 1982), representing 14.9 percent of deposits in commercial banks in New Hampshire. Bank has deposits of $19.3 million (as of March 31, 1982),[1] representing 0.7 percent of the total deposits in commercial banks in the state, and is the 43rd largest commercial banking organization in the state. Consummation of this proposal would not result in a significant increase in the concentration of commercial banking resources in the state.

Bank is the seventh largest of nine commercial banking organizations in the Manchester banking market and controls 3.2 percent of the deposits in commercial banks in that market. A subsidiary bank of Applicant is the second largest banking organization in the Manchester banking market, controlling 23.2 percent of total commercial bank deposits. Consummation of the proposed transaction would increase Applicant's market share of deposits in commercial banks to 26.4 percent, but would not alter Applicant's rank as the second largest banking organization in the market. In addition, the percentage of the total deposits in commercial banks in the market held by the four largest commercial banking organizations in the market would increase from 78.6 to 81.8 percent. The effect of the proposal would be to eliminate existing competition between Applicant and Bank and also to increase the concentration of banking resources in the Manchester banking market to a level that, absent mitigating considerations, would be likely to subject the merger to challenge under the Merger Guidelines recently issued by the U.S. Department of Justice.[2]

In a number of previous cases, the Board has, in its evaluation of the impact of the proposal on existing competition, taken into account as a mitigating factor the presence of thrift institutions in the particular market and the extent of the competition afforded by such institutions.[3] The Board did not, however, find that the thrift institutions in those cases had developed a sufficiently broad range of products and services such that they should be considered full competitors with commercial banks in the commercial banking line of commerce.[4] Although the Board has not included thrift institutions generally in the commercial banking line of commerce, the Board believes that the competition afforded by thrift institutions should be given appropriate weight. This is particularly true where the thrift institutions are among the largest depository institutions in the market, control a substantial amount of the market's NOW or other transaction accounts, have substantial commercial and non-residential mortgage lending authority, and actively engage in the business of commercial lending.[5]

In this case, the record shows that thrift institutions are among the largest depository institutions in the Manchester market. The aggregate deposits of thrift institutions in the market, including transaction accounts, are nearly twice the amount of deposits held by all nine commercial banks in the market.[6] The two large state savings banks in the market compete with commercial banks in a wide range of banking services, including the provision of savings deposits, demand deposit and other transaction accounts, consumer loans, and mortgage loans. State savings banks in New Hampshire are authorized to invest up to 15 percent of their total deposits without any limitation in unsecured

1. All banking data as of June 30, 1981, unless noted otherwise.

2. Under these guidelines, the Manchester market is considered highly concentrated because of a Herfindahl Hirschman Index ("HHI") of 1907 (as of June 30, 1981). Consummation of Applicant's proposal would increase the HHI by 147 points. The Justice Department's guidelines state that the Department is likely to challenge a merger in a highly concentrated market (a market with a HHI of 1800 or more) that produces an increase in the HHI of 100 points or more.

3. "First Bancorp of N.H., Inc.", 64 FEDERAL RESERVE BULLETIN 967 (1978); "Fidelity Union Bancorporation", 66 FEDERAL RESERVE BULLETIN 576 (1980); "Key Banks, Inc.", 66 FEDERAL RESERVE BULLETIN 781 (1980); "United Bank Corporation of New York", 67 FEDERAL RESERVE BULLETIN 358 (1981).

4. In *United States* v. *Connecticut National Bank,* 418 U.S. 656, 666 (1974), the Court suggested that thrift institutions might be included in the commercial banking line of commerce "when and if [they] become significant participants in the marketing of bank services to commercial enterprises."

5. See "Fidelity Union Bancorporation," supra note 3. Cf *United States* v. *Philadelphia National Bank,* 374 U.S. 321, 365, where the Court adjusted downward the market shares at issue to reflect the competitive influence within the market from out-of-market institutions.

6. The two largest savings banks in the market, Amoskeag Savings Bank and Merchants Savings Bank of Manchester, held total deposits of $669.5 million as of June 30, 1981, as compared to total deposits of $502.7 million for the nine commercial banks in the market. These two savings banks held over 30 percent of the total deposits in NOW accounts in depository institutions in the market, approximately 15 percent of the total deposits in all transaction accounts and approximately 3 percent of the total deposits in IPC demand deposit accounts and NINOW accounts.

commercial and industrial loans[7] and to accept demand deposits from commercial customers. The two largest savings banks in the Manchester market have established commercial lending departments, hired commercial lending officers, actively advertised the availability of commercial loans, and made a number of commercial loans.[8]

On the basis of this record, the Board finds that the thrift institutions in the Manchester banking market exert a significant competitive influence in that market, an influence that mitigates the adverse effects of the proposed transaction on competition and concentration of banking resources in the market.[9] In this regard, the Board notes that, if only 15 percent of the deposits held by thrift institutions in the market were included in the relevant line of commerce, the market would no longer be considered highly concentrated on the basis of the Justice Department's merger guidelines and the increase in the HHI would be below the level that would be likely to subject the merger to challenge under those guidelines.[10] On the basis of all facts of record, the Board concludes that consummation of the proposed transaction would not substantially lessen competition in the relevant Manchester banking market.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory, and their future prospects appear favorable. It is expected that affiliation with Applicant will strengthen Bank's overall financial resources, particularly in view of Applicant's intention to provide Bank with additional capital. Accordingly, the Board's judgment is that banking factors lend weight toward approval of the application. Upon consummation of the proposed acquisition, Applicant will assist Bank in offering new banking services, including residential mortgage lending and trust services. Thus, considerations relating to the convenience and needs of the community to be served favor approval.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the proposed transaction would be in the public interest. Accordingly, the Board has determined that the proposed transaction should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Dissenting Statement of Governors Teeters and Rice

We would deny the application of First Bancorp of N.H., Inc. to acquire The Bedford Bank, Bedford, New Hampshire, because we believe that consummation of this proposal would tend to substantially lessen competition in the Manchester banking market.

Applicant is the second largest commercial banking organization in the Manchester market, and would increase its market share from 23.2 percent to 26.4 percent as a result of acquisition of Bank. Inasmuch as Bank is a viable competitor, we believe its elimination as a competitor would have significantly adverse effects on competition in the Manchester banking market.

In addition to the elimination of existing competition, the proposal would increase the concentration of banking resources in a market that is already highly concentrated. Specifically, upon consummation of this proposal, the market's four-firm concentration ratio would increase from 78.6 to 81.8 percent. Additionally, the Manchester market is considered highly concentrated under the Merger Guidelines recently issued by the United States Department of Justice with a

7. New Hampshire R.S.A. Chapter 387.3:(II-a). State savings banks are also authorized to invest an additional 5 percent of their assets in commercial and business loans within the state of New Hampshire or within 75 miles of the institution's home office. New Hampshire R.S.A., Chapter 394-A.

8. The two largest savings banks in the market hold 4.5 percent of the total commercial and industrial loans and over 55 percent of the total non-residential real estate loans held by all depository institutions in the market. Moreover, the market's largest savings bank has engaged in an aggressive advertising program to increase its volume of commercial lending, suggesting that the market share of commercial and industrial loans held by the thrifts in the Manchester market is likely to increase in the near future, particularly in view of the large share of market deposits held by the thrifts.

9. The Board does not believe that the record in this case supports a finding that the thrift institutions in the Manchester banking market have developed their commercial banking services to the point where they may be considered significant participants in the provision of bank services to commercial enterprises in the market. Accordingly, the Board has not included these thrift institutions in the relevant commercial banking line of commerce in the Manchester market. The total commercial and industrial loans held by the two largest thrift institutions in the market represent less than one percent of their total deposits. The remaining two thrifts in the market hold no commercial and industrial loans.

10. On this basis, the HHI for the Manchester market would be reduced to 1345, and consummation of the merger would increase the HHI by 91 points. The Justice Department's guidelines state that the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 100 points in a market with a premerger HHI between 1000 and 1800.

Herfindahl Hirschman Index ("HHI") of 1907. Consummation of the proposal would increase the HHI by 147 points, an increase that would subject this acquisition to challenge under the Justice Department's guidelines.

The majority found that the anticompetitive effects of this proposal were lessened by the impact of competition from thrift institutions in the market. It is our view that, at present, thrift institutions in the Manchester market are not sufficiently strong competitors of commercial banks, to be weighed equally with them, particularly in the provision of commercial loan and deposit services. It is this cluster of commercial services that the Courts have found relevant in assessing competition with commercial banks. Thus, we do not consider the impact of thrift institutions in the Manchester banking market to be sufficient to mitigate the adverse competitive effects associated with this application.

Accordingly, we would deny this application.

November 29, 1982

First City Bancorporation of Texas, Inc., Houston, Texas

Order Approving Acquisition of Banks

First City Bancorporation of Texas, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Chisholm Financial Services, Inc., Richardson, Texas and, thus, indirectly acquire 100 percent and 82 percent, respectively, of the voting shares of Citizens Bank, Richardson, Texas, and Chisholm National Bank, Plano, Texas (collectively referred to as "Banks").

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

Applicant, the second largest banking organization in Texas, controls 57 commercial banks with total aggregate deposits of $9.8 billion, representing 9.25 percent of total deposits in commercial banks in the state.[1] Acquisition of Banks, with aggregate deposits of $181.7 million, would increase Applicant's share of state deposits by 0.17 percent and would not alter Applicant's ranking in the state. The Board concludes that consummation of this proposal would not result in a significant increase in concentration of banking resources in Texas.

Banks are currently the only subsidiary banks of Chisholm Financial Services, Inc., Richardson, Texas, a registered bank holding company. Citizens Bank ($175.5 million in deposits) is the eleventh largest of 151 banks located in the Dallas banking market, and holds 0.81 percent of total market deposits in commercial banks.[2] Chisholm Bank ($6.2 million in deposits) is the 151st largest commercial bank in the Dallas market and holds 0.03 percent of total market deposits in commercial banks. Applicant, with 11 subsidiary banks, is the fourth largest banking organization in the Dallas banking market and holds aggregate deposits of $1.79 billion, representing 5.5 percent of total deposits in commercial banks in the relevant market.

Consummation of this proposal would eliminate some existing competition between Applicant and Banks in the Dallas banking market. Applicant's share of market deposits would increase by 0.84 percent, and Applicant's rank within the market would not change. The Board finds that consummation of the proposal would not have significantly adverse competitive effects. In this regard, the Board notes that the Dallas banking market is not highly concentrated and there would remain a large number of independent banks that could serve as entry vehicles for banking organizations not currently represented in the market. Accordingly, in view of all the facts of record, including the structure of the relevant market, the absolute and relative size of Banks, and the number of banking organizations in the Dallas banking market, the Board is of the view that consummation of the transaction would have no significantly adverse competitive effects in the Dallas banking market.

The financial and managerial resources of Applicant and its subsidiaries are considered satisfactory and their future prospects appear favorable. The financial and managerial resources of Banks are generally satisfactory and their future prospects as affiliates of Applicant appear favorable. Accordingly, banking factors are consistent with approval of the application. Applicant has committed to inject additional capital into Citizens Bank, which would expand the lending capacities of Bank. Also, Applicant proposes to bring greater expertise and specialization to Banks' lending, trust, economic consulting and forecasting, and investment and financial advisory services. The Board's view is that the benefits to the public that may be

1. Banking data are as of June 30, 1982.

2. The relevant banking market is approximated by the Dallas Ranally Metropolitan Area.

expected from consummation of the proposed transaction are consistent with approval and are sufficient to outweigh any adverse effects on competition resulting therefrom. Therefore, the Board's judgment is that the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 1, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Istituto Bancario San Paolo di Torino, Turin, Italy

Order Approving Formation of a Bank Holding Company

Istituto Bancario San Paolo di Torino, Turin, Italy ("San Paolo"), and its subsidiary, San Paolo U.S. Holding Company, New York, New York ("U.S. Holding"), have each applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of 85 percent of the outstanding voting shares of First Los Angeles Bank, Los Angeles, California ("Bank").

Notice of the applications, affording an opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the act.

San Paolo is a Public Law Credit Institution organized under the laws of Italy. Based on all the facts of record, it does not appear that San Paolo is controlled by or is an agency of the Republic of Italy. San Paolo is a nonstock charitable foundation, the capital of which has been derived from private contributions and retained earnings. The Republic of Italy has not made any contributions to the capital funds of San Paolo. The management and policies of San Paolo are determined by an eleven-member board of directors and management officials appointed by that board of directors. The Republic of Italy appoints only two members of the board of directors of San Paolo and does not appoint any of its management officials. The remaining members of the board of directors are appointed by the Chambers of Commerce, Industry, and Agriculture of Turin, Milan, Genoa, and Rome, the Cities of Turin and Genoa, and the Provincial Administration of the District of Turin.

San Paolo offers a full range of commercial banking services in Italy and operates a Federal agency in New York State.[1] U.S. Holding is a non-operating corporation wholly owned by San Paolo and organized under the laws of New York for the purpose of acquiring the shares of Bank.

Upon acquisition of Bank, Applicants would control the 30th largest commercial banking organization in California, with total deposits of $277 million, representing 0.2 percent of the total deposits in commercial banks in the state.[2] Bank is the seventeenth largest commercial bank in the Los Angeles, California, banking market, and controls 0.5 percent of the total deposits in commercial banks in that market.[3] Inasmuch as Applicants do not conduct any banking operations or other business in the state of California, consummation of the proposed transaction would have no adverse effects on existing or potential competition in any relevant market and would not increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the applications.

The financial and managerial resources of each of the Applicants appear generally satisfactory and the future prospects of each appear favorable. The financial and managerial resources of Bank appear generally satisfactory and the future prospects of Bank appear favorable, especially in light of commitments made by Applicants to inject additional capital into Bank. Based on these and other commitments made by Applicants, the Board has determined that considerations relating to banking factors are consistent with approval of the applications. Although consummation of the proposal would not result in any changes the services offered by Bank, considerations relating to the convenience and needs of the community to be

1. San Paolo also has a minority interest in Tradinvest Purchasing Company Limited, Hamilton, Bermuda, which owns 95 percent of AGIP USA, Inc., New York, New York. This investment is permissible under section 211.23(f)(5) of the Board's Regulation K. (12 CFR § 211.23(f)(5)).

2. All deposit data are as of June 30, 1981.

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

served are consistent with approval of the applications. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the applications should be approved.

Based upon the foregoing, including all of the facts of record and the commitments made by Applicants, the Board has determined that the applications should be and hereby are approved. The transaction 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 by the Federal Reserve Bank of San Francisco, under delegated authority.

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

United Midwest Bancshares, Inc., Cincinnati, Ohio

Order Approving Formation of a Bank Holding Company

United Midwest Bancshares, Inc., Cincinnati, Ohio, 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)), to form a bank holding company by acquiring 100 percent of the voting shares of Southern Ohio Bank, Cincinnati, Ohio ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired, and the Board has considered the application with all comments received in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)).[1]

Applicant, a nonoperating Ohio corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of approximately $209.6 million.[2] Upon acquisition of Bank, Applicant would control the 35th largest bank in Ohio and would hold 0.48 percent of the total commercial deposits in the state.

Bank is the 5th largest of 41 banking organizations in the relevant banking market and holds approximately 4.25 percent of total deposits in commercial banks in the market.[3] The proposed transaction is essentially a corporate reorganization, consummation of which would not result in any adverse effects upon competition or in an increase in the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

Applicant proposes to become a bank holding company through the purchase of all of the voting shares of Bank for $28 million. The source of funds for the purchase includes $7 million in bank borrowings, $17 million from the sale of Applicant's common stock, and $4 million from the sale of Applicant's preferred stock. All of Applicant's preferred stock would be purchased by a subsidiary of Baldwin-United Corporation, Cincinnati, Ohio ("Baldwin"), a diversified financial conglomerate engaged in various nonbanking activities.[4] The preferred stock, which is nonvoting, would pay a cumulative annual dividend of 14.5 percent. Baldwin's perferred stock investment would represent approximately 19 percent of Applicant's total equity.

Applicant's common stock will be purchased by a number of individuals and companies. Four of these companies ("Investors") will obtain funds to purchase Applicant's voting common stock[5] through an investment by Baldwin of $2.5 million in the nonvoting preferred stock of each of the Investors. In each case, Baldwin's preferred stock investment would represent less than 25 percent of each Investor's total equity.[6] The preferred stock, which must be redeemed by each of the investor companies at the expiration of fifteen years, would pay a cumulative annual dividend of 15 percent. The Investors could redeem the preferred stock at any time.

By order dated October 14, 1982, the Board denied a previous application by Applicant to acquire Bank. In denying that application the Board found that the debt servicing requirements and substantial arrearage in

1. The Board has received an objection to the application from AmeriTrust Corporation, Cleveland, Ohio ("AmeriTrust"). The Board has also received thirteen comments in support of the proposed acquisition of Bank by Applicant from various business, community, and civic groups in the Cincinnati area, including a letter from the Mayor of Cincinnati.

2. Deposit data are as of March 31, 1982.

3. The relevant banking market is approximated by the Cincinnati Ranally Metro Area. Market data are as of June 30, 1981.

4. Baldwin, which became a bank holding company as a result of the 1970 Amendments to the act, divested its banking subsidiaries in December 31, 1980.

5. The Investors together would control approximately 74 percent of Applicant's common shares. Two of the investors would each acquire 16 percent of Applicant's voting shares. The remaining two investors would each acquire 21 percent.

6. Specifically, Baldwin's equity share in the Investors would be 22.6, 17.4, 24.6, and 5.4 percent, respectively.

preferred stock dividends did not allow Applicant sufficient financial flexibility to serve as a source of strength to its subsidiary Bank in the future. In addition, the previous proposal involved an investment by Baldwin in non-voting preferred stock of Applicant, representing 67 percent of Applicant's total equity. The Board expressed concern that this investment was inconsistent with the Board's July 8, 1982, Policy Statement on non-voting equity investments (12 CFR § 225.143) ("Policy Statement"), and that the size and structure of Baldwin's investment could give Baldwin the ability to exercise a controlling influence over Applicant within the meaning of the act.

The Board believes that Applicant's revised proposal addresses the concerns raised by the Board in its consideration of Applicant's initial application. Specifically, Applicant's acquisition debt will be reduced by $8 million and its total capital increased by $2 million. In addition, the purchase price of Bank has been reduced by $2 million. In view of the restructuring of the proposal, the Board's judgment is that Applicant will have sufficient financial resources to service its debt and the preferred stock dividends and serve as a source of financial strength to its subsidiary bank in the future. Thus, the financial and managerial resources of Applicant and Bank are considered generally satisfactory and their future prospects appear favorable.

Baldwin's preferred stock investment in Applicant is well below the 25 percent guideline mentioned in the Board's Policy Statement and specified by the Board in prior cases as an acceptable level for non-voting equity investments.[7] In addition, Applicant's Articles of Incorporation have been modified to eliminate those provisions that the Board previously determined would provide Baldwin with a number of rights that are otherwise only available through the ownership of voting shares. Similarly, an agreement with Applicant's shareholders contained in the initial application, which would have given Baldwin the ability to affect the disposition of control of Applicant, has been eliminated.

AmeriTrust contends that Baldwin's investment of $2.5 million in the non-voting preferred stock of each of the Investors amounts to an indirect investment by Baldwin in Applicant. On this basis, it contends that Baldwin's investment in Applicant has actually increased from $10 million in the previous application to $14 million in this application. Because an investment of $14 million, if aggregated, would equal 67 percent of Applicant's total equity, AmeriTrust asserts that Baldwin's total investment in Applicant would violate the Board's Policy Statement.

In the Board's judgment, Baldwin's purchase of Investor's preferred stock is not equivalent to an indirect investment in Applicant by Baldwin. The purpose of Baldwin's investment in Investors is to facilitate their purchase of Applicant's stock, and there is no evidence in the record to show that the Investors are acting for or at the behest of Baldwin or are controlled by Baldwin, or that Baldwin has assumed the economic risk of gain or loss in connection with the Investors' purchase of Applicant's common shares. The Investors are not related to one another through common ownership or control or by management interlocks. Each is an existing, independent business entity, which has independently elected to make an investment in Applicant. There are no agreements or understandings between any of the Investors and Baldwin as to the voting or disposition of the Investors' shares of Applicant or with respect to any other matter involving Applicant or its management and policies. The dividend on Baldwin's investment in the preferred stock of the Investors is not linked in any way to the earnings of Applicant or Bank, and the Investors have the right to redeem Baldwin's preferred stock at any time with no preference based on Applicant's or Bank's performance. There is no requirement that Baldwin be bought out upon a sale by an Investor of its common stock in Applicant or upon a liquidation of Applicant. In light of the foregoing, the Board does not believe that Baldwin's interest in the Investors should be aggregated with Baldwin's direct interest in Applicant's preferred stock for purposes of determining Baldwin's total equity interest in Applicant under the Policy Statement.[8]

Applicant does not propose to make any specific changes in the services currently provided by Bank. In this connection, the Board has received comments from a number of Cincinnati groups indicating their belief that local ownership of Bank will enhance its ability to serve the banking needs of the community. The Board believes that considerations relating to the

7. See "Valley View Bancshares" 61 FEDERAL RESERVE BULLETIN 676 (1975); "Security Bancorp, Inc.", 66 FEDERAL RESERVE BULLETIN 977 (1980); "Panhandle Aviation, Inc.", Board Order, December 23, 1980. See also letter from William W. Wiles, Secretary of the Board, to J. A. Maurer, President, Security Corp., Duncan, Oklahoma, June 23, 1982.

8. The Board does not view Baldwin's investment in each of the Investors as providing the "formalized structure" or common control that would make the Investors an association or company under the act. Letter, dated September 13, 1977, from the Secretary of the Board to John P. Roemer, affirmed sub nom *Central Bank* v. *Board of Governors*, No. 77-193) (D. C. Cir. Feb. 1, 1979); "WISCUB, Inc.", 64 FEDERAL RESERVE BULLETIN 40 (1978) and 65 FEDERAL RESERVE BULLETIN 773 (1979); Savings BankShares Inc., 65 FEDERAL RESERVE BULLETIN 767 (1979); SYB Corporation, 63 FEDERAL RESERVE BULLETIN 587 (1977); Cubanc Corporation, 62 FEDERAL RESERVE BULLETIN 792 (1976); and CU Bank Shares, Inc., 62 FEDERAL RESERVE BULLETIN 364 (1976). Letter of November 17, 1978, from the Secretary of the Board to William C. Beaman.

convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Orders Under Section 4 of the Bank Holding Company Act

Citicorp,
New York, New York

Order Conditionally Approving Application to Engage in Certain Futures Commission Merchant Activities

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval, under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to engage through its subsidiary, Citicorp Futures Corporation, New York, New York ("CFC"), in acting as a futures commission merchant (an "FCM") for nonaffiliated persons, in the execution and clearance of certain futures contracts on major commodity exchanges. Such contracts would cover bullion, foreign exchange, U.S. Government securities, and negotiable money market instruments.

Notice of the application, affording interested persons an opportunity to submit comments and views on the relation of the proposed activity to banking and on the balance of the public interest factors regarding the application has been duly published (47 *Federal Register* 40486 (1982)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the act.

Applicant, with consolidated assets of $120.1 billion, is the largest banking organization in New York and the second largest in the U.S. and controls three subsidiary banks—two in New York and one in South Dakota—with aggregate deposits of $74.5 billion.[1] Applicant has recently received approval to establish a de novo bank in Delaware. Applicant, directly and through certain of its subsidiaries, engages in a broad range of permissible banking-related activities throughout the United States.

The Board recently approved applications by J. P. Morgan & Co. Incorporated, New York, New York ("Morgan"), and Bankers Trust New York Corporation, New York, New York ("Bankers"), each a bank holding company within the meaning of the act, to engage in FCM activities.[2] Applicant's proposal generally parallels the applications submitted by Morgan and Bankers, and the characteristics of Morgan and Bankers on which the Board relied in considering those applications generally are shared by Applicant. Accordingly, the Board considers it appropriate to examine Applicant's proposal within the same framework the Board used to consider the applications of Morgan and Bankers.

Closely Related to Banking

In order to approve an application submitted pursuant to section 4(c)(8) of the act, the Board is first required to determine that the proposed activity is closely related to banking or managing or controlling banks. In approving the applications of Morgan and Bankers, the Board determined that the proposed FCM activities with respect to the contracts involved in the applications were closely related to banking.[3] Upon consideration of all the facts of record, the Board has determined, for the reasons explained below, that with one exception CFC's proposed activities as an FCM, with respect to the contracts involved in this application, would also be closely related to banking.

Bullion and Foreign Exchange. In the Board's Order approving the Morgan and Bankers applications, it was noted that the Board had determined previously that FCM activities or their equivalent, with respect to bullion and foreign exchange, were closely related to banking. The Board made these earlier

1. All banking data are as of June 30, 1982.
2. "J.P. Morgan & Co. Incorporated", 68 FEDERAL RESERVE BULLETIN 514 (1982); "Bankers Trust New York Corporation", 68 FEDERAL RESERVE BULLETIN 651 (1982).
3. *Id.*

determinations in connection with applications submitted by Republic New York Corporation, New York, New York,[4] and Standard and Chartered Banking Group Ltd., London, England.[5] Consequently, the Board now has determined on four occasions that acting as an FCM for bullion or foreign exchange is closely related to banking. Upon examination of the record, it appears that Applicant's situation is substantially similar to those presented previously. In particular, Citicorp is a leading dealer in both the spot and forward bullion markets; it offers bullion deposits and loans, and is the largest privately owned storer of bullion in the United States. Thus, FCM activities in bullion on the part of CFC would appear to complement Citicorp's other activities in the bullion market. In addition, Citibank, N.A., Applicant's principal banking subsidiary, is a leading participant in the cash and forward markets for foreign exchange, with total profits from this activity of $265 million during 1981. Since Citicorp/Citibank already trade in the cash and forward markets in bullion and foreign exchange for their customers, acting as an FCM in futures markets for the same commodities would appear to be an "integral adjunct" to these present services. Finally, it is reasonable to assume that market participants for whom Citicorp/Citibank trade would regard futures contracts in bullion and foreign exchange as the functional equivalent of forward contracts for some purposes. Accordingly, the proposed activity could be considered fundamentally a substitute for other services Applicant already provides. On this basis, the Board concludes that Applicant's proposal to act as an FCM for bullion and foreign exchange is closely related to banking.

Government Securities and Money Market Instruments. Applicant's proposal also involves the execution and clearance of futures contracts covering U.S. bonds and Treasury bills, GNMA securities, and negotiable money market instruments, particularly domestic and Eurodollar CDs.

As with the Morgan and Bankers applications, the Board has examined the portion of the record of this proposal that concerns FCM activities for U.S. bonds, Treasury bills, GNMA securities, and negotiable money market instruments in light of Applicant's experience in related markets for these instruments. Citibank already trades in futures contracts covering various U.S. Government and GNMA securities for its own account.[6] Also, Citibank is a founding member of the Association of Primary Dealers, and has long been a major participant, for the account of customers as well as its own account, in the U.S. Government securities cash market. Applicant's experience in these activities has provided it with useful expertise in areas that are operationally or functionally similar to FCM activities for nonaffiliated persons in U.S. bonds, Treasury bills, and GNMA securities. Accordingly, the Board concludes that the proposed FCM activities for these instruments would be closely related to banking.

The Board has also determined, in the circumstances of this case, that CFC's proposed activities as an FCM with respect to futures contracts in negotiable money market instruments would be closely related to banking. Citibank has been an active participant in the cash markets for various money market instruments, and this experience has provided Applicant with useful expertise in trading the underlying instruments involved in these futures contracts. Like futures contracts in U.S. Government securities, futures contracts in these instruments are used in large part to hedge against interest-rate risks associated with holding and trading financial assets and liabilities. There appears to be little basis for distinguishing between the operational or functional characteristics of FCM activities with respect to contracts in these money market instruments and those FCM activities with respect to contracts in Government securities.

Pit Arbitrage. Citicorp has proposed one new activity, pit arbitrage, that was not included in the applications of Morgan and Bankers, and has not previously been considered by the Board in the context of section 4(c)(8). Pit arbitrage involves the actions of floor traders on commodities exchanges in taking advantage of temporary price differentials between futures contracts. Futures market spread positions are taken in anticipation of favorable price movements which will subsequently enable traders to close out positions at a profit. In view of the discussion below, however, it is unnecessary for the Board to determine whether pit arbitrage is closely related to banking.

Incidental Activities. CFC also intends to provide general research and advice on market conditions and trading strategies; client account information

4. "Republic New York Corporation", 63 FEDERAL RESERVE BULLETIN 951 (1977).
5. "Standard and Chartered Banking Group, Ltd.", 38 *Federal Register* 27552 (1973).

6. Citicorp has received the Board's approval to transfer certain of these securities activities from Citibank to a nonbanking subsidiary of Citicorp. "Citicorp Government Securities, Inc.", 68 FEDERAL RESERVE BULLETIN 248 (1982).

and reconciliation of trades; and communication linkage between clients and the exchange floor in connection with its proposed FCM activities. These services would be offered as part of an integrated package that would be provided to CFC's customers. None of these services would be offered separately and none would be provided on a fee basis. The Board's Regulation Y (12 CFR § 225.4(a)) allows bank holding companies to engage in activities that are incidential to closely related activities. Incidental activities are those that are necessary to the performance of closely related activities. (*National Courier Ass'n* v. *Board of Governors*, 516 F.2d 1229, 1241 (D.C. Cir. 1975)). It appears that with the exception of FCM "discount brokers", FCMs generally provide these kinds of ancillary services as an integral part of their overall business. Moreover, it appears that the major corporations and financial institutions which would make up CFC's client base regard these services as essential. Thus, the provision of such ancillary services would be necessary to the successful operation of Applicant's FCM activities. Accordingly, the Board finds that the provision of these services would be incidental to CFC's proposed FCM activities.

Balance of Public Benefits and Adverse Effects

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

Public Benefits

Consummation of the proposal would provide added convenience to those clients of Applicant that trade in the cash, forward, and futures markets for the commodities involved in this application. The Board expects that the de novo entry of CFC into the market for FCM services would increase the level of competition among FCMs already in operation. Accordingly, the Board has concluded that the performance of the proposed activities by CFC can reasonably be expected to produce benefits to the public.

Adverse Effects

In its Orders approving the applications of Morgan and Bankers, the Board recognized that the activity of trading futures contracts involves various types of financial risks and potential conflicts of interest, and is susceptible to anticompetitive and manipulative practices. The Board noted, however, that Congress has addressed those types of possible adverse effects through the passage of the Commodity Exchange Act, as amended,[7] and the creation of the Commodity Futures Trading Commission ("CFTC"). The Board also noted that the CFTC has promulgated regulations to effectuate the provisions of the Commodity Exchange Act.[8] Applicant has chosen to conduct the proposed activities through a separately incorporated subsidiary that would be subject to the Commodity Exchange Act and CFTC regulation. The Board has considered the impact of the applicable statutes and regulation in its evaluation of the likelihood that significant adverse effects regarding conflicts of interest, unsound banking practices, decreased or unfair competition, or undue concentration of resources would develop in this case.

Conflicts of Interest. Conflicts of interest that could be associated with this proposal fall into two broad categories: those arising out of the general business of engaging in FCM activities, and those arising out of the particular circumstance of an FCM that is a subsidiary of a bank holding company. Rules and regulations promulgated and enforced by the CFTC and the relevant futures exchanges substantially reduce the possibility for significant conflicts in the first category. In addition, CFC has committed to time-stamp each order to the minute upon receipt, and to time-stamp the order again at execution. Moreover, CFC will execute orders in the sequence in which they are received, except where the customer consents to delayed execution. The Board concludes that the risk of conflicts of interest arising from the general business of an FCM that may result from consummation of the proposal as submitted is not inconsistent with approval.

With respect to the second category of conflicts, the Board believes that existing statutory and supervisory safeguards, together with Applicant's internal control procedures, will substantially reduce the possibility of significant adverse effects. For example, section 23A of the Federal Reserve Act[9] would

7. 7 U.S.C. §§ 1-24.

8. For example, CFTC regulations require FCMs to keep detailed records on many aspects of FCM activities, such as segregation of funds and investments made on behalf of customers, 17 C.F.R. §§ 1.20, .25; prescribe protective procedures for such activities as buying and selling contracts of two customers on opposite sides of the same transactions, 17 CFR. § 1.39; and impose minimum financial and related reporting requirements, 17 CFR §§ 1.10-.18.

9. 12 U.S.C. § 371c.

require any extension of credit by Citibank to CFC to be secured by collateral having a value equal to 100 percent or more of the extension of credit. In addition, any loan from Citibank to CFC's customers would be subject to examination by the Comptroller of the Currency.

Furthermore, Applicant maintains internal procedures that generally prohibit disclosure among employees of Applicant and its subsidiaries of confidential information pertaining to customers, whether received from customers or derived from internal sources. Finally, as discussed below, the circumstances of this application alleviate any substantial concern regarding the possibility of voluntary tying. Thus, there appears to be no significant danger that conflicts associated with the fact that CFC would be a bank holding company subsidiary will develop under this proposal.

Unsound Banking Practices. An FCM, clearing and executing contracts for nonaffiliated persons, is generally exposed to several types of financial risks. However, the Board finds that Applicant's competence, experience and resources equip it to deal with these risks. Furthermore, the Board believes that the Commodity Exchange Act and regulations by the CFTC and the various commodity exchanges are significant factors in ameliorating the general hazards of the FCM activities proposed in the application.[10]

As an FCM for nonaffiliated persons, CFC would be contractually liable for nonperformance by a customer of CFC on each futures contract traded by CFC for that customer. Similarly, in some circumstances, CFC could be obligated to meet a margin call delivered to a customer of CFC. Applicant and its subsidiaries appear well prepared to deal with these potential obligations. The risks that a customer of CFC would default on a contract or fail to meet a margin call are credit risks of a type Citibank has significant expertise in evaluating. In addition, the record indicates that CFC would employ a high degree of credit selectivity in choosing its customers, who will include institutional and commercial clients of Citibank.

CFC would face another type of risk because its membership in certain commodity exchange clearing associations could expose it to contingent liability for the contractual obligations due the association by all clearing members. This potential liability exists through the assessment provisions of certain clearing association guaranty funds into which all clearing members must contribute. In evaluating this element of risk to CFC, the Board has considered the effect of margin requirements and the level of supervision and regulation imposed on the futures trading industry by the CFTC, the exchanges and their affiliated clearing associations. Clearing associations, in particular, have established various procedures that reduce the likelihood that this type of liability would arise.

The degree of risk associated with providing FCM services as a clearing member on a commodities exchange can be increased through the practice of certain exchanges or clearing associations of requiring the parent corporation of a clearing member to also become a member of that exchange or clearing association. Applicant has committed that CFC shall not, without the prior consent of the Board, become a clearing member of any exchange that imposes such a requirement and has not waived that requirement for Applicant.

In addition, the Board is concerned that the performance of pit arbitrage services by CFC for its own account would represent an unsound banking practice. The Board has stated its view that bank holding companies or their nonbanking subsidiaries that take positions in futures contracts should do so to reduce risk exposure and not to speculate.[11] Clearly, pit arbitrage involves CFC trading for its own account in a speculative manner. In the Board's view, such speculation could pose significant financial risks for the parent bank holding company. These risks could jeopardize the ability of a bank holding company to be a source of strength to its subsidiary banks. In this regard, the Board approved both the applications of Morgan and Bankers in express reliance on the fact that the FCMs involved there would not trade for their own account.[12]

Applicant argues that by engaging in pit arbitrage, CFC will contribute to the efficient operation of commodity markets, which will benefit market participants. Although some public benefits may be associated with the pit arbitrage, the Board does not believe such benefits are sufficient to outweigh the significant adverse effects of such an activity. Accordingly, the Board concludes that the adverse

10. Among the provisions the Board has considered in this regard are the CFTC's net capital requirements, 17 C.F.R. §§ 1.17(a), .17(c)(2), .17(c)(3), .52(a), and the sections of the Commodity Exchange Act granting the CFTC authority to establish position limits and to approve or disapprove daily price movement limits established by domestic exchanges on futures contracts, 7 U.S.C. §§ 6a, 7a(12).

11. 12 C.F.R. § 225.142 (1982).

12. Indeed, the Board recently approved Applicant's proposal to engage in FCM activities abroad on the basis of Applicant's commitment that it would not trade for its own account. "Citibank Overseas Investment Corp.", 68 FEDERAL RESERVE BULLETIN 671 (1982).

effects of pit arbitrage warrant denial of this aspect of Applicant's proposal.

On the basis of all the facts of record, including the limitations noted above, the Board has concluded that the inherent risks of providing FCM services for nonaffiliated persons under the circumstances of this proposal are manageable in view of the expertise and resources of Applicant and its subsidiaries, the commitments entered into by Applicant and CFC, and the regulatory environment in which the FCM activities would be conducted.

Decreased or Unfair Competition. It is conceivable that a commercial bank in Citibank's position could exert pressure on its customers to use the services of Citibank's affiliated FCM, or that a borrower could believe that its use of an affiliated FCM could result in more favorable credit terms for the borrower. As the Board noted in its Order approving the Morgan and Bankers applications, compulsory tying arrangements are prohibited by the act, and voluntary tying can take place only when a firm possesses significant market power.[13] However, as was the case with Bankers and Morgan, it appears that Applicant lacks the requisite market power for voluntary tying to occur, in view of the substantial competition among FCMs and in commercial lending. In addition, the Board notes that it is Applicant's corporate policy to explicitly instruct all employees to sell services on the basis of the services' own merits and to avoid any sales method which could give a customer the impression that the purchase of one service necessarily entails the purchase of services offered by an affiliate organization. In addition, Applicant has committed that CFC will advise each customer in writing that doing business with CFC will not in any way affect any provision of credit to that customer from Citibank or any other subsidiary of Applicant.

Conclusion

On the basis of all the facts of record, including the conditions mentioned above, the Board has determined that in the circumstances of this case, the provision by CFC of the proposed FCM services to nonaffiliated persons would not result in decreased or unfair competition, conflicts of interests, unsound banking practices, or undue concentration of resources in either commercial banking or the market for FCM services. In considering this application, the Board has placed particular reliance on the following commitments and conditions:

1. CFC shall not trade for its own account.
2. The instruments and precious metals upon which the proposed futures contracts are based are essentially financial in character and the contracts are of a type that a bank may execute for its own account.
3. CFC shall have an initial capitalization that is in substantial excess of that required by CFTC regulations, and will maintain fully adequate capitalization.
4. CFC and Citibank have entered into a formal service agreement that specifices the services that Citibank will supply to CFC. These services include the assessment of customer credit risk and continuous monitoring of customer positions and the status of customer margin accounts.
5. Through its prosposed service agreement with Citibank, CFC will be able to assess customer credit risks, and will take such assessments into consideration in establishing appropriate position limits for each customer, both with respect to each type of contract and with respect to the customer's aggregate position for all contracts.
6. CFC shall not, without the prior consent of the Board, become a clearing member of any exchange whose rules require the parent corporation of a clearing member to also become a clearing member, unless the requirement is waived with respect to Applicant.
7. CFC has committed that it will, in addition to time-stamping orders of all customers to the nearest minute, execute all orders, to the extent consistent with customers' specifications, in strictly chronological sequence, and that it will execute all orders with reasonable promptness with due regard to market conditions.
8. Applicant and its subsidiaries have demonstrated expertise and established capability in the cash, forward, or futures markets for each of the contracts involved.
9. Applicant will require CFC to advise each of its customers in writing that doing business with CFC will not in any way affect any provision of credit to that customer by Citibank or any other subsidiary of Applicant.
10. Applicant is adequately capitalized to engage in additional nonbanking activities.
11. CFC will not extend credit to customers for the purpose of meeting initial or maintenance margin required of customers, subject to the limited exception of posting margin on behalf of customers in advance of prompt reimbursement.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that

13. "Citicorp" (Citicorp Person-to-Person Financial Center of Connecticut, Inc.) 67 FEDERAL RESERVE BULLETIN 443, 446 (1981).

the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors, which the Board is required to consider under section 4(c)(8) of the act, is favorable. Accordingly, the application is hereby approved.

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

The proposed activities shall not commence 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.

By order of the Board of Governors, effective November 30, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Florida Coast Banks, Inc., Pompano Beach, Florida

Midlantic Banks, Inc., Edison, New Jersey

Order Approving Acquisition of Florida Coast Midlantic Trust Company, N.A.

Florida Coast Banks, Inc., Pompano Beach, Florida ("Florida Coast"), and Midlantic Banks, Inc., Edison, New Jersey ("Midlantic"), both bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.), have applied for the Board's approval, under section 4(c)(8) of that act and section 225.4(b) of the Board's Regulation Y (12 CFR § 225.4(b)), to acquire, through a joint venture to be known as Midlantic/Florida Coast Holdings, Edison, New Jersey ("Holdings"), Florida Coast Midlantic Trust Company, N.A., Lighthouse Point, Florida ("Trust Company"), a de novo trust company. Holdings will not engage in any activity and will be utilized only to hold shares of Trust Company. Trust Company will engage in the functions and activities that have been found by the Board to be closely related to banking (12 CFR § 225.4(a)(4)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the act.

Midlantic controls seven banks with aggregate deposits of about $3.2 billion and is the second largest bank holding company in New Jersey.[1] Through its nonbanking subsidiaries, Midlantic is engaged in the activities of mortgage banking, equipment leasing, factoring, and holding overseas investments. Midlantic also engages in the activity of providing trust services through its subsidiary banks. Midlantic manages $1.4 billion in trust assets through its lead bank.

Florida Coast controls three banks with aggregate deposits of $358.9 million and is the twentieth largest bank holding company in Florida. Florida Coast also engages in the activity of providing trust services through its subsidiary banks. Florida Coast manages less than $100 million in trust assets through its lead bank, which represents less than 2 percent of the trust assets administered by banking organizations in the Miami-Fort Lauderdale market.[2] Florida Coast would transfer the managed assets of its lead bank to Trust Company within one year of consummation of the proposal.

Florida Coast and Midlantic currently provide trust services in the banking markets in Florida and New Jersey in which their subsidiary banks operate. This proposal contemplates the provisions of trust services by Trust Company in the Miami-Fort Lauderdale market, where Florida Coast currently conducts its trust operations. Midlantic does not provide trust services in that market or in any banking market where Florida Coast operates. The effect of consummation of this proposal, therefore, would be the substitution of Trust Company for Florida Coast in the relevant markets and no existing competition would be eliminated.

It also appears that consummation of this proposal would not have a substantial adverse effect on potential competition. In this regard, the Board does not consider Florida Coast to be a likely entrant into the New Jersey markets served by Midlantic, given Florida Coast's relatively small size, and the location and nature of its customer base.

1. Banking data for Midlantic and Florida Coast are as of June 30, 1982.
2. The Miami-Fort Lauderdale market consists of Dade and Broward Counties.

While Midlantic might be considered a more likely entrant into the Florida markets served by Florida Coast, its loss as a potential entrant cannot be considered significant within the context of the Miami-Fort Lauderdale market. The Miami-Fort Lauderdale market is not concentrated. Currently, 39 banking organizations offer trust services in that market and administer $7.9 billion in trust assets. There are also numerous potential entrants into the market since barriers to entry into the trust business are low. Moreover, the Board regards it unlikely that Midlantic would enter the Miami-Fort Lauderdale market de novo absent this joint venture. Midlantic has stated that it has little name recognition in Florida and would have difficulties entering that market in any significant fashion. The loss of Midlantic as a potential entrant, therefore, would have little effect on potential competition in the market. Accordingly, the Board concludes that consummation of the proposed joint venture would not adversely affect potential competition in the relevant market.

Consummation of this proposal may be expected to increase competition in the Miami-Fort Lauderdale market and increase the convenience of the communities served. The combination of Midlantic's expertise in the provision of trust services with Florida Coast's knowledge of the relevant market is likely to result in an institution capable of competing for trust services with the large banking organizations in the relevant market. The proposal may also provide greater convenience to Midlantic's trust customers who retire to Florida.

There is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.[3] Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the act favors approval. In addition, the financial and managerial resources and future prospects of Florida Coast, Midlantic, and Trust Company are considered consistent with approval of the applications and the Board has determined that the applications should be approved.

3. In *Lewis* v. *BT Investment Managers, Inc.*, 447 U.S. 27 (1980), the Supreme Court held a provision of Florida law (Fla. Stat. Ann. § 658.29 (West 1981 Supp.)) that generally prohibited an out-of-state bank or bank holding company from acquiring a trust company or investment advisory company in Florida to be unconstitutional at least insofar as it related to the acquisition of an investment advisory company. The rationale of that decision is directly applicable to the trust company prohibitions of section 658.29. Accordingly, the Board concludes that section 658.29 does not bar Midlantic's participation in this proposal. In this regard, the state of Florida has not objected on the basis of this statute to previous applications of this type.

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

The transaction shall not be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Banks of New York or Atlanta.

By order of the Board of Governors, effective November 2, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Hongkong and Shanghai Banking Corporation, Hong Kong

Kellett, N.V., Curacao, Netherlands Antilles

HSBC Holdings, B.V., Amsterdam, The Netherlands

Marine Midland Banks, Inc., Buffalo, New York

Order Approving Acquisition of Wardley Marine International Investment Management Ltd. and Commencement of Investment Advisory Activities

The Hongkong and Shanghai Banking Corporation ("HSBC"), Hong Kong; Kellett, N.V., Curacao, Netherlands Antilles; HSBC Holdings, B.V. ("Holdings"), Amsterdam, The Netherlands; and Marine Midland Banks, Inc. ("MMBI"), Buffalo, New York (collectively referred to as "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 CFR § 225.4(b)(1)), to engage de novo in investment advisory activities through a New York office of Wardley Marine International Investment Management, Ltd. ("Wardley Marine"), London, England. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(5)). MMBI has also applied for the Board's approval under section 4(c)(13) of the Act (12 U.S.C. § 1843(c)(13)) and section 211.5(c)(2) of the Board's Regulation K (12 CFR § 211.5(c)(2)) to acquire 50 percent of the voting shares of Wardley Marine. HSBC will indirectly hold the remaining 50 percent of the shares of Wardley Marine through various foreign subsidiaries.

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors has been duly published (47 *Federal Register* 34040 (1982)). The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the standards set forth in sections 4(c)(8) and (13) of the act.

HSBC, a bank organized under the laws of Hong Kong, is the 31st largest banking organization in the world with total assets of approximately $52.3 billion.[1] HSBC engages in a broad range of financial and commercial services directly and indirectly through over 900 offices worldwide. Through Kellett and Holdings, HSBC owns 51 percent of the shares of MMBI, which is the 14th largest commercial banking organization in the United States with total assets of $18.8 billion. MMBI, through its subsidiary bank, offers a full range of banking and trust services from nearly 300 offices. MMBI also engages in commercial lending, leasing, and credit-related insurance underwriting activities under section 4(c)(8) of the act.

Wardley Marine, a newly-formed company organized under the laws of the United Kingdom, will offer investment advisory services worldwide. Under section 211.5(d)(8) of Regulation K, a bank holding company such as MMBI may invest in a foreign company that engages in providing investment, financial or advisory services if the foreign company does no business in the United States except as an incident to its international business.

Wardley Marine proposes to establish an office in New York, New York, from which it will offer investment advisory services permissible under Regulation Y for domestic bank holding companies. Upon the establishment of the New York office, Wardley Marine would be engaged in activities in the United States that are not incidental to its foreign business within the meaning of Regulation K. However, the Board in other contexts has determined that a bank holding company subsidiary may engage in activities on the basis of more than one provision of the act, (12 CFR § 225.123(b)).

In this case, neither HSBC nor MMBI proposes to engage through Wardley Marine in activities in the United States on the basis of exemptions provided in Regulation K. Applicants have applied for approval of Wardley Marine's U.S. activities under the appropriate provision of Regulation Y. Inasmuch as all of the foreign and domestic activities of Wardley Marine are permissible for bank holding companies and could be conducted by separate subsidiaries, and in the absence of any evidence of adverse effects resulting from the structure of the transaction, the Board concludes that MMBI may engage in permissible nonbanking activities in the United States under section 4(c)(8) through a foreign subsidiary held pursuant to section 4(c)(13) of the act and Regulation K.[2] This determination is subject to the condition that HSBC and MMBI receive the prior approval of the Board before Wardley Marine engages in any additional activities in the United States.

With respect to its New York activities, Wardley Marine will engage in investment advisory activities including offering portfolio investment advice to individuals, corporations, governmental entities and other institutions on a discretionary and nondiscretionary basis. In order to approve this application, the Board must find that Applicants' performance of these activities through Wardley Marine "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)). The Board notes that Wardley Marine will offer the advisory services through a de novo office serving the entire United States. Accordingly, approval of the applications would not result in any adverse effects on existing or potential competition and would provide the public with an additional source of investment advice. In addition, there is no evidence in the record to indicate that approval of this proposal would result in any other adverse effects, such as undue concentration of resources, unfair competition, conflicts of interests, or unsound banking practices.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors that the Board is required to consider under section 4(c)(8) is favorable. In addition, the Board concludes that the acquisition by MMBI of Wardley Marine is in the public interest and not at variance with the purposes of the act. Accordingly, the applications are hereby approved. These determinations are subject to the conditions set forth in section 225.4(c) of Regulation Y and section

1. Data are as of December 31, 1981.

2. Because Wardley Marine is controlled by HSBC, an affiliate of MMBI, it is also considered a subsidiary of MMBI for purposes of Regulation K (12 C.F.R. § 211.2(p)).

211.5(b) of Regulation K to require termination or such modification of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions of the act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

The proposed investment by MMBI and the proposed activities of Applicants shall commence 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 New York, pursuant to authority hereby delegated.

By order of the Board of Governors, effective November 18, 1982.

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

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

Imperial Bancorp, Inglewood, California

Order Approving Data Processing Activities

Imperial Bancorp, Inglewood, California, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to recommence the activity of providing packaged data processing and transmission services for banking, financial and economic data for installation on the premises of customers that are depository or similar institutions, through its subsidiary, Imperial Automation, Inc., Costa Mesa, California. Such activities have been determined by the Board to the closely related to banking (12 CFR § 225.4(a)(8)(ii)).

Notice of the application, affording interested persons an opportunity to submit comments and views on the public interest factors, has been duly published (47 *Federal Register* 38986 (1982)). The time for filing comments and views has expired, and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the act.

Applicant controls one banking subsidiary with total deposits of $1.2 billion.[1] By this application, Applicant seeks to resume activities it commenced de novo, based upon approval it received on May 21, 1981, from the Federal Reserve Bank of San Francisco acting under delegated authority. Because of a misinterpretation of the scope of the Board's data processing regulation in effect on that date, one aspect of the activities commenced by Applicant exceeded those then permissible for a bank holding company. When Applicant was advised of the Board's position, Applicant immediately ceased the activity in question. Upon approval by the Board of an amendment to Regulation Y expanding the scope of permissible data processing activities to include the activity in question, (47 *Federal Register* 37368 (1982)), Applicant submitted this application.

Section 4(c)(8) of the act provides that the Board may approve a bank holding company's application to acquire a nonbanking company or engage in a nonbanking activity only after the Board has determined that performance of the proposed activity by a nonbanking subsidiary of a bank holding company can reasonably be expected to provide 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. In acting on an application under section 4(c)(8) of the act and Regulation Y to engage in activities previously commenced in a situation where required prior Board approval was not obtained, the Board applies the same standards that it would apply to an application to commence such activities initially. In analyzing such an application, the Board considers the competitive effects of such a proposal both at the time of the commencement of the activities and at the time of the application to recommence such activities.

In this case, consummation of the proposal will add an additional competitor to the market for data processing services because the activities were commenced by Applicant de novo and this application is to continue to engage in activities commenced de novo. Because de novo expansion provides an additional source of competition, the Board views such expansion as being procompetitive. Accordingly, the Board finds that the de novo nature of this proposal represents a public benefit.[2]

In acting on this application, the Board has considered Applicant's actions to conform its operations to the act. Upon being notified of the Board's position, Applicant promptly ceased the then impermissible

1. Deposit data are as of May 31, 1982.

2. "Virginia National Bankshares, Inc.", 66 FEDERAL RESERVE BULLETIN 668, 672 (1980); "BankAmerica Corporation (Decimus Corporation)", 66 FEDERAL RESERVE BULLETIN 511, 514 (1980); "Citicorp (Person-to-Person Financial Center of Connecticut, Inc.)" 65 FEDERAL RESERVE BULLETIN 507, 510 (1979).

data processing activity and thereafter cooperated fully with Board staff to resolve this matter. In addition, the Board notes that Applicant took action to conform its operations to the act by filing this application. In light of these facts and other information in the record evidencing Applicant's intent to comply with the requirements of the act, the Board has determined that the circumstances surrounding the violation do not reflect so adversely upon Applicant's management as to warrant denial of the application.

In its evaluation of the financial resources of Applicant, the Board has considered the fact that this application was filed to recommence activities for which most of the required capital expenditures have already been made and the necessary management resources have been put in place based upon the earlier Federal Reserve approval. The Board has also considered Applicant's projections that these activities will make a positive contribution to its earnings and commitments by Applicant that further expenditures in connection with these activities are expected to be minimal. In the context of the specific facts and circumstances of this case, the Board gave particular weight to Applicant's assertion that it would likely lose all or substantially all of its investment in Imperial Automation if this application were denied.

With respect to the other factors required to be considered, the Board finds no evidence in the record indicating that Applicant's data processing activities have resulted in, or would result in, any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Old Colony Co-Operative Bank, Providence, Rhode Island

Order Approving Retention of De Novo Branch

Old Colony Co-Operative Bank, Providence, Rhode Island ("Applicant"), a Rhode Island mutual building-loan association which is a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to continue to engage in the activities of a mutual building-loan association at a branch office in Woonsocket, Rhode Island. Although the Board has not added the operation of a Rhode Island mutual building-loan association to the list of activities specified in section 225.4(a) of Regulation Y as generally permissible for bank holding companies, the Board has determined by order that the operation of such an institution is closely related to banking in Rhode Island and approved Applicant's proposals to become a bank holding company and to continue to engage in the activities of a mutual building-loan association in 1972, and to acquire the Mayflower Savings and Loan Association ("Mayflower"), a Rhode Island mutual building-loan association, in 1980.[1]

Notice of the application, affording opportunity for interested persons to submit comments, has been duly published (47 *Federal Register* 25204 (1982)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the act.

Applicant (consolidated assets of $696.5 million), a state-chartered, FSLIC-insured, mutual building-loan association, is a one bank holding company by virtue of its control of Newport National Bank, Newport, Rhode Island (deposits of $52.7 million).[2] As of June 30, 1981, Applicant was the second largest thrift institution and the fifth largest commercial banking organization in Rhode Island.

As noted above, the Board first approved Applicant's request to become a bank holding company and to continue to engage in the activities of a mutual

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

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

building-loan association in Rhode Island in 1972. This application requests Board approval of Applicant's retention of a branch office opened de novo on July 10, 1972, without the Board's prior approval, in violation of Regulation Y. Upon examination of all the facts of the record and the circumstances of this application, the Board's view is that the violation was inadvertent. In acting on this application, the Board has taken into consideration the fact that Applicant, upon becoming aware of the existence of the violation, immediately consulted the Federal Reserve Bank of Boston to determine what actions would be necessary to comply with the act. Applicant has initiated a program to monitor compliance with the act and the Board's regulations to avoid any future violations. In addition, no other compliance problems have been noted since Applicant opened the de novo branch in 1972. In view of Applicant's efforts to comply with the act, its implementation of a compliance program, and its compliance record since 1972, the Board is persuaded that such a violation is unlikely to recur and that it does not reflect so adversely on Applicant's managerial resources as to require denial of this application.

Under the act, the Board is required to assess the public interest factors in each section 4(c)(8) application, including an application for a de novo branch of an approved subsidiary. In making such an assessment with respect to an application to retain activities where necessary prior Board approval was not obtained, the Board applies the same standards that it applies for the commencement of such activities.

The Board has previously determined that the operation of a Rhode Island mutual building-loan association by a Rhode Island bank holding company is so closely related to banking as to be a proper incident thereto. In its 1972 approval of Applicant's application to become a bank holding company and to continue to engage in the activities of a mutual building-loan association, the Board determined that, "in view of the history of affiliation of mutual thrift associations and commercial banks in Rhode Island, Applicant's continuing to engage in the activities of a thrift institution is so closely related to Rhode Island banking as to be a proper incident thereto."[3] The Board reaffirmed this determination in 1980.[4] Since no evidence has been presented to indicate that banking conditions have substantially changed in Rhode Island since the Board's last consideration of this issue, the Board confirms its finding that the operation of a mutual building-loan association is so closely related to banking in Rhode Island as to be a proper incident thereto.

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

In considering similar applications involving the affiliation of commercial banks and thrift institutions, the Board has expressed its clear view that serious adverse effects may result from tandem operation of these two types of institutions.[6] The Board's concern in these cases is that such an affiliation would result in a subversion of the purpose of the interest rate differential between commercial banks and thrift institutions. In First Financial, the Board stated that it would not approve an application proposing the tandem operation of commercial banks and thrifts. However, in Heritage Banks, Inc., (66 FEDERAL RESERVE BULLETIN 590 (1980)), the Board did not apply this principle and approved the tandem operation of the applicant's commercial banks with a thrift institution. The Board found mitigating factors in Heritage Banks which clearly indicated that the proposal was not a device by the applicant to evade the differential. In Heritage Banks, the proposed acquisition of the thrift was not predicated upon the establishment of a tandem relationship with a commercial bank. On the contrary, the applicant had already received the Board's approval of the tandem operation of its commercial banks and thrifts and was only seeking Board approval to retain a branch office that had been inadvertently opened without its prior approval. Moreover, the Board cited the approval of the branch office by the Federal Deposit Insurance Corporation and the appropriate state authorities and the absence of any protests by the authorities as factors mitigating any adverse factors associated with the proposal. Similarly, the Board does not believe that Applicant's proposal is an attempt to undermine the interest rate differential because Applicant had previously received Board approval to operate its thrift institutions in tandem with its commercial banks and had inadvertently opened the subject branch office without the Board's prior approval. In addition, this branch office has been approved by the Federal Savings and Loan Insurance Corporation and the appropriate Rhode Island authorities without protest.

3. "Old Colony Co-Operative Bank", 58 FEDERAL RESERVE BULLETIN 417 (1972).
4. "Old Colony Co-Operative Bank", 66 FEDERAL RESERVE BULLETIN 665 (1980).
5. "Virginia National Bancshares, Inc.", 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).
6. "First Financial Group of New Hampshire, Inc.", 66 FEDERAL RESERVE BULLETIN 594 (1980).

There is no evidence of any other potential adverse effects that might be associated with this proposal and based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors the Board is required to consider under section 4(c)(8) favors approval of Applicant's retention of this particular branch office. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 17, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Post-och Kreditbanken, PKbanken, Stockholm, Sweden

Order Approving Commercial Finance and Leasing Activities

Post-och Kreditbanken, PKbanken ("Applicant"), Stockholm, Sweden, a foreign bank subject to certain provisions of the Bank Holding Company Act has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to engage de novo through its subsidiary, PKfinans International Corporation ("PKFIC") New York, New York, in making or acquiring for its own account or for the account of others, commercial loans and other extensions of credit, leasing real and personal property, acting as agent, broker or adviser with respect to such financing and leasing activities, and servicing loans and other extensions of credit. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1), (3), (6)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (47 *Federal Register* 39615). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the act.

Applicant, a government-owned Swedish commercial bank, is the third largest banking organization in Sweden, and operates 129 branch offices, with total assets of 17.7 billion.[1] Applicant's worldwide operations include a banking subsidiary in Luxembourg, interests in banks in London, Hong Kong, and Paris, and representative offices and finance-related subsidiaries in several countries throughout the world. In the United States, Applicant has a 25 percent interest in American Scandinavian Banking Corporation, an investment company that is chartered under New York banking law, and that pursuant to section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)) is subject to certain provisions of the Bank Holding Company Act.

To approve this application, the Board must find that Applicant's performance of the activities through PKFIC "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices." The Board views de novo entry as procompetitive and a positive public benefit since such entry provides an additional source of competition in a market. Although PKFIC will be providing various financing and leasing services to borrowers throughout the United States, it expects to concentrate initially on Scandinavian-related borrowers, which it hopes will encourage Scandinavian companies to establish or expand their operations in the United States. Accordingly the Board views the entry of PKFIC into the commercial finance and leasing markets as a public benefit.

There is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the act favors approval of the application and that the application should be approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of

1. All banking data are as of December 31, 1981.

the act and the Board's regulations and orders issued under the act, or to prevent evasions of the act.

These activities shall be commenced 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective November 22, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Svenska Handelsbanken, Stockholm, Sweden

Den norske Creditbank, Oslo, Norway

Copenhagen Handelsbank, Copenhagen, Denmark

Kansallis-Osake-Pankki, Helsinki, Finland

Order Approving Acquisition of Commercial Funding, Inc.

Svenska Handelsbanken, Stockholm, Sweden ("Svenska"); Den norske Creditbank, Oslo, Norway ("Creditbank"); Copenhagen Handelsbank, Copenhagen, Denmark ("Copenhagen"); Kansallis-Osake-Pankki, Helsinki, Finland ("KOP"), (collectively known as "Applicants"), each a foreign bank subject to certain provisions of the Bank Holding Company Act of 1956, as amended,[1] have applied for Board's approval, pursuant to section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), for permission to acquire jointly and indirectly through their subsidiary, N/A Leasing, Inc., New York, New York, 100 percent of the voting shares of Commercial Funding Inc., New York, New York ("CFI"). CFI is engaged in the activities of leasing capital equipment and other personal property and acting as an agent, broker or advisor in leasing such properties. CFI is also engaged in extending credit for its own account or the account of others to manufacturers of and dealers in equipment secured by the receivables of such manufacturers and dealers and the servicing of such accounts. The Board has determined that these activities are so closely related to banking or managing or controlling banks as to be a proper incident thereto. (12 CFR § 225.4(a)(1), (3) and (6)).

Notice of the application, affording opportunity for interested persons to submit comments and views has been given (47 *Federal Register* 36965 (1982)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the act.

Svenska is the second largest bank in Sweden and the 92nd largest in the world, with consolidated assets of $18.6 billion.[2] Creditbank is the largest bank in Norway and the 213th largest in the world, with consolidated assets of $5.8 billion. Copenhagen is the largest bank in Denmark and the 192nd largest in the world, with consolidated assets of $6.8 billion. KOP is the second largest bank in Finland and the 185th largest in the world, with consolidated assets of $7.0 billion. CFI is principally engaged in the leasing of various types of equipment and has assets of $9.9 million.[3]

This proposal involves the acquisition of a going concern and the Board has considered the effects of the acquisition on existing competition in the relevant lines of commerce, which are commercial lending and leasing. In its evaluation of the effects of this acquisition on existing competition in commercial lending, the Board notes that Applicants currently engage in commercial lending activities in the United States through their subsidiary, NABC. NABC's activities, however, are generally limited to providing financial services to foreign affiliates of Applicants' Scandinavian customers and its market share is, therefore, insignificant. CFI proposes to engage in commercial lending in Delaware, New York, New Jersey, Connecticut, Pennsylvania, North Carolina and Florida and currently has only a de minimis share of the

1. Applicants are subject to the nonbanking prohibitions of the act by virtue of 12 U.S.C. § 3106(a), which provides that any foreign bank or company controlling a foreign bank that has a branch, agency or commercial lending company in the United States is subject to certain provisions of the act in the same manner as if it were a bank holding company. Applicants each own a 25 percent interest in the Nordic American Banking Corporation, New York, New York ("NABC"), an investment company chartered pursuant to Article XII of the New York Banking Law. Therefore, they are subject to the act and must receive the Board's approval before engaging in the United States in an activity permitted under section 4(c)(8).

2. Unless otherwise indicated, banking data are of December 31, 1981.

3. Datum is of February 28, 1982.

commercial lending market in these states. In view of the small combined market share that would result from consummation of this proposal, the Board finds that the acquisition would have no serious adverse effects on existing competition in commercial lending. Applicants' subsidiary does not engage in leasing activities in the United States and, therefore, consummation of this proposal would not have any effect on existing competition in that line of commerce. Accordingly, the Board's judgment is that consummation of this proposal would not have any adverse effects on existing competition in any relevant line of commerce.

The Board has also considered the effects of consummation of this proposal on probable future competition in the relevant lines of commerce, particularly in light of the fact that this application involves the use of a joint venture to acquire CFI.

The Board finds that each of the four Applicants has the financial and managerial resources to independently enter the commercial leasing and lending markets in the United States. However, a review of Applicants' operations and history of expansion indicates that they are unlikely candidates for independent entry into the relevant market.[4] In addition, the small size of CFI, the existence of a number of other potential entrants into the markets, and the unconcentrated nature of the markets indicate that consummation of the proposal would not have any significant adverse effects on probable future competition. Finally, because this application involves a joint venture of four foreign banking organizations, it does not raise questions concerning the undue concentration of economic resources and other adverse effects that ordinarily might result in a joint venture combination of banking and nonbanking institutions.[5] Thus, the Board concludes that consummation of the proposal would not have significantly adverse effects on competition in any market.

Consummation of the proposal may be expected to result in public benefits inasmuch as CFI will have access to the resources of Applicants and thus, will be a stronger competitor in the leasing and lending markets. Further, the Board notes there is no evidence in the record to indicate that consummation of the proposal would result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects.

Based on the foregoing and certain commitments by Applicants that are reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act, and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposed activity shall be commenced 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 Fedeal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective November 8, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Order Under Sections 3 and 4 of Bank Holding Company Act

The Central Bancorporation, Inc., Cincinnati, Ohio

Order Denying Acquisition of a Bank Holding Company

The Central Bancorporation, Inc., Cincinnati, Ohio ("Central"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a) of the act (12 U.S.C. § 1842(a)), to acquire Union Commerce Corporation, Cleveland, Ohio ("UCC"), a bank holding company, and thereby indirectly acquire The Union Commerce Bank, Cleveland, Ohio; The Southern Ohio Bank, Cincinnati, Ohio; First National Bank

4. With the exception of each Applicant's Luxembourg bank subsidiary, Applicants generally do not engage in business outside their respective home countries except through joint ventures. In addition, KOP has a 9.5 percent interest in Kajaani Oy, Finland, which operates an electronic equipment subsidiary in the United States and an 8.1 percent interest in Rauma-Repola Oy, Finland, which operates a subsidiary in the United States that provides technical assistance to Rauma's woodworking engineering industry. The ownership of these shares is permissible under section 211.23(f)(5) of Regulation K.

5. See, e.g., "Deutsche Bank AG", 67 FEDERAL RESERVE BULLETIN 449 (1981); "BankAmerica Corporation", 60 FEDERAL RESERVE BULLETIN 517, 519 (1974).

of Nelsonville, Nelsonville, Ohio; and Port Clinton National Bank, Port Clinton, Ohio.[1]

Central has also applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire Union Commerce Leasing Corporation ("UCC Leasing") and Union Commerce Management Corporation, both of Cleveland, Ohio ("UCC Management"). UCC Leasing engages in the activity of leasing personal property and equipment; UCC Management engages in the activity of providing investment advice for the trust departments of UCC subsidiary banks. These activities have been determined by the Board to be closely related to banking (12 CFR §§ 225.4(a)(5) and (6)).

Notice of receipt of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act (47 *Federal Register* 29709 (July 8, 1982)). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Huntington Bancshares, Inc., Columbus, Ohio ("Huntington"), in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)).

Central, the eighth largest commercial banking organization in Ohio, controls eight subsidiary banks with aggregate deposits of $1.84 billion, representing 4.1 percent of deposits in commercial banks in the state.[2] UCC, the eleventh largest commercial banking organization in Ohio, controls four subsidiary banks with aggregate deposits of $1.1 billion. Upon acquisition of UCC, Central's share of commercial bank deposits in Ohio would increase by 2.4 percent and Central would become the fourth largest commercial banking organization in Ohio. Although the size of the organizations involved is significant, approval of this proposal will have little effect on statewide concentration, and Ohio would remain one of the least concentrated states in the United States.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial and managerial strength to its subsidiary banks and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. Although the financial and managerial resources of Central and its present subsidiaries are considered satisfactory, consummation of the proposal would result in an organization that does not, in the Board's judgment, have the financial resources to serve as a source of strength to its subsidiary banks. Central's proposal involves the use of a substantial amount of debt to finance the acquisition and results in a substantial reduction in the level of equity capital now present in both Central and UCC.

Central proposes to acquire all of the outstanding shares of UCC for a total purchase price of approximately $98.2 million.[3] Central's tender offer for UCC's shares contemplates the purchase of 57.1 percent of UCC's common shares and up to 100 percent of its preferred shares for $64.5 million in cash, and the exchange of $33.7 million of convertible subordinated debentures for UCC's remaining common shares. Central would fund the cash portion of the purchase price through short-term bank borrowing of $35 million and a preferred stock issue of $29.5 million. The total indebtedness to be incurred in the proposed transaction is $33.7 million,[4] an increase of over 39 percent in the indebtedness of the combined organization, excluding the preferred stock which is being used as a bridge financing vehicle. Central proposes to sell three of its subsidiary banks and two banking offices of its remaining subsidiary banks and three subsidiary banks of UCC in order to use the proceeds from these sales to redeem its proposed new issue of preferred stock and to reduce its overall indebtedness.

As a general proposition, the Board is concerned when transactions that rely on a substantial divestiture of assets to finance a proposed acquisition, substantially weaken the financial resources of the component and combined organizations. Although Central proposes to reduce its indebtedness by repaying the bank loan and redeeming the preferred stock with the proceeds from the sales of subsidiary banks, the reduction is not sufficient, in the Board's judgment, to restore Central's ability to serve as a source of future financial strength to its subsidiary banks. Assuming the pro-

1. Central commenced a tender offer for the common and preferred shares of UCC through a subsidiary, CBC Merger, Inc. ("CBC"). Central plans to merge CBC into UCC, with UCC as the surviving entity. Central will then own 100 percent of UCC.

In connection with its tender offer, Central acquired over 5 percent of UCC's voting preferred stock without obtaining the Board's prior approval. UCC's preferred stock is a separate class of voting securities and, as such, Central's acquisition of more than 5 percent of these shares violated the provisions of sections 2 and 3 of the act. Because of confusion surrounding the definition of a "class of voting securities," the Board does not consider this violation to be an adverse factor in its evaluation of this application. However, the Board expects that Central will take steps to reduce its interest in UCC's preferred stock to below five percent in order to comply with the act.

2. Banking data are as of December 31, 1981.

3. The Board notes that the total purchase price could increase to as much as $107 million if the holders of UCC's convertible notes convert the notes into UCC shares and tender the shares.

4. Central proposes to retire the short-term borrowings of $35 million with the proceeds from the sale of The Southern Ohio Bank.

posed sales are consummated, Central's short-term acquisition debt repaid, and its preferred stock redeemed as Central has projected in its application, Central's parent company long-term debt to equity ratio would be about 55 percent compared to 17 percent at the present time. This ratio gives full weight to all contemplated sales of subsidiary banks and other assets. In fact, the sales are in various stages of completeness and the timing of them is uncertain.

In an effort to allow for the uncertainty of asset sales and to build up equity through the retention of earnings, Applicant has committed not to redeem its preferred stock unless, after redemption, its debt to equity ratio would be no higher than 37 percent. The 37 percent ratio is higher than the Board has generally approved in the past and is considered unacceptably high this case. Moreover, the preferred stock commitment further increases the pressures on Central's subsidiary banks to provide support to Central to meet the substantial dividend requirements of its preferred stock. Although Applicant's projections indicate Central could service its additional debt and meet its preferred stock dividend requirements, both strong earnings in its subsidiary banks and relatively high dividend payouts from them would be required. In view of the historical performance of the banks involved, the Board regards Applicant's projections as optimistic. For these reasons, the Board does not believe that the proposal affords the degree of financial flexibility that is required for an organization of this size and importance.

Consummation of the proposal would also reduce Central's equity capital ratio from 7.2 percent to 5.8 percent, representing, in the Board's view, a significant weakening in Central's capital position.[5] In this connection, the Board notes that approximately 25 percent of Central's equity capital funds subsequent to consummation of the proposal would consist of "goodwill."

The Board believes that the substantial increase in Central's indebtedness, the substantial reduction in its capital, the uncertainties surrounding the proposed sale of assets, and the undue strains placed on the earnings of its subsidiary banks to service acquisition debt and to meet preferred stock dividend requirements are each an adverse financial consideration in this case. The Board's judgment is that the cumulative effect of these and the other considerations with respect to the financial resources of Central is so adverse as to warrant denial of the application.

5. This assumes consummation of all proposed sales of subsidiary banks and the redemption of Central's new issue of preferred stock.

The subsidiary banks of Central and UCC compete directly with each other in the Cleveland,[6] Cincinnati,[7] and Athens[8] banking markets. In the Cleveland market, UCC is the fifth largest banking organization with deposits of $775.3 million,[9] representing seven percent of the total deposits in commercial banks in the market. Central is the thirteenth largest organization in the market with deposits of $104.8 million, representing less than one percent of the total deposits in commercial banks in the market. Consummation of the proposed acquisition would appear to have no significant adverse effects on existing competition in the Cleveland market.

In the Cincinnati market, Central is the third largest banking organization with deposits of $789 million, representing 16.9 percent of the total deposits in commercial banks in the market. UCC ranks fifth in the market and controls $199 million in deposits, representing 4.3 percent of total deposits in commercial banks in the market. The acquisition of UCC would increase Central's market share to 21.2 percent, and Central would become the second largest banking organization in the market. The deposits held by the market's four largest banking organizations would increase from 67.1 percent to 71.4 percent.

In the Athens market, Central is the third largest banking organization with $28.2 million in deposits, representing 16.2 percent of total deposits in commercial banks in the market. UCC is the smallest of the six banking organizations in the Athens market with deposits of $14.4 million, representing 8.3 percent of total deposits in commercial banks in the market. The acquisition of UCC by Central would increase Central's market share of deposits in commercial banks in the Athens market to 24.5 percent, and Central would become the second largest banking organization in the market. The deposits held by the market's four largest banking organizations would increase from 83.4 percent to 91.7 percent.

In the Board's opinion, consummation of the proposal would increase the concentration of banking resources and would eliminate a significant amount of existing competition between Central and UCC in the Cincinnati and Athens, Ohio banking markets.[10]

6. The Cleveland banking market consists of Cuyahoga, Lake, Lorain, and Geauga Counties, the northern third of Summit County, the northwest portion of Portage County, most of Medina County, and the city of Vermilion.

7. The Cincinnati banking market includes Hamilton and Clermont Counties and portions of Warren and Butler Counties in Ohio; Borne, Campbell, and Kenton Counties in Kentucky, and Dearborn County, Indiana.

8. The Athens banking market is defined as all of Athens County except Troy Township.

9. Market deposits are as of June 30, 1981.

10. The Board concludes that consummation of the proposal will have no substantial adverse effects on probable future competition in any relevant market in the state.

In order to eliminate the anticompetitive effects of the acquisition, Central has committed to divest its subsidiary bank in the Athens market, The Peoples Bank.[11] UCC has also contracted to sell its subsidiary bank in the Cincinnati market, The Southern Ohio Bank, to United Midwest Bancshares, Inc., Cincinnati, Ohio ("United Midwest").[12] In the event the Board denies United Midwest's application to acquire Southern Ohio Bank, UCC has contracted to sell Southern Ohio Bank to AmeriTrust Corporation, Cleveland, Ohio. The proposed purchasers have filed applications for the Board's prior approval under the act for these acquisitions.

In "Barnett Banks of Florida, Inc.," 68 FEDERAL RESERVE BULLETIN 190 (1982), the Board stated that divestitures that were required to avoid the anticompetitive effects of a proposed transaction "should be completed prior to or concurrent with consummation of the proposal so as to avoid the existence of significant anticompetitive effects for even a short period of time." Central has requested that the Board modify its divestiture policy in this case in light of a competing tender offer for UCC by Huntington.[13] Central has proposed to meet the Board's divestiture policy by placing the shares of Peoples Bank and Southern Ohio Bank in voting trusts until those divestitures can be completed.

The Board continues to believe that the policy set forth in the Barnett decision is necessary where divestitures are proposed to eliminate otherwise substantial anticompetitive effects. However, in light of the Board's adverse findings regarding Central's financial resources, the Board finds it unnecessary to decide whether a modification to the Board's policy is appropriate in this case.

With respect to the convenience and needs of the communities to be served, Applicant states that consummation of this proposal would permit UCC to place greater emphasis on retail banking services and would give UCC access to an expanded ATM network and to Central's expertise in the issuance of retail repurchase agreements, IRAs, and sweep accounts. In the Board's view, these convenience and needs considerations are not sufficient to outweigh the adverse financial effects of this proposal.

11. On August 13, 1982, UCC contracted to sell its subsidiary bank in the Athens, Ohio market to Banc One Corporation, Columbus, Ohio.

12. Although the Board denied United Midwest's original application to acquire Southern Ohio, "United Midwest Bancshares, Inc.," (Press Release of October 14, 1982), a modified proposal from United Midwest is currently pending at the Board.

13. Huntington's application to acquire UCC was approved by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority, on May 20, 1982.

Based on the foregoing and other considerations reflected in the record, the Board's judgment is that the proposed acquisition is not in the public interest and that the applications should be, and hereby are denied.

By order of the Board of Governors, effective November 12, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

First Pacific Investments Limited, Monrovia, Liberia

First Pacific Holdings Limited, Hong Kong

FPC Holdings, N.V., Curacao, Netherlands Antilles

First Pacific (Netherlands), B.V., Amsterdam, The Netherlands

First Pacific Corporation, Wilmington, Delaware

Order Approving Formation of Bank Holding Companies

First Pacific Investments Limited, Monrovia, Liberia ("First Pacific"); First Pacific Holdings Limited, Hong Kong ("FP-Hong Kong"); FPC Holdings, N.V., Curacao, Netherlands Antilles ("FP-N.V."); First Pacific (Netherlands), B.V., Amsterdam, Netherlands ("FP-B.V."); and First Pacific Corporation, Wilmington, Delaware ("FP-U.S."), have each applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition by FP-U.S. of 100 percent of the voting shares of Hibernia Bancshares Corporation, San Francisco, California ("Hibernia"). Hibernia owns 100 percent of the voting shares of The Hibernia Bank, San Francisco, California ("Bank") and is a registered bank holding company. In addition, First Pacific and FP-Hong Kong have applied for the Board's approval under section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(13)) to retain ownership of shares in First Pacific Finance Limited, Hong Kong ("First Pacific Finance"), a registered deposit-taking company organized under the laws of Hong Kong and publicly traded in Hong Kong.

Notice of the applications, affording an opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the act.

Applicants, with the exception of FP-Hong Kong, are non-operating corporations organized for the purpose of acquiring Hibernia. First Pacific, a holding company organized under the laws of Liberia, owns over 65 percent of the outstanding voting shares of FP-Hong Kong, a publicly traded corporation organized under the laws of Hong Kong. FP-Hong Kong owns a majority of the shares of First Pacific Finance. In addition, FP-Hong Kong proposes to acquire 100 percent of the shares of FP-N.V., a company organized under the laws of the Netherlands Antilles. FP-N.V. owns 100 percent of the shares of FP-B.V., a corporation organized under the laws of The Netherlands, which in turn owns all of the shares of FP-U.S., a corporation chartered under the laws of the State of Delaware.

Upon acquisition of Hibernia and, indirectly, Bank, Applicants would control the twelfth largest commercial banking organization in California, controlling 0.53 percent of the total deposits in commercial banks in the state.[1]

Bank has assets of $888 million and controls $752 million in deposits in 35 offices in the San Francisco, California, banking market.[2] Bank is the eleventh largest commercial bank in that market, with 1.4 percent of the total market deposits. Inasmuch as Applicants and their principals control no other banks and conduct no nonbanking business in the United States, consummation of the proposed transaction would have no adverse effects on either existing or potential competition in any relevant market, and would not increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of each of the Applicants are considered satisfactory. In this connection, Applicants have committed to refrain from any action to change the proposed financial or organizational structure of the transaction without the consent of the Board, to consent to the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States available to the Board on request together with any additional information that the Board may require concerning Applicants' business and financial condition. The financial and managerial resources and future prospects of Bank appear satisfactory in light of commitments made by Applicants to strengthen and improve Bank's overall condition. Based on these and other commitments made by Applicants, the Board has determined that the considerations relating to banking factors are consistent with approval of the applications.

In addition to the fact that affiliation with Applicants will strengthen Bank's condition, consummation of the proposal will enable Bank to remain a viable competitive alternative for serving the convenience and needs of the San Francisco community. Applicants also propose to assist Bank in developing a wide range of international banking capabilities. Therefore, the Board finds that considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the applications should be approved.

First Pacific and FP-Hong Kong have also applied to retain shares in First Pacific Finance, a majority-owned subsidiary organized under the laws of Hong Kong. First Pacific Finance engages in deposit-taking activities in Hong Kong, as well as commercial lending, money market and inter-bank foreign exchange deposit activities, trade finance activities, loan syndication, financial advisory services regarding industrial, commercial and real estate development projects, and financial advisory activities regarding industrial mergers, acquisitions, and corporate restructurings. First Pacific Finance does not, directly or indirectly, conduct business in the United States. The type of activities engaged in by First Pacific Finance have been found to be usual in connection with the transaction of banking or other financial operations abroad and are permissible activities under the Board's Regulation K (12 CFR § 211.5(d)). Accordingly, the Board concludes that the application by First Pacific and FP-Hong Kong to retain shares of First Pacific Finance should be approved.

Based upon the foregoing, including all of the facts of record and the commitments made by Applicants, the Board has determined that the applications under sections 3(a)(1) and 4(c)(13) of the act should be and hereby are approved. The acquisition of shares of Hibernia shall not be consummated before the thirtieth day following the effective date of this Order, and

1. Asset data are as of June 30, 1981; all other banking data are as of June 30, 1982.

2. The San Francisco banking market is approximated by the San Francisco RMA.

neither the acquisition nor the contemplated transfer of shares of FP-N.V. shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, under delegated authority.

By order of the Board of Governors, effective November 18, 1982.

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

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

Third National Corporation, Nashville, Tennessee

Order Approving Merger of Bank Holding Companies and Acquisition on Nonbanking Activities

Third National Corporation, Nashville, Tennessee ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(5) of the act (12 U.S.C. § 1842(a)(5)), to merge with Ancorp Bancshares, Inc., Chattanooga, Tennessee ("Ancorp"), also a bank holding company. As a result of the merger, Third National would acquire Ancorp's two subsidiary banks: American National Bank and Trust Company of Chattanooga, Chattanooga, Tennessee; and Hamilton Bank of Johnson City, Johnson City, Tennessee.

Applicant has also applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire Ancorp Insurance Company, Chattanooga, Tennessee ("Ancorp Insurance"). Ancorp Insurance engages in the underwriting of credit life insurance and credit accident and health insurance directly related to extensions of credit made by Ancorp's subsidiary banks. The Board has determined that these activities are closely related to banking (12 CFR § 225.4(a)(10)) and this determination is consistent with the recent amendments to section 4(c)(8) of the act limiting the permissible insurance activities of bank holding companies.[1]

Notice of receipt of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act (47 *Federal Register* 41425 (September 20, 1982)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)).

Applicant is the fourth largest commercial banking organization in Tennessee and controls eight subsidiary banks with aggregate deposits of $1.6 billion, representing 7.4 percent of the total deposits in commercial banks in the state.[2] Ancorp is the sixth largest commercial banking organization in Tennessee and controls two subsidiary banks with aggregate deposits of $692.9 million, representing 3.3 percent of the total deposits in commercial banks in the state. Consummation of the proposed merger would increase Applicant's share of deposits in commercial banks in Tennessee to 10.7 percent and Applicant would become the second largest banking organization in Tennessee. While the size of the organizations involved is significant, approval of this proposal will have little effect on statewide concentration. Because Applicant and Ancorp do not operate any subsidiary banks in the same market, consummation of the proposal would not eliminate existing competition in any relevant market.

The Board has examined the effect of the proposed merger of Applicant and Ancorp upon probable future competition in the relevant geographic markets in light of the Board's proposed probable future competition guidelines.[3] Applicant operates in eight banking markets in which Ancorp is not represented.[4] Because of Ancorp's size and its history of limited geographic expansion, the Board does not consider Ancorp to be a likely future entrant into any of the eight markets where Applicant currently operates. Moreover, each of these markets is either not concentrated, as measured by the Board's proposed guidelines, or, because of its small size or market structure, is not attractive for de novo or foothold entry by Ancorp. Accordingly, the Board concludes that the proposal would not have substantial adverse effects on probable future competi-

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

2. Banking data are as of December 31, 1981.

3. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act", 47 *Federal Register* 9017 (March 3, 1982). Although the proposed policy statement has not been approved by the Board, the Board has used the proposed policy statement in a number of cases to determine whether an intensive analysis is warranted regarding the effects of a proposal on probable future competition.

4. These banking markets are the Nashville, Knoxville, Obion, Bradley, Sevier, Lawrence, Giles, and Hardin markets.

tion in any of these eight markets in which Ancorp does not operate.

Ancorp controls banks in two banking markets in which Applicant is not represented: Chattanooga and Johnson City.[5] In view of its size, substantial managerial and financial resources, and previous history of expansion, Applicant appears to be a potential entrant into the Chattanooga and Johnson City markets. In the Johnson City market, Ancorp's subsidiary bank is the second largest of seven banks and controls 21.9 percent of the total deposits in commercial banks in the market. The Johnson City market has a three-firm concentration ratio of 65.9 percent and thus is unconcentrated under the Board's proposed guidelines. In addition, in view of the structure of the Johnson City banking market, the Board finds that Applicant's entry de novo or by a foothold acquisition is not likely.

In the Chattanooga market, Ancorp's subsidiary bank is the largest of twelve banks, controlling 41.7 percent of the deposits in commercial banks in the market. The Chattanooga banking market is concentrated, with a three-firm market concentration ratio of 79.6 percent. In light of these factors, the Board has carefully examined the proposed merger to determine its effect on probable future competition in the Chattanooga market. The average growth rate of deposits in the Chattanooga market for the past two years has been below the state and national average. On this basis, the Board finds that the market is not attractive for de novo or foothold entry and that an intensive analysis of the proposal under the Board's guidelines is not required.

In addition, there are three Tennessee bank holding companies with assets over $1 billion that would remain as probable future entrants into the Chattanooga market following consummation of this proposal.[6] There are also at least four Georgia banking organizations that are considered probable future entrants into Walker County, Georgia, which is adjacent to the city of Chattanooga and is part of the Chattanooga banking market. The presence of these Georgia organizations further mitigates the Board's concerns regarding the elimination of Applicant as a probable future entrant into the Chattanooga market. On the basis of the above and other facts of record, the Board concludes that there are insufficient grounds upon which to determine that consummation of the proposed merger would substantially lessen probable future competition in any relevant market in the state.

The financial and managerial resources and future prospects of Applicant and Ancorp and their respective subsidiaries are considered satisfactory and consistent with approval. Although some new or expanded services may result from approval of this acquisition, there is no evidence in the record indicating that the banking needs of the communities to be served are not being met. Considerations relating to the convenience and needs of the community to be served are consistent with approval.

Applicant's credit life underwriting subsidiary currently does not derive its business from any of the banking markets where Ancorp Insurance Service operates. Accordingly, consummation of the proposed merger would not decrease competition in this line of commerce. There is no evidence in the record to indicate that approval would result in other adverse effects, such as undue concentration of resources, unfair competition, conflicts of interest, 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 act is consistent with approval of the application.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3(a)(5) and 4(c)(8) should be and are hereby approved. The merger shall not be made before the thirtieth calendar day following the effective date of this Order; neither the subject merger nor the acquisition of the nonbanking subsidiaries shall be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority. The determination as to Applicant's acquisition of Ancorp's nonbank subsidiaries is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 CFR § 225.4(c)) and to the Board's authority to require such modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and Orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 30, 1982.

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

(Signed) JAMES MCAFFEE,
Associate Secretary of the Board.

[SEAL]

5. The Chattanooga banking market is defined as Hamilton County, Tennessee, and Walker County, Georgia. The Johnson City banking market is defined as Carter and Washington Counties, Tennessee.

6. The Board notes that there are two other Tennessee banking organizations not presently represented in the Chattanooga market that have assets over $700 million, and that have made a number of bank acquisitions outside of the market in which their lead banks were located.

Concurring Statement of Governor Teeters

I concur with the decision of the Board that the application to merge these two bank holding companies should be approved. Although the Board's proposed probable future competition guidelines technically would require more intensive review of the effects of this merger in the Bradley banking market, I believe the Board correctly determined that such further analysis is unwarranted. The relatively small size and unique structure of this market makes it unlikely that consummation of the proposal would eliminate a significant amount of probable future competition.

I continue to be concerned, however, with the Board's general approach to the evaluation of the effects of a merger on probable future competition. The Board's guidelines have been proposed as a method of addressing the standards set out by the United States Court of Appeals for the Fifth Circuit in *Mercantile Texas Corporation* v. *Board of Governors*, 638 F.2d 1255 (5th Cir. 1981). As I have previously indicated, these grounds are so subjective that the Board has great difficulty in enforcing them and, in fact, has allowed a number of combinations of bank holding companies that, in my opinion, were substantially anticompetitive.

The instant case, on the other hand, presents a situation in which these proposed guidelines were triggered where the elimination of significant probable future competition is not an obvious concern. Accordingly, I believe the Board should give increased attention to developing and applying standards that more realistically reflect the adverse effects of the elimination of probable future competition.

November 30, 1982

ORDERS APPROVING APPLICATIONS UNDER THE BANK HOLDING COMPANY ACT AND BANK MERGER ACT

By the Board of Governors

During November 1982, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Atlantic Bancorporation, Jacksonville, Florida	Atlantic National Bank of Florida at Orange Park, Orange Park, Florida	November 5, 1982
Bunceton Bancshares, Inc., Blue Springs, Missouri	Bunceton State Bank, Bunceton, Missouri	November 9, 1982
Community Bancorporation, Inc., Bellville, Texas	The First National Bank of Bellville, Bellville, Texas	November 5, 1982
Cook Investment, Inc., Beatrice, Nebraska	Beatrice National Corporation, Beatrice, Nebraska The Beatrice National Bank and Trust Company, Beatrice, Nebraska	November 4, 1982
First Central Corporation, Searcy, Arkansas	First National Bank of Searcy, Searcy, Arkansas	November 29, 1982
First City Bancorporation of Texas, Inc., Houston, Texas	Graham National Bank, Graham, Texas The Graham National Bank, Graham, Texas	November 3, 1982
First Manitowoc Bancorp, Inc., Manitowoc, Wisconsin	First National Bank in Manitowoc, Manitowoc, Wisconsin	November 16, 1982

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Madelia Holding Corp., Madelia, Minnesota	The Citizens National Bank of Madelia, Madelia, Minnesota		November 30, 1982
Park National Corporation, Knoxville, Tennessee	Park National Bank of Knoxville, Knoxville, Tennessee		November 26, 1982
Texas American Bancshares, Inc., Forth Worth, Texas	Citizens National Bank of Temple, Temple, Texas Forum Bank, Arlington, Texas		November 8, 1982
Texas Commerce Bancshares, Inc., Houston, Texas	Texas Commerce Bank-West Oaks, N.A., Houston, Texas		November 4, 1982

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Abanc Holding, Inc., El Dorando, Kansas	Augusta Bank and Trust, Augusta, Kansas	Kansas City	November 9, 1982
Alamo Corporation of Texas, Alamo, Texas	Alamo Bank of Texas, Alamo, Texas Central National Bank, Pharr, Texas McAllen National Bank, McAllen, Texas	Dallas	November 17, 1982
Alpine Bancorp, Inc., Glenwood Springs, Colorado	Snowmass Bancorp, Inc., Snowmass Village Basalt Bancorp, Inc., Basalt, Colorado Alpine Bank, Glenwood Springs, Colorado Valley Bank, Eagle, Colorado Colorado River Bancorp, Clifton, Colorado	Kansas City	October 29, 1982
American Bancorporation, Inc., Longview, Teaxs	Texas Bank & Trust in Wichita Falls, Wichita Falls, Texas	Dallas	November 19, 1982
American Commerce Bancshares, Inc., Oklahoma City, Oklahoma	American Bank of Commerce, Oklahoma City, Oklahoma	Kansas City	November 16, 1982
Associated Bank Shares Corporation, Colorado Springs, Colorado	Citizens National Bank, Colorado Springs, Colorado	Kansas City	October 29, 1982
Bancap, Inc., Poland, Indiana	Peoples State Bank of Clay County, Poland, Indiana	Chicago	November 26, 1982

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Bank of Virginia Company, Richmond, Virginia	The Bank of Vienna, Vienna, Virginia	Richmond	November 16, 1982
Bryant Bancshares, Inc., Bryant, South Dakota	Bryant State Bank, Bryant, South Dakota	Minneapolis	November 3, 1982
Carver County Bancshares, Inc., Chaska, Minnesota	Carver County State Bank, Chaska, Minnesota	Minneapolis	November 12, 1982
CharterCorp, Kansas City, Missouri	American National Bank, St. Louis, Missouri City Bank, St. Louis, Missouri	Kansas City	October 22, 1982
Citizens State Financial Corporation,	RepublicBank Groveton, Groveton, Texas	Dallas	November 8, 1982
Clay County Bancshares, Inc., Celina, Tennessee	Clay County Bank, Celina, Tennessee	Atlanta	November 26, 1982
Commercial Bancshares, Inc., Wharton, Texas	CB & T Bancshares, Inc., Cleveland, Texas	Dallas	November 8, 1982
Commercial Bankstock, Inc., Oklahoma City, Oklahoma	Commercial Bank, N.A., Oklahoma City, Oklahoma	Kansas City	November 5, 1982
Community Corporation, Enid, Oklahoma	Community Bank and Trust Company, Enid, Oklahoma	Kansas City	October 25, 1982
C.S.B. Corporation, Marianna, Florida	Gadsden State Bank, Chattahoochee, Florida	Atlanta	November 8, 1982
Dairyland State Bancorporation, Inc., Bruce, Wisconsin	Dairyland State Bank, Bruce, Wisconsin	Minneapolis	November 24, 1982
Dawson Springs Bancorp, Inc., Dawson Springs, Kentucky	Commercial Bank of Dawson, Dawson Springs, Kentucky	St. Louis	November 15, 1982
Eitzen Independents, Inc., Eitzen, Minnesota	Eitzen State Bank, Eitzen, Minnesota	Minneapolis	October 29, 1982
Emery Security Bancorporation, Inc., Emery, South Dakota	Security State Bank, Emery, South Dakota	Minneapolis	November 19, 1982
Fairmount Bancorp, Inc., Fairmount, Illinois	The First National Bank of Fairmount, Fairmount, Illinois	Chicago	November 8, 1982
First Ada Bancshares, Inc., Ada, Oklahoma	The First National Bank, Ada, Oklahoma	Kansas City	November 15, 1982
First Ainsworth Company, Ainsworth, Nebraska	The First National Bank of Ainsworth, Ainsworth, Nebraska	Kansas City	November 16, 1982
First-Citizens Corporation, Raleigh, North Carolina	First-Citizens Bank & Trust Company, Raleigh, North Carolina	Richmond	November 4, 1982
First Edmond Bancshares, Inc., Edmond, Oklahoma	First National Bank of Edmond, Edmond, Oklahoma	Kansas City	November 10, 1982
First Graham Bancorp, Inc., Graham, Texas	First National Bank in Graham, Graham, Texas	Dallas	November 17, 1982
First Jacksboro Bancshares, Inc., Jacksboro, Texas	The First National Bank of Jacksboro, Jacksboro, Texas	Dallas	November 29, 1982

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First National Bank Holding Corporation, Pensacola, Florida	First National Bank of Escambia County, Pensacola, Florida	Atlanta	November 5, 1982
First Pioneer Bank Corp., Brush, Colorado	The Citizens National Bank, Akron, Colorado The First National Bank, Wray, Colorado	Kansas City	November 4, 1982
First Roane County Bankcorp, Inc., Rockwood, Tennessee	First National Bank and Trust Company, Rockwood, Tennessee	Atlanta	November 16, 1982
First State Bancorp, Inc., Pittsburg, Kansas	First State Bank and Trust Company, Pittsburg, Kansas	Kansas City	November 2, 1982
First Winters Holding Company, Winters, Texas	The Winters State Bank, Winters, Texas	Dallas	November 8, 1982
Florida National Banks of Florida, Inc., Jacksonville, Florida	Kingsley Bank, Orange Park, Florida	Atlanta	November 12, 1982
Forrest Bancshares, Inc., Forrest, Illinois	First State Bank of Forrest, Forrest, Illinois	Chicago	October 29, 1982
Franklin Bancshares, Inc., Franklin, Texas	The First National Bank of Franklin, Franklin, Texas	Dallas	November 26, 1982
Freeburg Bancorp, Inc., Freeburg, Illinois	The First National Bank of Freeburg, Freeburg, Illinois	St. Louis	October 29, 1982
Gary Holding Company, Gary, South Dakota	Gary State Bank, Gary, South Dakota	Minneapolis	November 24, 1982
Goodhue County Financial Corporation, Red Wing, Minnesota	The Goodhue County National Bank of Red Wing, Red Wing, Minnesota	Minneapolis	November 26, 1982
Grinnell Bancshares, Inc., Grinnell, Iowa	Grinnell State Bank, Grinnell, Iowa	Chicago	November 15, 1982
Gulf Southwest Bancorp, Inc., Houston, Texas	Merchants Park Bank, Houston, Texas Southern State Bank, Houston, Texas League City National Bank, League City, Texas Alvin Community Bank, N.A., Alvin, Texas	Dallas	November 26, 1982
Guaranty Bancshares Holding Corporation, Morgan City, Louisiana	Guaranty Bank & Trust Company of Morgan City, Morgan City, Louisiana	Atlanta	November 10, 1982
H & H Bancshares, Inc., White City, Kansas	First National Bank of White City, White City, Kansas	Kansas City	November 5, 1982
Hawkeye Bancorporation, Des Moines, Iowa	First National Bank in Lenox, Lenox, Iowa State Bank of Vinton, Vinton, Iowa	Chicago	November 4, 1982

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Heartland Financial Bancshares, Inc.,	Heartland Bancorp, Inc., El Paso, Illinois State Bank of Cornland, Cornland, Illinois Bank of Carlock, Carlock, Illinois Woodford Investment Company, Eureka, Illinois	Chicago	November 22, 1982
Hebron Bancshares, Inc., Omaha, Nebraska	Security Bank of Hebron, Hebron, North Dakota	Minneapolis	November 26, 1982
Hillsboro Bancshares, Inc., Hillsboro, Missouri	Bank of Hillsboro, Hillsboro, Missouri	St. Louis	November 26, 1982
Hub Financial Corporation, Helena, Montana	Valley Bank of Helena, Helena, Montana	Minneapolis	November 2, 1982
Huntley Bancshares, Inc., Huntley, Illinois	State Bank of Huntley, Huntley, Illinois	Chicago	November 3, 1982
Lancaster Bancshares, Inc., Lancaster, Texas	The First National Bank of Lancaster, Lancaster, Texas	Dallas	November 19, 1982
Maynard Savings Bancshares, Maynard, Iowa	The Maynard Savings Bank, Maynard, Iowa	Chicago	November 1, 1982
Midland BanCor, Inc., Lee's Summit, Missouri	Midland Bank, Lee's Summit, Missouri	Kansas City	October 27, 1982
M.M. Enterprises of Plentywood, Inc., Plentywood, Montana	Security State Bank of Plentywood, Plentywood, Montana	Minneapolis	November 19, 1982
Mountain Financial Company, Maryville, Tennessee	Jefferson County Bank, Dandridge, Tennessee	Atlanta	November 26, 1982
MSB Holding Co., Inc., Bismarck, North Dakota	Mandan Security Bank, Mandan, North Dakota	Minneapolis	November 19, 1982
Nelson Bancorp, Inc., Chaplin, Kentucky	Peoples State Bank, Chaplin, Kentucky	St. Louis	November 1, 1982
Northern Trust Corporation, Chicago, Illinois	Colonial Bank of Schaumburg, Schaumburg, Illinois	Chicago	November 24, 1982
Northern Trust Corporation, Chicago, Illinois	Colonial Bank of Schaumburg, Schaumburg, Illinois	Chicago	November 24, 1982
Peoples Bancorp, Inc., Richwood, West Virginia	Peoples Bank of Richwood, Inc., Richwood, West Virginia	Richmond	November 17, 1982
Piggott Bankstock, Inc., Piggott, Arkansas	Piggott State Bank, Piggott, Arkansas	St. Louis	November 12, 1982
Pioneer Bank Shares, Evanston, Wyoming	Pioneer Bank of Evanston, Evanston, Wyoming	Kansas City	October 22, 1982
Pope County Bankshares, Inc., Russellville, Arkansas	Peoples Bank & Trust Company, Russellville, Arkansas	St. Louis	November 5, 1982
Republic Bancshares, Inc., Winchester, Tennessee	Franklin County Bank, Winchester, Tennessee	Atlanta	November 12, 1982
Southwest Bancshares, Inc., Houston, Texas	Plaza National Bank, Harlingen, Texas	Dallas	October 28, 1982
State Bancshares, Inc., Enterprise, Alabama	Coffee County Bank, Enterprise, Alabama	Atlanta	November 2, 1982
Timpson Financial Corporation, Timpson, Texas	First State Bank, Timpson, Texas	Dallas	November 5, 1982
Trinity Bancshares, Inc., Dallas, Texas	Trinity National Bank of Dallas, Dallas, Texas	Dallas	November 5, 1982

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Ulm Financial Corporation, New Ulm, Texas	New Ulm State Bank, New Ulm, Texas	Dallas	November 26, 1982
United Bancorp., Inc., Victoria, Texas	Unitedbank-Victoria, Victoria, Texas	Dallas	October 29, 1982
U.S.B. Holding Co., Inc., Nanuet, New York	Union State Bank, Nanuet, New York	New York	November 23, 1982
UST Corp., Boston, Massachusetts	Charlesbank Trust Company, Cambridge, Massachusetts	Boston	November 23, 1982
Wayne Bancshares, Inc., Monticello, Kentucky	City & County Bank of Wayne County, Monticello, Kentucky	St. Louis	November 26, 1982
Western Bancshares of El Paso, Inc., El Paso, Texas	Western Bank, El Paso, Texas	Dallas	November 26, 1982
The Wilber Corporation, Oneonta, New York	Wilber National Bank, Oneonta, New York	New York	November 23, 1982

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Eaton Capital Corporation, Loup City, Nebraska	Colorado Industrial Bank, Eaton, Colorado	Kansas City	October 27, 1982

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
LeClaire Agency, Inc., LeClaire, Iowa	LeClaire State Bank, LeClaire, Iowa	to engage in the sale of general insurance	Chicago	November 26, 1981
Princeton Agency, Inc., Princeton, Iowa	Farmers Savings Bank, Princeton, Iowa	to engage in the sale of general insurance	Chicago	November 26, 1982
SafraCorp, Miami, Florida	SafraBank, II, N.A., Pompano Beach, Florida	to engage in lending activities	Atlanta	November 5, 1982
Valley Bancorporation, Appleton, Wisconsin	West Bank and Trust, Green Bay, Wisconsin East Bank, Green Bay, Wisconsin United Bank of Green Bay, Green Bay, Wisconsin Unibank Services, Inc., Green Bay, Wisconsin	to engage in leasing of personal property	Chicago	November 19, 1982

Orders Approved Under Bank Merger Act

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia—Franklin County, Rocky Mount, Virginia	Farmers and Merchants Bank, Boones Mill, Franklin County, Virginia	Richmond	November 9, 1982

*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.*

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

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

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

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

Montgomery v. *Utah, et al.,* filed May 1982, U.S.D.C. for the District of Utah.

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

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

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

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

Option Advisory Service, Inc. v. *Board of Governors,* filed December 1981, U.S.C.A. for the Second Circuit.

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

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

Option Advisory Service, Inc. v. *Board of Governors,* filed September 1981, U.S.C.A. for the Second Circuit (two cases).

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

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

Edwin F. Gordon v. *John Heimann, et al.,* filed May 1981, U.S.C.A. for the Fifth Circuit.

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

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

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

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

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

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

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

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

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1981 Q4	1982 Q1	1982 Q2	1982 Q3	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	3.1	7.5	.6	4.8	2.2	−1.6	8.8	23.6	9.4
2 Required	3.5	7.1	1.1	4.6	3.8	−1.8	8.9	21.5	8.9
3 Nonborrowed	10.9	−.9	4.2	11.2	−.5	14.8	14.5	10.7	23.8
4 Monetary base[2]	3.8	7.8	7.1	6.5	7.7	2.8	6.8	12.2	6.8
Concepts of money and liquid assets[3]									
5 M1	5.7	10.4	3.3	3.5	−.3	−.3	10.4	14.0	20.3
6 M2	8.9	9.8	9.5	9.7	6.6	9.7	14.3	5.0	8.3
7 M3	9.3	8.7	10.7	12.1r	8.8	12.6	18.5r	3.9	9.2
8 L	10.7	10.3	12.0r	11.6	10.9r	14.2r	11.3	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	8.3	7.5	17.1	17.8	17.3	22.9	16.5r	4.0	.4
10 Savings[4]	−11.9	8.7	2.0	−9.7	−4.5	−21.8	−8.4	5.4	20.7
11 Small-denomination time[5]	20.8	9.7	23.8	21.3	15.8	29.1	20.3	8.8	−9.6
12 Large-denomination time[6]	5.4	4.6	17.0	26.7	29.6	36.4	23.0	−1.6	2.6
13 Thrift institutions[7]	2.7	3.1	6.6	6.8	3.8	10.4	6.3	−.3	5.8
14 Total loans and securities at commercial banks[8]	3.6	2.6	8.6	6.0	5.2	6.3	6.6	4.4	6.8

Item	1981 Q4	1982 Q1	1982 Q2	1982 Q3	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.
	Interest rates (levels, percent per annum)								
Short-term rates									
15 Federal funds[9]	13.59	14.23	14.52	11.01	12.59	10.12	10.31	9.71	9.20
16 Discount window borrowing[10]	13.04	12.00	12.00	10.83	11.81	10.68	10.00	9.68	9.35
17 Treasury bills (3-month market yield)[11]	11.75	12.81	12.42	9.32	11.35	8.68	7.92	7.71	8.07
18 Commercial paper (3-month)[11,12]	13.04	13.81	13.81	11.15	12.94	10.15	10.36	9.20	8.69
Long-term rates									
Bonds									
19 U.S. government[13]	14.14	14.27	13.74	12.94	13.76	12.91	12.16	10.97	10.57
20 State and local government[14]	12.54	13.02	12.33	11.39	12.28	11.23	10.66	9.69	10.06
21 Aaa utility (new issue)[15]	15.67	15.71	15.73	14.25	15.61	13.95	13.52	12.20	11.76
22 Conventional mortgages[16]	17.33	17.10	16.63	15.65	16.50	15.40	15.05	13.95	13.80

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

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

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

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

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

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

4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.

5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000.

6. Large-denomination time deposits are those issued in amounts of $100,000 or more.

7. Savings and loan associations, mutual savings banks, and credit unions.

8. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities.

9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Unweighted average of offering rates quoted by at least five dealers.

13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14. *Bond Buyer* series for 20 issues of mixed quality.

15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1982			1982						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**153,324**	**153,666**	**156,110**	**152,566**	**155,737**	**153,777**	**153,630**	**154,473**	**156,764**	**156,859**
2 U.S. government securities[1]	131,920	132,374	134,461	131,389	133,593	132,752	132,280	132,215	134,879	136,095
3 Bought outright	131,436	132,093	134,207	131,389	133,011	132,752	132,280	132,215	134,626	135,261
4 Held under repurchase agreements	484	281	254	0	582	0	0	0	253	834
5 Federal agency securities	9,042	9,069	8,981	8,947	9,048	8,943	8,943	8,943	9,001	9,049
6 Bought outright	8,951	8,945	8,943	8,947	8,943	8,943	8,943	8,943	8,943	8,943
7 Held under repurchase agreements	91	124	38	0	105	0	0	0	58	106
8 Acceptances	159	112	47	0	140	0	0	0	74	129
9 Loans	976	455	579	365	516	452	458	722	742	467
10 Float	2,123	1,952	2,689	2,291	2,730	1,731	1,858	2,669	2,707	2,325
11 Other Federal Reserve assets	9,104	9,704	9,353	9,574	9,710	9,900	9,091	10,924	9,361	8,794
12 Gold stock	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148
13 Special drawing rights certificate account	4,118	4,218	4,371	4,218	4,218	4,218	4,218	4,304	4,418	4,418
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	148,631	149,174	151,288	149,828	149,675	148,807	149,337	150,631	151,535	151,512
16 Treasury cash holdings	415	436	449	436	439	440	443	449	452	451
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	4,062	2,932	3,097	2,819	2,858	2,774	2,654	3,256	3,108	2,871
18 Foreign	264	262	273	248	287	253	313	256	259	277
19 Other	509	540	569	532	537	550	502	463	596	593
20 Required clearing balances	275	324	391	318	331	347	365	382	394	405
21 Other Federal Reserve liabilities and capital	4,836	4,898	4,785	4,982	4,908	4,830	4,802	4,818	4,786	4,764
22 Reserve accounts[2]	23,385	24,252	24,563	22,555	25,854	24,929	24,366	23,457	24,987	25,338

	End-of-month figures			Wednesday figures						
	1982			1982						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24p
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**156,502**	**152,760**	**159,079**	**154,442**	**161,798**	**154,768**	**156,078**	**157,538**	**155,157**	**156,292**
24 U.S. government securities[1]	134,393	132,080	137,676	131,459	135,926	132,604	132,105	133,057	133,861	134,630
25 Bought outright	130,591	132,080	137,676	131,459	131,849	132,604	132,105	133,057	133,861	134,630
26 Held under repurchase agreements	3,802	0	0	0	4,077	0	0	0	0	0
27 Federal agency securities	9,950	8,943	8,943	8,943	9,680	8,943	8,943	8,943	8,943	8,943
28 Bought outright	8,949	8,943	8,943	8,943	8,943	8,943	8,943	8,943	8,943	8,943
29 Held under repurchase agreements	1,001	0	0	0	737	0	0	0	0	0
30 Acceptances	813	0	0	0	981	0	0	0	0	0
31 Loans	1,123	438	374	354	1,617	822	758	3,208	425	804
32 Float	550	1,168	2,401	3,945	3,439	2,293	3,936	2,215	3,324	3,031
33 Other Federal Reserve assets	9,673	10,131	9,685	9,741	10,155	10,106	10,336	10,115	8,604	8,884
34 Gold stock	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148
35 Special drawing rights certificate account	4,218	4,218	4,418	4,218	4,218	4,218	4,218	4,418	4,418	4,418
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	148,093	148,922	152,895	150,508	149,553	149,195	150,167	151,680	151,708	152,218
38 Treasury cash holdings	423	444	444	437	440	442	442	452	450	449
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	10,975	2,309	2,247	2,980	3,200	3,169	3,154	3,166	3,836	3,394
40 Foreign	396	327	387	211	287	220	300	290	214	261
41 Other	405	450	717	516	552	465	467	554	548	595
42 Required clearing balances	300	356	408	312	321	338	355	378	392	405
43 Other Federal Reserve liabilities and capital	5,047	4,783	5,209	4,745	4,839	4,653	4,618	4,624	4,629	4,575
44 Reserve accounts[2]	20,015	24,321	26,124	23,885	31,758	25,438	25,727	25,746	22,733	23,747

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

2. Excludes required clearing balances.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1981	1982								
	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.^{p}
1 Reserve balances with Reserve Banks[1]	26,163	24,254	24,565	24,207	24,031	24,273	24,471	23,385	24,252	24,563
2 Total vault cash (estimated)	19,538	18,749	18,577	19,048	19,318	19,448	19,500	19,921	19,578	19,804
3 Vault cash at institutions with required reserve balances[2]	13,577	12,663	12,709	12,972	13,048	13,105	13,188	13,651	13,658	13,909
4 Vault cash equal to required reserves at other institutions	2,178	2,313	2,284	2,373	2,488	2,486	2,518	2,927	2,677	2,689
5 Surplus vault cash at other institutions[3]	3,783	3,773	3,584	3,703	3,782	3,857	3,794	3,343	3,243	3,206
6 Reserve balances + total vault cash[4]	45,701	43,003	43,142	43,255	43,349	43,721	43,971	43,306	43,830	44,367
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	39,230	39,558	39,552	39,567	39,864	40,177	39,963	40,587	41,161
8 Required reserves (estimated)	41,606	38,873	39,284	39,192	39,257	39,573	39,866	39,579	40,183	40,798
9 Excess reserve balances at Reserve Banks[4,6]	312	357	274	360	310	291	311	384	404	363
10 Total borrowings at Reserve Banks	642	1,611	1,581	1,105	1,205	669	510	976	455	579
11 Seasonal borrowings at Reserve Banks	53	174	167	237	239	225	119	102	86	47
12 Extended credit at Reserve Banks	149	309	245	177	103	46	94	118	141	188
	Weekly averages of daily figures for week ending									
	1982									
	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24^p
13 Reserve balances with Reserve Banks[1]	24,543	23,486	23,496	22,555	25,854	24,929	24,366	23,457	24,987	25,338
14 Total vault cash (estimated)	18,744	20,422	20,045	20,327	18,391	19,280	20,166	20,175	19,905	18,687
15 Vault cash at institutions with required reserve balances[2]	13,251	14,131	13,983	13,762	13,014	13,683	14,070	13,904	13,662	13,543
16 Vault cash equal to required reserves at other institutions	2,460	2,934	2,769	3,032	2,370	2,476	2,807	2,948	2,884	2,289
17 Surplus vault cash at other institutions[3]	3,033	3,357	3,293	3,533	3,007	3,121	3,289	3,323	3,359	2,855
18 Reserve balances + total vault cash[4]	43,287	43,908	43,541	42,882	44,245	44,209	44,532	43,632	44,892	44,025
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	40,254	40,551	40,248	39,349	41,238	41,088	41,243	40,309	41,533	41,170
20 Required reserves (estimated)	40,004	40,266	39,737	38,887	40,977	40,769	40,701	39,967	41,135	40,858
21 Excess reserve balances at Reserve Banks[4,6]	250	285	511	462	261	319	542	342	398	312
22 Total borrowings at Reserve Banks	810	753	606	365	516	452	458	722	742	467
23 Seasonal borrowings at Reserve Banks	100	112	104	70	85	90	73	50	48	46
24 Extended credit at Reserve Banks	118	124	123	117	110	179	196	190	188	186

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

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

Averages of daily figures, in millions of dollars

By maturity and source	1982, week ending Wednesday								
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27r	Nov. 3	Nov. 10	Nov. 17	Nov. 24
One day and continuing contract									
1 Commercial banks in United States	50,961r	60,508r	62,405r	56,073	52,462	55,305	61,256	59,847	55,162
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	24,267	24,162r	23,153	26,020	25,399	25,141	25,822	25,118	24,369
3 Nonbank securities dealers	4,710	5,077	5,866	5,878	5,703	5,619	5,144	5,589	5,156
4 All other	20,728	21,228	22,012	22,814	23,922	23,766	24,429	24,060	23,808
All other maturities									
5 Commercial banks in United States	4,400	4,212	4,461	4,044	3,955	4,515	3,900	3,847	4,219
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	8,171	8,065	8,740	8,473	8,285	8,516	8,821	8,917	9,118
7 Nonbank securities dealers	5,643	4,469	4,827	4,838	4,853	5,287	4,614	4,821	4,561
8 All other	9,289	8,745r	9,165	8,798	8,620	9,683	8,779	8,724	9,443
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	24,214	28,305r	28,045	25,163	24,207	25,903	25,394	25,998	21,865
10 Nonbank securities dealers	4,576	4,870	5,336	5,409	5,394	5,166	5,453	5,431	5,897

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 11/30/82	Effective date	Previous rate	Rate on 11/30/82	Previous rate	Rate on 11/30/82	Previous rate	Rate on 11/30/82	Previous rate	
Boston	9	11/22/82	9½	9	9½	10	10½	11	11½	11/22/82
New York		11/22/82								11/22/82
Philadelphia		11/22/82								11/22/82
Cleveland		11/26/82								11/26/82
Richmond		11/22/82								11/22/82
Atlanta		11/22/82								11/22/82
Chicago		11/22/82								11/22/82
St. Louis		11/22/82								11/22/82
Minneapolis		11/22/82								11/22/82
Kansas City		11/22/82								11/22/82
Dallas		11/23/82								11/23/82
San Francisco	9	11/22/82	9½	9	9½	10	10½	11	11½	11/22/82

Range of rates in recent years[2]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½-7	7
12	7	7

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— 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
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
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
In effect Nov. 30, 1982	9	9

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

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

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

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[6,7]		
0–2	7	12/30/76	$0–$26 million	3	11/13/80
2–10	9½	12/30/76	Over $26 million	12	11/13/80
10–100	11¾	12/30/76			
100–400	12¾	12/30/76	*Nonpersonal time deposits*[8]		
Over 400	16¼	12/30/76	By original maturity		
			Less than 3½ years	3	4/29/82
Time and savings[2,3]			3½ years or more	0	4/29/82
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
0–5, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over 5, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

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

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

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

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

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

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

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

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

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

5. For existing nonmember banks and thrift institutions at the time of implementation of the Monetary Control Act, the phase-in period ends Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks, the phase-in ended Aug. 12, 1982. New institutions have a two-year phase-in beginning with the date that they open for business, except for those institutions having total reservable liabilities of $50 million or more.

6. 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.

7. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement will apply be modified annually to 80 percent of the percentage increase in transaction accounts held by all depository institutions on the previous June 30. At the beginning of 1982 the amount was accordingly increased from $25 million to $26 million.

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

The category of time deposit authorized by the Depository Institutions Deregulation Committee (DIDC), effective Sept. 1, 1982 (original maturity or required notice period of 7 to 31 days, required minimum deposit balance of $20,000, and ceiling rate tied to the 91-day Treasury bill rate), is classified as a time deposit for reserve requirement purposes.

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

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks (thrift institutions)			
	In effect November 30, 1982		Previous maximum		In effect November 30, 1982		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)	....	(6)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)	....	8	6/1/78	(6)	....
11 Issued to governmental units (all maturities) [10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 IRAs and Keogh (H.R. 10) plans (3 years or more) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

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

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

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

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

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

91-day time deposits. Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of $7,500 and a maturity of 91 days. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks. The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions. The maximum allowable rates in November 1982 (in percent) for commercial banks and thrifts were as follows: Nov. 2, 7.831; Nov. 9, 7.964; Nov. 16, 8.446; Nov. 23, 7.944.

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

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

The maximum rates in November 1982 for commercial banks based on the bill rate were as follows: Nov. 2, 8.481; Nov. 9, 8.647; Nov. 16, 8.789; Nov. 23, 8.359; and based on the 4-week average bill rate were as follows: Nov. 2, 8.299; Nov. 9, 8.466; Nov. 16, 8.660; Nov. 23, 8.569. The maximum allowable rates in November 1982 for thrifts based on the bill rate were as follows: Nov. 2, 8.731; Nov. 9, 8.897; Nov. 16, 9.000; Nov. 23, 8.609; and based on the 4-week average bill rate were as follows: Nov. 2, 8.549; Nov. 9, 8.716; Nov. 16, 8.910; Nov. 23, 8.819.

12-month all savers certificates. Effective Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week Treasury bills held immediately before the calendar week in which the certificate is issued. A maximum lifetime exclusion of $1,000 ($2,000 on a joint return) from gross income is generally authorized for interest income from ASCs. The annual investment yield for ASCs issued in November 1982 (in percent) was as follows: Nov. 28, 6.40.

2½-year to less than 3½-year time deposits. Effective Aug. 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years. Thrift institutions may pay interest on these certificates at a rate not to exceed the average 2½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 2½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in November 1982 (in percent) for commercial banks were as follows: Nov. 9, 9.60; Nov. 23, 9.65; and for thrifts: Nov. 9, 9.85; Nov. 23, 9.90.

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

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS, BY MATURITY

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1979	1980	1981	1982						
				Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	15,998	7,668	13,899	4,149	595	1,559	1,905	1,721	425	774
2 Gross sales	6,855	7,331	6,746	0	519	0	1,175	651	674	0
3 Exchange	0	0	0	0	0	200	−200	0	0	0
4 Redemptions	2,900	3,389	1,816	0	400	0	200	600	400	0
Others within 1 year[1]										
5 Gross purchases	3,203	912	317	132	0	0	71	0	0	0
6 Gross sales	0	0	23	0	0	0	0	0	0	0
7 Maturity shift	17,339	12,427	13,794	333	1,498	988	382	4,938	733	623
8 Exchange	−11,308	−18,251	−12,869	−525	−2,541	−1,249	0	−3,914	−650	0
9 Redemptions	2,600	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,148	2,138	1,702	570	0	0	691	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−12,693	−8,909	−10,299	−333	−1,000	−988	−382	−4,938	0	−623
13 Exchange	7,508	13,412	10,117	525	1,600	1,049	200	3,078	0	0
5 to 10 years										
14 Gross purchases	523	703	393	81	0	0	113	0	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	−4,646	−3,092	−3,495	0	−498	0	0	601	−733	0
17 Exchange	2,181	2,970	1,500	0	941	0	0	837	650	0
Over 10 years										
18 Gross purchases	454	811	379	52	0	0	123	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	−426	0	0	0	0	0	−601	0	0
21 Exchange	1,619	1,869	1,253	0	0	0	0	0	0	0
All maturities[1]										
22 Gross purchases	22,325	12,232	16,690	4,984	595	1,559	2,903	1,721	425	774
23 Gross sales	6,855	7,331	6,769	0	519	0	1,175	651	674	0
24 Redemptions	5,500	3,389	1,816	0	400	0	200	600	400	0
Matched transactions										
25 Gross sales	627,350	674,000	589,312	44,748	36,047	41,509	54,646	39,403	51,983	45,655
26 Gross purchases	624,192	675,496	589,647	44,759	36,790	37,548	58,753	37,962	51,554	46,370
Repurchase agreements										
27 Gross purchases	107,051	113,902	79,920	18,396	10,155	5,332	18,267	3,755	9,649	5,618
28 Gross sales	106,968	113,040	78,733	14,724	15,424	5,332	18,267	2,567	7,035	9,420
29 Net change in U.S. government securities	6,896	3,869	9,626	8,667	−4,850	−2,402	5,636	217	1,535	−2,313
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	853	668	494	0	0	0	0	0	0	0
31 Gross sales	399	0	0	0	0	0	0	0	0	0
32 Redemptions	134	145	108	5	1	6	1	46	5	6
Repurchase agreements										
33 Gross purchases	37,321	28,895	13,320	2,033	1,305	831	4,389	1,095	1,997	1,776
34 Gross sales	36,960	28,863	13,576	1,119	2,301	831	4,389	866	1,225	2,778
35 Net change in federal agency obligations	681	555	130	909	−997	−6	−1	183	767	−1,008
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	116	73	−582	280	−768	0	0	565	248	−813
37 Total net change in System Open Market Account	**7,693**	**4,497**	**9,175**	**9,856**	**−6,615**	**−2,408**	**5,634**	**966**	**2,550**	**−4,134**

1. Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): March 1979, 2,600.

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1982					1982		
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept.	Oct.	Nov.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148
2 Special drawing rights certificate account	4,218	4,218	4,418	4,418	4,418	4,218	4,218	4,418
3 Coin	462	458	453	447	445	450	468	436
Loans								
4 To depository institutions	822	758	3,208	425	804	1,123	438	374
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	0	0	813	0	0
Federal agency obligations								
7 Bought outright	8,943	8,943	8,943	8,943	8,943	8,949	8,943	8,943
8 Held under repurchase agreements	0	0	0	0	0	1,001	0	0
U.S. government securities								
Bought outright								
9 Bills	52,322	51,823	52,775	53,579	53,448	50,309	51,798	56,494
10 Notes	62,018	62,018	62,018	61,858	62,626	62,018	62,018	62,626
11 Bonds	18,264	18,264	18,264	18,424	18,556	18,264	18,264	18,556
12 Total[1]	132,604	132,105	133,057	133,861	134,630	130,591	132,080	137,676
13 Held under repurchase agreements	0	0	0	0	0	3,802	0	0
14 Total U.S. government securities	132,604	132,105	133,057	133,861	134,630	134,393	132,080	137,676
15 **Total loans and securities**	**142,369**	**141,806**	**145,208**	**143,229**	**144,377**	**146,279**	**141,461**	**146,993**
16 Cash items in process of collection	8,509	11,540	8,668	10,972	9,830	6,779	8,352	11,893
17 Bank premises	543	545	545	546	546	541	544	546
Other assets								
18 Denominated in foreign currencies[2]	5,345	5,317	5,341	5,356	5,360	5,116	5,325	5,649
19 All other[3]	4,218	4,474	4,229	2,702	2,978	4,016	4,262	3,490
20 **Total assets**	**176,812**	**179,506**	**180,010**	**178,818**	**179,102**	**178,547**	**175,778**	**184,573**
LIABILITIES								
21 Federal Reserve notes	136,313	137,281	138,799	138,818	139,326	135,197	136,048	139,989
Deposits								
22 Depository institutions	25,777	26,085	26,125	23,127	24,153	20,318	24,678	26,533
23 U.S. Treasury—General account	3,169	3,154	3,166	3,836	3,394	10,975	2,309	2,247
24 Foreign—Official accounts	220	300	290	214	261	396	327	387
25 Other	464	464	553	546	594	394	449	716
26 **Total deposits**	**29,630**	**30,003**	**30,134**	**27,723**	**28,402**	**32,083**	**27,763**	**29,883**
27 Deferred availability cash items	6,216	7,604	6,453	7,648	6,799	6,220	7,184	9,492
28 Other liabilities and accrued dividends[4]	1,671	1,648	1,625	1,632	1,581	2,027	1,669	1,799
29 **Total liabilities**	**173,830**	**176,536**	**177,011**	**175,821**	**176,108**	**175,527**	**172,664**	**181,163**
CAPITAL ACCOUNTS								
30 Capital paid in	1,350	1,351	1,354	1,354	1,354	1,341	1,350	1,354
31 Surplus	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278
32 Other capital accounts	354	341	367	365	362	401	486	778
33 **Total liabilities and capital accounts**	**176,812**	**179,506**	**180,010**	**178,818**	**179,102**	**178,547**	**175,778**	**184,573**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	100,203	101,394	102,420	103,372	103,541	98,192	101,831	101,703

Account	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept.	Oct.	Nov.
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	157,281	157,578	157,707	158,275	159,023	156,412	157,348	159,408
36 LESS: Held by bank[5]	20,968	20,297	18,908	19,457	19,697	21,215	21,300	19,419
37 Federal Reserve notes, net	136,313	137,281	138,799	138,818	139,326	135,197	136,048	139,989
Collateral for Federal Reserve notes								
38 Gold certificate account	11,148	11,148	11,148	11,148	11,148	11,148	11,148	11,148
39 Special drawing rights certificate account	4,218	4,218	4,418	4,418	4,418	4,218	4,218	4,418
40 Other eligible assets	0	66	78	51	107	0	14	0
41 U.S. government and agency securities	120,947	121,849	123,155	123,201	123,653	119,831	120,668	124,423
42 **Total collateral**	**136,313**	**137,281**	**138,799**	**138,818**	**139,326**	**135,197**	**136,048**	**139,989**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday 1982 Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	End of month 1982 Sept. 30	Oct. 31	Nov. 30
1 Loans—Total	822	758	3,208	425	804	1,123	438	374
2 Within 15 days	788	729	3,173	416	785	1,076	398	356
3 16 days to 90 days	34	29	35	9	19	47	40	18
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	813	0	0
6 Within 15 days	0	0	0	0	0	813	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. government securities—Total	132,604	132,105	133,057	133,861	134,630	134,393	132,080	137,676
10 Within 15 days[1]	2,652	5,238	3,362	5,682	5,830	5,743	2,652	5,515
11 16 days to 90 days	28,224	25,970	27,568	26,404	26,116	24,429	28,465	30,242
12 91 days to 1 year	37,288	36,602	37,832	38,595	38,691	39,781	36,523	38,185
13 Over 1 year to 5 years	35,891	35,746	35,746	34,837	35,322	35,891	35,891	35,065
14 Over 5 years to 10 years	12,267	12,267	12,267	11,901	12,095	12,267	12,267	12,095
15 Over 10 years	16,282	16,282	16,282	16,442	16,576	16,282	16,282	16,574
16 Federal agency obligations—Total	8,943	8,943	8,943	8,943	8,943	9,950	8,943	8,943
17 Within 15 days[1]	83	0	0	128	128	1,208	83	161
18 16 days to 90 days	490	590	590	462	462	407	490	528
19 91 days to 1 year	1,966	1,949	1,985	1,985	1,985	1,863	1,966	1,988
20 Over 1 year to 5 years	4,962	4,962	4,926	4,926	4,926	5,087	4,962	4,804
21 Over 5 years to 10 years	924	924	924	924	924	882	924	944
22 Over 10 years	518	518	518	518	518	503	518	518

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

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

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 **Total reserves[3]**	**32.82**	**34.26**	**36.46**	**37.99**	**38.43**	**38.50**	**38.58**	**38.52**	**38.80**	**39.57**	**39.88**	**40.48**
2 Nonborrowed reserves	31.95	32.79	34.77	37.35	36.87	37.39	37.37	37.83	38.29	38.63	39.40	39.85
3 Required reserves	32.59	33.93	35.95	37.67	38.16	38.15	38.27	38.21	38.49	39.18	39.47	40.06
4 Monetary base[4]	132.2	142.5	155.0	162.7	166.5	167.7	168.8	169.2	170.1	171.9	172.9	173.8
	Not seasonally adjusted											
5 **Total reserves[3]**	**33.37**	**34.83**	**37.11**	**38.66**	**38.33**	**38.19**	**38.07**	**38.43**	**38.51**	**39.35**	**40.00**	**40.70**
6 Nonborrowed reserves	32.50	33.35	35.42	38.03	36.76	37.07	36.86	37.74	38.00	38.42	39.52	40.08
7 Required reserves	33.13	34.50	36.59	38.34	38.06	37.83	37.76	38.12	38.20	38.97	39.59	40.28
8 Monetary base[4]	134.8	145.4	158.0	165.8	165.6	167.1	168.2	170.0	170.4	171.4	173.0	175.2
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
9 **Total reserves[3]**	**41.68**	**43.91**	**40.66**	**41.92**	**39.56**	**39.55**	**39.57**	**39.97**	**40.18**	**39.96**	**40.59**	**41.22**
10 Nonborrowed reserves	40.81	42.43	38.97	41.29	37.99	38.43	38.36	39.28	39.66	39.03	40.11	40.60
11 Required reserves	41.45	43.58	40.15	41.60	39.28	39.19	39.26	39.65	39.87	39.58	40.18	40.80
12 Monetary base[4]	144.6	156.2	162.4	169.7	167.6	169.2	170.4	172.3	172.8	172.3	173.8	176.1

For notes see bottom of next page

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.
	Seasonally adjusted								
MEASURES[1]									
1 M1	363.2	389.0	414.5	440.9	451.4	451.3	455.2	460.5	468.3
2 M2	1,403.9	1,518.9	1,656.2	1,822.7	1,907.9	1,923.4	1,946.3	1,954.4	1,967.9
3 M3	1,629.0	1,779.4	1,963.1	2,188.1	2,296.0r	2,320.2r	2,355.9r	2,363.5r	2,381.7
4 L[2]	1,938.9	2,153.9	2,370.4	2,642.8	2,799.2r	2,832.3r	2,858.9	n.a.	n.a.
SELECTED COMPONENTS									
5 Currency	97.4	106.1	116.2	123.1	128.4	128.8	129.5	130.5	131.2
6 Traveler's checks[3]	3.5	3.7	4.2	4.3	4.5	4.4	4.4	4.4	4.4
7 Demand deposits	253.9	262.2	267.2	236.4	231.0	230.6	231.1	232.6	236.1
8 Other checkable deposits[4]	8.4	16.9	26.9	77.0	87.5	87.4	90.2	93.0	96.5
9 Savings deposits[5]	479.9	421.7	398.9	343.6	349.9	344.0	342.0r	342.5	352.6
10 Small-denomination time deposits[6]	533.9	652.6	751.7	854.7	900.9	919.7	930.6	932.6	924.0
11 Large-denomination time deposits[7]	194.6	221.8	257.9	300.3	328.3	335.8	339.6	339.3r	342.9
	Not seasonally adjusted								
MEASURES[1]									
12 M1	372.5	398.8	424.6	451.2	450.5	454.0	454.0	460.5	470.1
13 M2	1,408.5	1,524.7	1,662.5	1,829.4	1,906.4	1,924.8	1,938.9r	1,950.7r	1971.8
14 M3	1,637.5	1,789.2	1,973.9	2,199.9	2,290.0	2,314.1	2,342.5r	2,356.1r	2,383.0
15 L[2]	1,946.6	2,162.8	2,380.2	2,653.8	2,794.4r	2,820.8r	2,844.1	n.a.	n.a.
SELECTED COMPONENTS									
16 Currency	99.4	108.2	118.3	125.4	128.3	129.8	130.0	130.2	131.2
17 Traveler's checks[3]	3.3	3.5	3.9	4.1	4.7	4.9	4.9	4.7	4.5
18 Demand deposits	261.5	270.1	275.1	243.3	230.4	231.5	229.3	232.4	237.1
19 Other checkable deposits[4]	8.4	17.0	27.2	78.4	87.2r	87.9r	89.8	93.2	97.3
20 Overnight RPs and Eurodollars[8]	24.1	26.3	35.0	38.1	43.0r	43.4	44.5	43.3r	46.3
21 Savings deposits[5]	478.0	420.5	398.0	343.0	347.9	348.3	346.1r	347.4	357.0
22 Small-denomination time deposits[6]	531.1	649.7	748.9	851.7	902.3	914.1	920.2	923.9	921.7
Money market mutual funds									
23 General purpose and broker/dealer	7.1	34.4	61.9	151.2	168.6	171.3	180.0	181.9	183.4
24 Institution only	3.1	9.3	13.9	33.7	33.7	36.7	43.1	43.9	44.8
25 Large-denomination time deposits[7]	198.6	226.0	262.3	305.4	323.9	328.3	333.7	335.7r	340.3

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO TABLE 1.20

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

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1979[1]	1980[1]	1981[1]	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	49,903.0	62,757.8	80,858.7	88,573.8	87,602.3	90,280.7	95,177.9	94,480.0	97,097.0
2 Major New York City banks	18,481.7	25,156.1	33,891.9	37,248.2	35,729.5	36,880.8	39,525.3	37,986.3	42,077.9
3 Other banks	31,421.3	37,601.7	46,966.9	51,325.7	51,872.8	53,399.9	55,652.6	56,493.7	55,019.1
4 ATS-NOW accounts[3]	84.4	159.3	743.4	900.5	977.6	1,049.9	1,146.2	1,165.4	1,109.4
5 Savings deposits[4]	547.9	670.0	672.7	712.2	698.9	773.8	770.7	707.8	637.0
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	162.8	198.7	285.8	319.3	318.7	325.0	341.6	341.0	343.0
7 Major New York City banks	634.2	803.7	1,105.1	1,287.8	1,295.9	1,265.7	1,424.2	1,282.5	1,298.7
8 Other banks	113.3	132.2	186.2	206.6	209.8	214.8	221.8	228.3	219.5
9 ATS-NOW accounts[3]	7.8	9.7	14.0	13.1	14.2	15.3	16.2	15.9	14.7
10 Savings deposits[4]	2.7	3.6	4.1	4.5	4.4	5.0	5.0	4.6	4.0
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	49,777.3	63,124.4	81,197.9	82,913.9	92,867.2	91,318.9	94,968.5	95,557.1	93,543.3
12 Major New York City banks	18,487.8	25,243.1	34,032.0	34,585.7	38,286.7	37,502.5	39,126.7	39,634.0	39,657.6
13 Other banks	31,289.4	37,881.3	47,165.9	48,328.2	54,580.6	53,816.4	55,841.8	55,923.1	53,885.7
14 ATS-NOW accounts[3]	83.3	158.0	737.6	891.7	1,046.0	1,021.0	1,020.5	1,097.3	1,098.0
15 Savings deposits[4]	548.1	669.8	672.9	680.8	694.4	778.2	763.7	695.2	672.7
DEPOSIT TURNOVER									
Demand deposits[2]									
16 All insured banks	163.3	202.3	286.1	304.5	339.6	328.2	346.9	345.3	327.8
17 Major New York City banks	644.1	814.8	1,114.2	1,218.1	1,361.3	1,305.8	1,472.8	1,362.5	1,220.8
18 Other banks	113.4	134.8	186.2	198.1	222.5	215.7	225.9	225.8	213.1
19 ATS-NOW accounts[3]	7.8	9.7	14.0	13.2	15.2	14.8	14.4	15.0	14.5
20 Savings deposits[4]	2.7	3.6	4.1	4.3	4.4	4.9	4.9	4.4	4.2

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981	1982					1981	1982				
	Dec.[2]	June[3]	July	Aug.	Sept.[4]	Oct.	Dec.[2]	June[3]	July	Aug.	Sept.[4]	Oct.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[5]**	**1,316.3**	**1,368.8**	**1,376.1**	**1,383.1**	**1,389.4**	**1,397.7**	**1,326.1**	**1,366.3**	**1,370.4**	**1,377.7**	**1,391.0**	**1,403.0**
2 U.S. Treasury securities	111.0	115.8	116.5	117.8	118.2	122.4	111.4	116.1	115.6	116.4	117.8	121.4
3 Other securities	231.4	235.9	235.9	237.1	237.6	237.3	232.8	235.6	234.7	236.4	237.7	237.6
4 Total loans and leases[5]	973.9	1,017.1	1,023.7	1,028.3	1,033.5	1,038.0	981.8	1,014.6	1,020.1	1,024.9	1,035.5	1,044.0
5 Commercial and industrial loans	358.0	383.4	386.7	387.9	392.5	394.8	360.1	382.7	385.5	385.5	392.1	395.5
6 Real estate loans	285.7	297.3	297.5	298.5	299.5	300.4	286.8	295.8	296.6	298.2	300.1	301.6
7 Loans to individuals	185.1	188.2	189.2	189.5	189.6	190.0	186.4	187.4	188.3	189.7	190.9	191.5
8 Security loans	21.9	19.5	21.0	21.4	22.6	24.2	22.7	20.5	20.5	22.0	22.3	23.9
9 Loans to nonbank financial institutions	30.2	33.6	33.9	33.2	32.6	32.4	31.2	33.1	33.3	33.1	32.8	32.7
10 Agricultural loans	33.0	35.3	35.7	36.0	36.3	36.3	33.0	35.5	36.1	36.5	36.8	36.8
11 Lease financing receivables	12.7	13.1	13.2	13.1	13.1	13.1	12.7	13.1	13.2	13.1	13.1	13.1
12 All other loans	47.2	46.7	46.4	48.7	47.4	46.8	49.2	46.4	46.7	46.8	47.5	49.0
MEMO:												
13 **Total loans and securities plus loans sold[5,6]**	**1,319.1**	**1,371.7**	**1,378.9**	**1,386.0**	**1,392.2**	**1,400.5**	**1,328.9**	**1,369.3**	**1,373.2**	**1,380.5**	**1,393.8**	**1,405.8**
14 Total loans plus loans sold[5,6]	976.7	1,020.1	1,026.5	1,031.1	1,036.4	1,040.9	984.7	1,017.6	1,023.0	1,027.7	1,038.4	1,046.8
15 Total loans sold to affiliates[5,6]	2.8	3.0	2.8	2.8	2.8	2.8	2.8	3.0	2.8	2.8	2.8	2.8
16 Commercial and industrial loans plus loans sold[6]	360.2	385.8	389.0	390.2	394.7	397.0	362.3	385.1	387.8	387.8	394.4	397.7
17 Commercial and industrial loans sold[6]	2.2	2.4	2.3	2.3	2.3	2.2	2.2	2.4	2.3	2.3	2.3	2.2
18 Acceptances held	8.9	9.1	8.7	9.1	9.3	9.4	9.8	9.2	8.6	8.8	9.4	9.3
19 Other commercial and industrial loans	349.1	374.3	378.1	378.8	383.1	385.4	350.3	373.5	376.9	376.7	382.7	386.2
20 To U.S. addressees[7]	334.9	360.2	364.7	365.8	369.8	372.6	334.3	360.6	363.9	364.0	369.6	373.3
21 To non-U.S. addressees	14.2	14.2	13.3	13.0	13.3	12.7	16.1	13.0	13.0	12.8	13.1	12.8
22 Loans to foreign banks	19.0	14.7	14.8	14.6	13.8	13.9	20.0	14.2	14.5	14.1	14.2	14.2

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).
3. Beginning June 2, 1982, total loans and securities, total loans and leases, and loans to individuals were increased $0.5 billion due to acquisition of loans by a commercial bank from a nonbank institution.
4. Reclassification of loans beginning September 29, 1982, increased real estate loans $0.3 billion and decreased nonbank financial loans $0.3 billion.
5. Excludes loans to commercial banks in the United States.
6. 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.
7. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1980 Dec.	1981 Dec.	1982 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Total nondeposit funds												
1 Seasonally adjusted[2]	122.0	98.5	89.5	88.0	83.8	83.5	82.0	84.2	79.8	78.1	71.8	76.4
2 Not seasonally adjusted	122.6	98.9	87.9	88.5	84.8	84.3	85.5	86.3	81.8	82.6	77.5	78.7
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.1	114.2	116.2	113.8	113.6	113.1	113.2	113.8	114.3	116.7	114.8	122.0
4 Not seasonally adjusted	111.6	114.6	114.6	114.3	114.6	113.9	116.6	115.9	116.3	121.2	120.5	124.4
5 Net balances due to foreign-related institutions, not seasonally adjusted	8.2	−18.6	−29.6	−28.6	−32.6	−32.5	−34.0	−32.5	−37.3	−41.4	−45.9	−48.4
6 Loans sold to affiliates, not seasonally adjusted[4]	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.0	2.8	2.8	2.8	2.8
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−14.7	−22.5	−27.1	−25.9	−28.8	−29.8	−29.9	−29.2	−33.0	−34.4	−38.5	−40.4
8 Gross due from balances	37.5	54.9	55.1	55.0	56.7	57.4	58.1	57.7	60.6	65.0	68.3	69.8
9 Gross due to balances	22.8	32.4	28.0	29.1	27.9	27.6	28.3	28.5	27.6	30.6	29.8	29.4
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	22.9	3.9	−2.5	−2.7	−3.8	−2.7	−4.1	−3.3	−4.4	−7.0	−7.3	−8.0
11 Gross due from balances	32.5	48.1	50.0	50.5	50.0	49.1	49.5	50.2	52.6	53.4	54.1	53.9
12 Gross due to balances	55.4	52.0	47.5	47.9	46.2	46.4	45.4	46.9	48.3	46.4	46.7	45.8
Security RP borrowings												
13 Seasonally adjusted[7]	64.0	70.0	73.0	71.0	71.4	71.9	69.0	69.1	69.3	71.9	68.5	75.4
14 Not seasonally adjusted	62.3	68.2	69.2	69.1	70.0	70.4	70.0	68.7	68.9	73.9	71.7	75.2
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	9.5	11.8	13.4	22.1	17.5	13.6	15.3	9.9	8.4	9.2	10.6	13.6
16 Not seasonally adjusted	9.0	11.2	14.5	20.0	15.5	13.8	15.4	10.8	8.3	8.2	12.4	16.5
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	267.0	324.0	324.3	327.2	332.0	334.4	341.1	349.5	360.1	366.9	366.4	367.1
18 Not seasonally adjusted	272.4	330.3	330.6	335.3	337.2	335.6	340.0	344.6	350.5	359.1	361.5	364.4
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	....	22.4	29.6	30.4	30.8	31.4	31.7	32.0	32.2	32.4	32.4	....
20 Items 3 and 4	....	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	....
21 Item 5	....	20.7	27.2	28.0	28.4	29.0	29.3	29.6	29.8	30.0	30.0	....
22 Item 7	....	3.1	4.8	4.9	4.9	5.0	5.0	5.0	5.1	5.1	5.1	....
23 Item 10	....	17.6	22.5	23.1	23.6	24.0	24.3	24.6	24.7	24.9	24.9	....

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

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

Billions of dollars except for number of banks

	1981	1982									
	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,261.2	1,271.2	1,285.8	1,292.6	1,300.7	1,315.4	1,313.2	1,318.8	1,337.1	1,343.0	1,346.9
2 Loans, excluding interbank	920.1	929.1	939.9	947.2	954.3	969.1	966.6	970.6	985.9	988.5	990.4
3 Commercial and industrial	321.0	325.6	332.4	336.7	341.9	348.7	346.4	346.2	354.4	355.2	354.9
4 Other	599.1	603.5	607.5	610.5	612.4	620.4	620.3	624.4	631.5	633.3	635.5
5 U.S. Treasury securities	111.5	112.3	114.5	113.0	111.5	113.4	113.4	113.7	115.0	119.4	122.2
6 Other securities	229.6	229.8	231.4	232.4	234.9	232.9	233.2	234.5	236.2	235.1	234.3
7 Cash assets, total	155.3	151.6	164.5	153.6	153.0	165.4	154.5	160.8	157.4	162.1	169.4
8 Currency and coin	19.8	19.7	18.9	19.9	20.0	20.1	20.5	20.3	20.4	20.5	19.0
9 Reserves with Federal Reserve Banks	30.2	24.8	25.7	25.5	21.7	18.2	25.1	26.1	17.0	23.5	22.0
10 Balances with depository institutions	50.3	51.0	55.9	52.4	54.9	59.6	55.4	58.8	60.4	61.3	64.2
11 Cash items in process of collection	55.0	56.1	64.0	55.8	56.3	67.4	53.6	55.5	59.6	56.8	64.1
12 Other assets[2]	197.0	201.9	219.3	206.6	209.9	223.2	224.2	231.3	234.9	237.0	242.0
13 **Total assets/total liabilities and capital**	**1,613.5**	**1,624.7**	**1,669.5**	**1,652.9**	**1,663.6**	**1,704.0**	**1,692.0**	**1,710.9**	**1,729.3**	**1,742.1**	**1,758.3**
14 Deposits	1,205.8	1,213.7	1,250.8	1,231.0	1,244.0	1,284.8	1,266.4	1,279.1	1,290.7	1,300.2	1,315.9
15 Demand	322.3	316.7	338.3	315.5	315.4	345.2	314.4	315.5	323.0	326.5	337.8
16 Savings	223.0	222.5	229.9	226.6	227.6	228.9	227.1	229.5	230.9	238.2	244.7
17 Time	660.5	674.4	682.6	688.9	701.0	710.7	724.8	734.1	736.8	735.4	733.4
18 Borrowings	191.9	191.0	196.4	201.1	195.1	189.7	195.4	196.0	202.8	203.7	198.1
19 Other liabilities	89.7	92.5	94.4	92.4	93.9	96.6	99.1	103.9	103.4	106.2	109.5
20 Residual (assets less liabilities)	126.1	127.5	128.0	128.4	130.6	133.0	131.1	131.9	132.5	132.0	134.7
MEMO:											
21 U.S. Treasury note balances included in borrowing	16.7	17.1	10.9	16.6	7.1	7.5	8.0	5.9	17.0	11.7	2.4
22 Number of banks	14,744	14,702	14,709	14,710	14,722	14,736	14,752	14,770	14,785	14,797	14,782
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,321.6	1,331.5	1,345.8	1,350.7	1,358.5	1,374.3	1,371.3	1,376.6	1,397.3	1,401.7	1,405.5
24 Loans, excluding interbank	975.8	984.4	995.1	1,000.6	1,007.6	1,023.7	1,020.8	1,024.7	1,042.4	1,042.3	1,044.1
25 Commercial and industrial	360.3	364.6	372.4	374.7	379.3	386.7	384.4	384.5	395.0	393.1	393.7
26 Other	615.5	619.7	622.7	625.8	628.3	637.0	636.4	640.2	647.4	649.2	650.4
27 U.S. Treasury securities	114.5	115.5	117.6	116.1	114.3	116.2	115.7	115.8	117.2	122.7	125.6
28 Other securities	231.4	231.6	233.1	234.1	236.6	234.4	234.8	236.1	237.7	236.7	235.8
29 Cash assets, total	170.0	165.8	178.8	168.1	167.7	180.3	169.3	176.2	173.7	178.7	185.2
30 Currency and coin	19.8	19.7	18.9	19.9	20.0	20.2	20.5	20.4	20.4	20.5	19.0
31 Reserves with Federal Reserve Banks	31.3	26.1	26.9	26.8	23.0	19.6	26.5	27.5	18.4	25.0	23.5
32 Balances with depository institutions	62.7	63.0	68.0	64.6	67.3	72.2	67.8	71.8	74.2	75.3	77.6
33 Cash items in process of collection	56.1	57.1	65.0	56.8	57.3	68.4	54.6	56.5	60.6	57.8	65.2
34 Other assets[2]	274.2	278.1	295.2	280.3	285.9	300.0	299.4	306.8	310.3	313.9	318.7
35 **Total assets/total liabilities and capital**	**1,765.8**	**1,775.5**	**1,819.9**	**1,799.1**	**1,812.1**	**1,854.7**	**1,840.1**	**1,859.6**	**1,881.3**	**1,894.2**	**1,909.4**
36 Deposits	1,251.5	1,258.3	1,295.0	1,272.7	1,286.2	1,325.8	1,307.3	1,321.7	1,335.5	1,345.2	1,361.2
37 Demand	335.1	329.4	350.8	327.9	327.9	357.4	326.8	327.7	335.1	338.9	350.0
38 Savings	223.2	222.8	230.2	226.9	227.8	229.1	227.4	229.7	231.1	238.5	244.9
39 Time	693.1	706.2	714.0	717.9	730.4	739.3	753.1	764.3	769.2	767.8	766.3
40 Borrowings	253.5	255.9	260.0	260.8	255.3	253.2	260.0	260.0	267.6	268.3	261.0
41 Other liabilities	132.8	131.8	135.0	135.3	138.2	140.8	139.8	144.1	143.8	146.9	150.6
42 Residual (assets less liabilities)	128.1	129.4	129.9	130.3	132.5	134.9	133.0	133.8	134.4	133.9	136.6
MEMO:											
43 U.S. Treasury note balances included in borrowing	16.7	17.1	10.9	16.6	7.1	7.5	8.0	5.9	17.0	11.7	2.4
44 Number of banks	15,213	15,201	15,214	15,215	15,235	15,235	15,271	15,289	15,311	15,330	15,318

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

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities, 1982

Millions of dollars, Wednesday figures

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27p	Nov. 3p	Nov. 10p	Nov. 17p	Nov. 24p
1 Cash items in process of collection	47,962	47,236	56,479	51,408	45,478	57,825	48,499	51,107	50,023
2 Demand deposits due from banks in the United States	7,054	7,296	7,737	7,094	6,800	8,268	6,341	7,672	7,169
3 All other cash and due from depository institutions	28,700	31,208	34,727	39,995	35,216	35,423	35,267	32,917	33,121
4 **Total loans and securities**	**683,174**	**647,185**	**649,677**	**642,396**	**640,726**	**651,819**	**643,331**	**641,610**	**638,948**
Securities									
5 U.S. Treasury securities	37,798	39,420	40,787	40,464	40,890	42,270	41,895	41,665	41,676
6 Trading account	7,103	7,405	8,548	8,132	8,256	9,227	8,364	8,051	7,930
7 Investment account, by maturity	30,695	32,016	32,238	32,332	32,634	33,043	33,532	33,615	33,746
8 One year or less	10,289	10,296	10,314	10,172	10,135	10,215	10,494	10,430	10,475
9 Over one through five years	18,248	19,572	19,794	20,101	20,467	20,842	21,046	21,273	21,382
10 Over five years	2,159	2,148	2,130	2,059	2,031	1,986	1,992	1,912	1,889
11 Other securities	78,573	79,528	78,740	77,860	78,072	79,850	77,701	77,221	77,092
12 Trading account	4,069	5,359	4,443	3,909	4,214	6,177	4,007	3,734	3,602
13 Investment account	74,504	74,169	74,296	73,952	73,857	73,674	73,694	73,487	73,490
14 U.S. government agencies	15,508	15,353	15,438	15,327	15,159	15,074	15,104	15,065	15,067
15 States and political subdivisions, by maturity	55,915	55,754	55,829	55,667	55,723	55,600	55,580	55,447	55,493
16 One year or less	7,044	7,067	7,112	6,912	6,954	7,003	6,955	6,971	6,947
17 Over one year	48,872	48,687	48,717	48,754	48,769	48,597	48,625	48,476	48,546
18 Other bonds, corporate stocks and securities	3,080	3,062	3,030	2,958	2,975	3,000	3,010	2,975	2,930
Loans									
19 Federal funds sold[1]	39,410	43,262	43,876	38,174	38,967	43,610	41,573	40,170	38,194
20 To commercial banks	28,761	31,880	32,585	27,472	27,948	31,536	30,517	28,500	26,244
21 To nonbank brokers and dealers in securities	8,767	8,526	9,149	8,251	8,741	9,154	8,322	9,062	9,125
22 To others	1,881	2,856	2,143	2,451	2,278	2,919	2,734	2,608	2,824
23 Other loans, gross	495,634	498,044	499,339	498,980	495,907	499,228	495,338	495,717	495,150
24 Commercial and industrial	217,288	219,976	218,557	217,771	216,830	216,951	216,821	216,256	215,478
25 Bankers acceptances and commercial paper	4,850	5,104	5,059	4,940	4,850	4,594	4,420	4,836	4,445
26 All other	212,438	214,872	213,498	212,831	211,979	212,357	212,401	211,420	211,033
27 U.S. addressees	205,022	207,519	206,214	205,762	205,008	205,358	205,373	204,472	204,071
28 Non-U.S. addressees	7,416	7,353	7,285	7,069	6,972	7,000	7,028	6,948	6,962
29 Real estate	131,764	131,521	131,821	131,891	131,859	131,759	131,697	131,892	132,071
30 To individuals for personal expenditures	73,503	73,337	73,244	73,280	73,423	73,405	73,391	73,400	73,716
To financial institutions									
31 Commercial banks in the United States	6,850	6,764	7,054	7,253	7,195	7,594	7,017	7,037	6,944
32 Banks in foreign countries	6,905	7,041	7,586	7,084	7,120	6,685	6,702	7,080	7,078
33 Sales finance, personal finance companies, etc	11,184	11,137	11,126	10,984	11,201	11,329	11,252	11,119	10,975
34 Other financial institutions	15,858	15,964	16,038	16,037	15,702	15,983	16,160	15,926	15,849
35 To nonbank brokers and dealers in securities	7,892	7,560	9,036	9,770	8,093	9,500	8,021	7,854	8,137
36 To others for purchasing and carrying securities[2]	2,604	2,608	2,601	2,575	2,564	2,707	2,847	2,877	2,956
37 To finance agricultural production	6,571	6,545	6,544	6,525	6,514	6,488	6,478	6,430	6,400
38 All other	15,215	15,590	15,731	15,810	15,405	16,826	14,952	15,848	15,546
39 LESS: Unearned income	5,744	5,707	5,712	5,708	5,701	5,616	5,621	5,610	5,596
40 Loan loss reserve	7,498	7,362	7,354	7,374	7,409	7,523	7,556	7,554	7,567
41 Other loans, net	482,392	484,975	486,274	485,898	482,797	486,089	482,161	482,553	481,986
42 Lease financing receivables	11,097	11,068	11,074	11,057	11,031	11,064	11,061	11,052	11,068
43 All other assets	128,783	133,026	132,876	131,307	129,418	137,569	135,569	133,259	132,109
44 **Total assets**	**861,769**	**877,018**	**892,570**	**883,256**	**868,670**	**901,968**	**880,068**	**877,617**	**872,437**
Deposits									
45 Demand deposits	164,541	171,131	179,704	173,364	166,343	187,996	168,264	173,171	171,784
46 Mutual savings banks	526	670	668	605	510	766	623	608	558
47 Individuals, partnerships, and corporations	124,068	128,934	134,918	130,354	126,347	139,931	128,045	131,601	128,522
48 States and political subdivisions	4,479	4,950	4,541	4,468	4,532	5,391	4,495	4,878	5,069
49 U.S. government	1,874	1,544	1,560	2,671	1,902	3,014	1,790	1,065	2,343
50 Commercial banks in the United States	17,963	20,307	21,577	18,485	18,070	22,492	17,799	20,335	20,182
51 Banks in foreign countries	5,793	5,492	6,847	6,142	6,216	5,854	5,784	5,891	6,539
52 Foreign governments and official institutions	957	1,366	914	1,080	1,012	1,224	856	850	834
53 Certified and officers' checks	8,881	7,868	8,678	9,559	7,754	9,324	8,871	7,942	7,737
54 Time and savings deposits	401,320	403,591	404,202	403,985	402,545	403,346	403,018	400,656	402,432
55 Savings	79,898	83,425	83,256	83,093	82,742	85,199	85,338	85,250	84,412
56 Individuals and nonprofit organizations	76,565	80,023	79,935	79,796	79,383	81,788	81,846	81,774	80,999
57 Partnerships and corporations operated for profit	2,770	2,793	2,762	2,747	2,797	2,821	2,846	2,838	2,858
58 Domestic governmental units	546	592	542	534	546	568	626	617	533
59 All Other	17	17	17	16	16	23	21	21	22
60 Time	321,422	320,166	320,945	320,892	319,802	318,146	317,680	315,406	318,020
61 Individuals, partnerships, and corporations	281,320	280,282	280,808	281,001	280,004	278,788	278,151	275,662	278,219
62 States and political subdivisions	21,659	21,262	21,371	21,388	21,341	20,953	21,108	21,414	21,464
63 U.S. government	559	576	607	635	627	629	645	641	638
64 Commercial banks in the United States	12,948	13,124	13,320	12,974	12,886	12,721	12,806	12,712	12,833
65 Foreign governments, official institutions, and banks	4,936	4,921	4,838	4,894	4,943	5,056	4,969	4,976	4,867
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	575	7	12	957	383	395	2,869	136	502
67 Treasury tax-and-loan notes	13,187	9,968	8,950	8,780	8,720	3,820	1,355	3,373	1,299
68 All other liabilities for borrowed money[3]	141,899	152,645	158,730	153,195	147,412	160,351	159,288	154,995	149,557
69 Other liabilities and subordinated notes and debentures	83,593	82,457	83,651	85,942	86,422	88,622	87,805	87,851	89,606
70 **Total liabilities**	**805,115**	**819,798**	**835,248**	**826,223**	**811,826**	**844,530**	**822,599**	**820,183**	**815,180**
71 Residual (total assets minus total liabilities)[4]	56,654	57,220	57,322	57,033	56,844	57,438	57,469	57,434	57,257

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

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

Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27p	Nov. 3p	Nov. 10p	Nov. 17p	Nov. 24p
1 Cash items in process of collection	45,517	44,564	53,150	48,619	43,012	54,668	46,042	48,335	47,192
2 Demand deposits due from banks in the United States	6,376	6,585	6,973	6,418	6,150	7,463	5,719	6,921	6,357
3 All other cash and due from depository institutions	26,227	28,658	32,033	36,950	32,517	33,034	32,694	30,378	30,471
4 Total loans and securities	**597,772**	**605,929**	**608,462**	**601,574**	**599,853**	**609,767**	**601,345**	**599,783**	**597,539**
Securities									
5 U.S. Treasury securities	34,422	36,080	37,380	37,034	37,435	38,671	38,144	37,903	37,922
6 Trading account	7,008	7,306	8,412	8,020	8,127	9,066	8,190	7,902	7,800
7 Investment account, by maturity	27,414	28,774	28,968	29,014	29,307	29,605	29,954	30,001	30,122
8 One year or less	9,117	9,167	9,173	9,015	9,033	9,160	9,372	9,318	9,369
9 Over one through five years	16,402	17,724	17,930	18,204	18,507	18,724	18,858	19,036	19,128
10 Over five years	1,894	1,884	1,866	1,795	1,767	1,722	1,724	1,646	1,624
11 Other securities	72,185	73,200	72,355	71,475	71,663	73,364	71,243	70,805	70,678
12 Trading account	3,941	5,226	4,292	3,754	4,077	5,981	3,857	3,557	3,435
13 Investment account	68,244	67,974	68,063	67,720	67,586	67,382	67,386	67,248	67,242
14 U.S. government agencies	14,336	14,179	14,274	14,155	13,946	13,856	13,858	13,845	13,825
15 States and political subdivision, by maturity	51,038	50,938	50,959	50,808	50,870	50,731	50,721	50,627	50,687
16 One year or less	6,281	6,328	6,357	6,194	6,224	6,326	6,279	6,306	6,292
17 Over one year	44,757	44,610	44,602	44,615	44,646	44,405	44,442	44,321	44,394
18 Other bonds, corporate stocks and securities	2,870	2,857	2,829	2,757	2,770	2,794	2,807	2,776	2,731
Loans									
19 Federal funds sold[1]	35,673	38,569	39,406	34,174	34,997	38,676	36,900	35,617	34,047
20 To commercial banks	25,575	27,657	28,672	23,995	24,498	27,179	26,388	24,460	22,643
21 To nonbank brokers and dealers in securities	8,250	8,132	8,680	7,811	8,298	8,685	7,860	8,635	8,676
22 To others	1,848	2,780	2,053	2,368	2,201	2,812	2,651	2,523	2,727
23 Other loans, gross	467,700	470,113	471,355	470,940	467,839	471,168	467,217	467,601	467,048
24 Commercial and industrial	206,297	208,921	207,571	206,774	205,820	205,907	205,753	205,237	204,517
25 Bankers acceptances and commercial paper	4,477	4,728	4,725	4,581	4,482	4,246	4,055	4,504	4,106
26 All other	201,820	204,193	202,846	202,193	201,338	201,662	201,698	200,733	200,411
27 U.S. addressees	194,530	196,966	195,688	195,253	194,494	194,791	194,799	193,911	193,576
28 Non-U.S. addressees	7,289	7,227	7,158	6,940	6,843	6,871	6,899	6,822	6,835
29 Real estate	124,370	124,131	124,408	124,455	124,425	124,384	124,324	124,470	124,654
30 To individuals for personal expenditures	65,992	65,813	65,714	65,721	65,865	65,860	65,754	65,746	66,023
To financial institutions									
31 Commercial banks in the United States	6,686	6,606	6,846	7,088	7,038	7,425	6,852	6,872	6,796
32 Banks in foreign countries	6,821	6,958	7,492	7,007	7,025	6,604	6,622	7,014	6,996
33 Sales finance, personal finance companies, etc	11,013	10,961	10,954	10,805	11,021	11,144	11,073	10,941	10,800
34 Other financial institutions	15,459	15,550	15,624	15,604	15,268	15,542	15,717	15,477	15,421
35 To nonbank brokers and dealers in securities	7,850	7,523	9,005	9,740	8,066	9,447	7,989	7,825	8,094
36 To others for purchasing and carrying securities[2]	2,371	2,377	2,373	2,348	2,332	2,472	2,618	2,650	2,730
37 To finance agricultural production	6,390	6,369	6,365	6,345	6,330	6,316	6,306	6,261	6,237
38 All other	14,450	14,906	15,001	15,054	14,649	16,066	14,209	15,109	14,780
39 LESS: Unearned income	5,094	5,064	5,070	5,066	5,062	4,985	4,995	4,979	4,969
40 Loan loss reserve	7,113	6,969	6,964	6,983	7,019	7,127	7,164	7,165	7,186
41 Other loans, net	455,493	458,079	459,321	458,891	455,758	459,056	455,058	455,457	454,892
42 Lease financing receivables	10,760	10,731	10,736	10,719	10,692	10,723	10,720	10,711	10,701
43 All other assets	125,016	129,288	129,075	127,630	125,630	133,688	131,695	129,377	128,302
44 Total assets	**811,669**	**825,755**	**840,429**	**831,910**	**817,855**	**849,342**	**828,214**	**825,504**	**820,562**
Deposits									
45 Demand deposits	153,122	159,302	167,127	161,603	154,856	175,287	156,632	161,012	159,618
46 Mutual savings banks	509	645	648	585	494	736	604	589	538
47 Individuals, partnerships, and corporations	115,121	119,764	125,120	121,235	117,375	130,265	119,004	122,176	119,086
48 States and political subdivisions	3,966	4,355	4,098	3,948	4,035	4,830	4,002	4,341	4,495
49 U.S. government	1,687	1,387	1,415	2,414	1,746	2,761	1,642	917	2,166
50 Commercial banks in the United States	16,589	18,795	19,784	17,029	16,624	20,757	16,377	18,834	18,635
51 Banks in foreign countries	5,719	5,446	6,799	6,098	6,170	5,798	5,738	5,824	6,489
52 Foreign governments and official institutions	935	1,365	913	1,072	999	1,217	831	847	833
53 Certified and officers' checks	8,595	7,546	8,352	9,222	7,412	8,922	8,434	7,485	7,375
54 Time and savings deposits	376,548	378,766	379,390	379,104	377,661	378,307	377,727	375,473	377,263
55 Savings	73,711	76,950	76,812	76,656	76,303	78,574	78,689	78,623	77,852
56 Individuals and nonprofit organizations	70,642	73,820	73,759	73,627	73,213	75,434	75,475	75,417	74,704
57 Partnerships and corporations operated for profit	2,545	2,569	2,534	2,516	2,569	2,594	2,610	2,606	2,626
58 Domestic governmental units	507	544	502	498	505	524	583	580	499
59 All other	17	17	17	16	16	23	21	21	22
60 Time	302,838	301,816	302,578	302,448	301,358	299,733	299,038	296,850	299,412
61 Individuals, partnerships, and corporations	264,957	264,122	264,713	264,843	263,828	262,612	261,801	259,343	261,887
62 States and political subdivisions	19,736	19,376	19,428	19,411	19,390	19,020	19,122	19,473	19,496
63 U.S. government	496	505	531	567	558	564	572	568	566
64 Commercial banks in the United States	12,712	12,892	13,068	12,732	12,640	12,481	12,574	12,489	12,596
65 Foreign governments, official institutions, and banks	4,936	4,921	4,838	4,894	4,943	5,056	4,969	4,976	4,867
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	535	7	12	957	383	395	2,839	136	492
67 Treasury tax-and-loan notes	12,407	9,374	8,420	8,192	8,150	3,546	1,258	3,101	1,195
68 All other liabilities for borrowed money[3]	134,507	144,244	150,209	144,687	139,156	151,465	150,192	146,099	140,728
69 Other liabilities and subordinated notes and debentures	81,423	80,384	81,496	83,866	84,331	86,453	85,634	85,750	87,509
70 Total liabilities	**758,542**	**772,077**	**786,654**	**778,409**	**764,538**	**795,453**	**774,282**	**771,573**	**766,806**
71 Residual (total assets minus total liabilities)[4]	53,127	53,678	53,775	53,501	53,317	53,890	53,932	53,932	53,756

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

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

Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27p	Nov. 3p	Nov. 10p	Nov. 17p	Nov. 24p
1 Cash items in process of collection	16,655	14,748	17,746	18,857	15,254	19,745	17,009	15,993	15,052
2 Demand deposits due from banks in the United States	1,191	1,457	1,548	1,469	1,290	1,589	1,058	1,501	979
3 All other cash and due from depository institutions	4,522	5,166	7,677	6,938	6,276	6,838	6,491	6,421	4,488
4 **Total loans and securities**[1]	**142,266**	**144,281**	**146,298**	**145,837**	**144,468**	**147,597**	**143,318**	**144,885**	**143,362**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	6,556	7,786	7,731	7,649	7,689	7,999	8,047	8,271	8,330
8 One year or less	991	1,068	1,062	1,098	1,100	1,153	1,154	1,227	1,227
9 Over one through five years	4,989	6,136	6,088	6,060	6,087	6,322	6,363	6,565	6,671
10 Over five years	576	581	581	491	502	523	530	479	432
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	13,928	13,756	13,705	13,694	13,663	13,581	13,449	13,312	13,282
14 U.S. government agencies	2,084	1,965	1,956	1,962	1,919	1,842	1,751	1,698	1,697
15 States and political subdivision, by maturity	10,920	10,865	10,848	10,824	10,825	10,829	10,788	10,736	10,764
16 One year or less	1,253	1,233	1,209	1,160	1,194	1,179	1,175	1,166	1,180
17 Over one year	9,666	9,632	9,639	9,664	9,631	9,650	9,613	9,570	9,584
18 Other bonds, corporate stocks and securities	924	926	901	907	918	909	910	878	821
Loans									
19 Federal funds sold[3]	8,982	9,019	9,562	8,835	9,924	11,116	9,256	9,889	9,096
20 To commercial banks	4,045	4,277	4,345	4,112	4,978	5,409	4,458	4,563	3,750
21 To nonbank brokers and dealers in securities	4,067	3,931	4,444	3,845	4,070	4,580	3,814	4,195	4,183
22 To others	869	810	773	878	875	1,127	983	1,131	1,163
23 Other loans, gross	116,578	117,495	119,085	119,453	117,027	118,747	116,438	117,277	116,535
24 Commercial and industrial	61,222	62,685	62,514	62,005	61,670	61,390	61,312	61,314	60,875
25 Bankers acceptances and commercial paper	1,197	1,545	1,371	1,358	1,410	1,155	1,036	1,118	1,111
26 All other	60,025	61,140	61,143	60,647	60,261	60,236	60,277	60,196	59,764
27 U.S. addressees	58,410	59,640	59,612	59,206	58,787	58,756	58,701	58,678	58,149
28 Non-U.S. addressees	1,615	1,500	1,531	1,441	1,474	1,480	1,575	1,519	1,615
29 Real estate	18,941	18,833	18,861	18,837	18,891	18,770	18,756	18,884	18,946
30 To individuals for personal expenditures	11,594	11,578	11,605	11,619	11,636	11,616	11,627	11,621	11,647
31 To financial institutions Commercial banks in the United States	1,986	2,168	2,168	2,466	2,202	2,703	2,057	2,180	2,155
32 Banks in foreign countries	2,544	2,632	3,162	2,837	2,768	2,558	2,493	2,862	2,796
33 Sales finance, personal finance companies, etc.	4,723	4,609	4,583	4,582	4,821	4,914	4,800	4,857	4,776
34 Other financial institutions	4,902	4,879	5,012	4,885	4,793	4,919	4,989	4,928	4,877
35 To nonbank brokers and dealers in securities	5,516	4,788	5,980	7,004	5,183	6,194	5,474	5,535	5,355
36 To others for purchasing and carrying securities[4]	649	651	651	660	652	767	874	867	927
37 To finance agricultural production	424	420	419	417	387	371	392	392	380
38 All other	4,074	4,250	4,128	4,140	4,023	4,546	3,662	3,835	3,800
39 LESS: Unearned income	1,490	1,491	1,490	1,498	1,511	1,487	1,493	1,484	1,486
40 Loan loss reserve	2,289	2,283	2,294	2,296	2,324	2,359	2,378	2,381	2,395
41 Other loans, net	112,799	113,720	115,300	115,659	113,192	114,900	112,567	113,412	112,654
42 Lease financing receivables	2,093	2,066	2,094	2,093	2,074	2,063	2,062	2,044	2,060
43 All other assets[5]	50,615	53,243	53,245	52,652	52,291	58,914	55,710	54,500	54,626
44 **Total assets**	**217,342**	**220,962**	**228,609**	**227,846**	**221,653**	**236,746**	**225,649**	**225,344**	**220,567**
Deposits									
45 Demand deposits	45,781	47,270	49,039	50,807	45,960	53,641	45,410	45,862	45,878
46 Mutual savings banks	249	329	330	286	225	322	297	270	252
47 Individuals, partnerships, and corporations	30,445	31,245	32,390	33,546	30,813	36,158	30,430	31,154	30,392
48 States and political subdivisions	519	1,032	648	520	440	574	485	433	501
49 U.S. government	474	316	523	616	452	679	490	195	497
50 Commercial banks in the United States	3,877	5,294	4,476	4,779	4,408	5,617	3,919	4,734	4,600
51 Banks in foreign countries	4,491	4,198	5,254	4,783	4,850	4,540	4,544	4,637	5,260
52 Foreign governments and official institutions	686	1,112	653	801	742	962	566	571	626
53 Certified and officers' checks	5,042	3,745	4,766	5,475	4,030	4,787	4,679	3,867	3,748
54 Time and savings deposits	72,705	73,271	73,877	74,567	75,236	75,122	75,886	74,596	74,577
55 Savings	9,645	10,129	10,236	10,303	10,295	10,784	10,870	10,925	10,487
56 Individuals and nonprofit organizations	9,311	9,779	9,892	9,959	9,962	10,429	10,464	10,537	10,150
57 Partnerships and corporations operated for profit	228	225	222	222	227	230	231	232	228
58 Domestic governmental units	105	123	118	120	105	124	174	154	106
59 All other	1	1	1	1	1	1	1	1	2
60 Time	63,060	63,143	63,640	64,264	64,941	64,338	65,016	63,670	64,090
61 Individuals, partnerships, and corporations	53,183	52,920	53,272	54,019	54,663	54,058	54,589	52,855	53,302
62 States and political subdivisions	2,300	2,368	2,474	2,443	2,539	2,497	2,563	2,681	2,618
63 U.S. government	195	199	194	217	216	208	208	205	201
64 Commercial banks in the United States	5,376	5,638	5,757	5,554	5,517	5,475	5,575	5,810	5,938
65 Foreign governments, official institutions, and banks	2,006	2,017	1,942	2,030	2,005	2,099	2,080	2,120	2,032
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	28	...	...	675	375	...	1,405	...	...
67 Treasury tax-and-loan notes	3,134	2,355	2,221	2,259	2,182	926	368	920	342
68 All other liabilities for borrowed money[6]	47,864	50,398	54,977	50,120	48,340	55,656	51,984	53,522	49,172
69 Other liabilities and subordinated notes and debentures	29,857	29,274	30,074	31,067	31,404	32,987	32,145	32,012	32,219
70 **Total liabilities**	**199,369**	**202,569**	**210,188**	**209,495**	**203,495**	**218,333**	**207,199**	**206,912**	**202,188**
71 Residual (total assets minus total liabilities)[7]	17,973	18,393	18,421	18,351	18,158	18,414	18,450	18,433	18,378

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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27p	Nov. 3p	Nov. 10p	Nov. 17p	Nov. 24p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	615,804	621,610	623,104	620,754	618,693	625,827	618,974	619,237	618,923
2 Total loans (gross) adjusted[1]	499,433	502,662	503,577	502,430	499,731	503,707	499,378	500,350	500,155
3 Demand deposits adjusted[2]	96,742	102,044	100,087	100,800	100,893	104,666	100,176	100,664	99,236
4 Time deposits in accounts of $100,000 or more	205,706	205,728	206,260	206,021	204,854	203,596	203,283	201,052	202,996
5 Negotiable CDs	148,198	148,055	148,414	147,832	146,399	144,812	144,031	141,808	143,275
6 Other time deposits	57,508	57,672	57,847	58,189	58,455	58,784	59,252	59,244	59,722
7 Loans sold outright to affiliates[3]	2,861	2,750	2,815	2,790	2,883	2,874	2,886	2,933	2,956
8 Commercial and industrial	2,281	2,196	2,227	2,244	2,264	2,238	2,252	2,308	2,345
9 Other	580	554	588	546	619	636	634	624	611
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	577,719	583,699	584,977	582,541	580,398	587,275	580,264	580,595	580,255
11 Total loans (gross) adjusted[1]	471,112	474,419	475,242	474,032	471,300	475,240	470,877	471,887	471,656
12 Demand deposits adjusted[2]	89,329	94,556	92,778	93,542	93,474	97,100	92,571	92,927	91,625
13 Time deposits in accounts of $100,000 or more	196,287	196,430	196,977	196,706	195,533	194,250	193,718	191,571	193,506
14 Negotiable CDs	142,623	142,585	142,991	142,432	140,951	139,344	138,413	136,220	137,754
15 Other time deposits	53,664	53,846	53,985	54,274	54,582	54,906	55,305	55,351	55,752
16 Loans sold outright to affiliates[3]	2,784	2,679	2,738	2,716	2,808	2,800	2,815	2,862	2,884
17 Commercial and industrial	2,218	2,136	2,161	2,182	2,201	2,176	2,193	2,249	2,285
18 Other	566	543	576	534	607	624	622	613	599
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	140,013	141,609	143,570	143,053	141,123	143,331	140,675	142,008	141,338
20 Total loans (gross) adjusted[1]	119,528	120,068	122,133	121,710	119,771	121,751	119,179	120,424	119,726
21 Demand deposits adjusted[2]	24,776	26,912	26,294	26,556	25,845	27,600	23,991	24,939	25,729
22 Time deposits in accounts of $100,000 or more	48,155	48,339	48,911	49,667	50,341	49,736	50,679	49,381	49,440
23 Negotiable CDs	37,157	37,122	37,500	38,229	38,768	38,016	38,695	37,535	37,657
24 Other time deposits	10,998	11,217	11,411	11,439	11,573	11,720	11,984	11,847	11,783

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

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

Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27p	Nov. 3p	Nov. 10p	Nov. 17p	Nov. 24p
1 Cash and due from depository institutions	7,253	7,148	7,281	7,352	7,610	7,636	7,923	7,210	6,975
2 Total loans and securities	47,712	46,767	46,024	46,393	46,082	46,043	43,934	45,846	46,173
3 U.S. Treasury securities	1,757	1,860	2,156	2,702	2,715	2,731	2,848	2,797	2,802
4 Other securities	840	857	855	856	853	854	759	834	825
5 Federal funds sold[1]	4,042	3,287	3,046	2,558	2,943	2,828	2,643	3,172	2,978
6 To commercial banks in United States	3,758	2,918	2,822	2,339	2,722	2,629	2,374	2,919	2,832
7 To others	283	369	224	220	220	200	270	253	146
8 Other loans, gross	41,074	40,763	39,966	40,277	39,571	39,629	37,683	39,042	39,567
9 Commercial and industrial	20,156	19,331	18,857	18,918	18,677	19,024	18,545	19,011	19,276
10 Bankers acceptances and commercial paper	3,286	3,060	2,956	2,931	2,826	2,893	2,589	2,918	2,874
11 All other	16,849	16,270	15,901	15,987	15,851	16,131	15,956	16,093	16,402
12 U.S. addressees	14,896	14,340	13,977	13,906	13,832	14,046	13,999	14,122	14,456
13 Non-U.S. addressees	1,953	1,931	1,924	2,081	2,020	2,085	1,957	1,971	1,946
14 To financial institutions	16,169	16,635	16,527	16,723	16,433	16,078	14,886	15,931	16,125
15 Commercial banks in United States	13,166	13,523	13,446	13,609	13,175	12,869	11,804	12,857	13,067
16 Banks in foreign countries	2,308	2,447	2,456	2,375	2,562	2,570	2,420	2,430	2,455
17 Nonbank financial institutions	694	665	625	740	696	639	661	644	603
18 For purchasing and carrying securities	433	479	413	351	310	420	311	203	291
19 All other	4,336	4,318	4,169	4,284	4,151	4,107	3,941	3,897	3,875
20 Other assets (claims on nonrelated parties)	11,859	11,459	11,762	12,070	12,046	12,048	12,017	12,009	12,228
21 Net due from related institutions	11,153	13,066	12,900	12,401	12,612	12,864	13,689	12,255	12,184
22 Total assets	77,977	78,440	77,966	78,216	78,350	78,591	77,563	77,319	77,560
23 Deposits or credit balances[2]	23,771	24,192	24,489	24,114	23,487	23,820	23,660	23,400	24,192
24 Credit balances	212	245	254	206	216	270	246	204	213
25 Demand deposits	1,906	2,163	1,975	2,159	1,961	2,234	1,941	1,987	1,918
26 Individuals, partnerships, and corporations	771	821	922	943	839	1,079	903	895	944
27 Other	1,135	1,342	1,053	1,216	1,122	1,155	1,038	1,091	975
28 Total time and savings	21,653	21,784	22,260	21,748	21,310	21,316	21,473	21,209	22,060
29 Individuals, partnerships, and corporations	18,609	18,673	19,092	18,593	18,179	18,071	18,380	18,131	19,054
30 Other	3,044	3,111	3,168	3,156	3,131	3,245	3,093	3,078	3,006
31 Borrowings[3]	32,624	34,301	32,383	32,365	33,016	33,694	32,018	31,632	31,773
32 Federal funds purchased[4]	8,058	9,572	8,541	8,374	9,379	10,144	9,645	8,603	8,038
33 From commercial banks in United States	7,227	8,743	7,677	7,412	8,482	9,080	8,556	7,548	6,950
34 From others	831	829	864	962	897	1,064	1,089	1,056	1,087
35 Other liabilities for borrowed money	24,565	24,728	23,842	23,991	23,637	23,550	22,373	23,028	23,735
36 To commercial banks in United States	22,333	22,582	21,750	21,885	21,537	21,177	19,783	20,510	21,204
37 To others	2,232	2,146	2,092	2,106	2,100	2,373	2,590	2,519	2,531
38 Other liabilities to nonrelated parties	11,629	11,269	11,596	11,870	11,825	11,665	11,794	11,611	11,814
39 Net due to related institutions	9,954	8,679	9,498	9,868	10,022	9,412	10,090	10,677	9,782
40 Total liabilities	77,977	78,440	77,966	78,216	78,350	78,591	77,563	77,319	77,560
MEMO									
41 Total loans (gross) and securities adjusted[5]	30,788	30,326	29,755	30,445	30,184	30,545	29,756	30,069	30,274
42 Total loans (gross) adjusted[5]	28,190	27,610	26,744	26,888	26,616	26,960	26,148	26,438	26,646

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

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

Millions of dollars

Industry classification	Outstanding					Net change during				
	1982					1982				
	July 28	Aug. 25	Sept. 29	Oct. 27	Nov. 24p	Q2	Q3	Sept.	Oct.	Nov.p
1 Durable goods manufacturing	28,520	29,117	31,428	31,299	30,238	448	2,348	2,310	-129	-1,061
2 Nondurable goods manufacturing	24,815	24,866	25,813	24,773	24,678	2,137	514	947	-1,040	-96
3 Food, liquor, and tobacco	4,679	4,596	4,840	4,639	4,847	254	36	245	-202	208
4 Textiles, apparel, and leather	5,068	5,064	4,855	4,571	4,297	328	-7	-209	-284	-274
5 Petroleum refining	4,840	4,717	5,323	5,464	5,519	647	228	606	141	55
6 Chemicals and rubber	5,197	5,518	5,810	5,423	5,404	412	259	291	-387	-19
7 Other nondurable goods	5,030	4,971	4,985	4,677	4,611	496	1	14	-308	-66
8 Mining (including crude petroleum and natural gas)	27,983	27,313	28,406	29,322	29,507	2,401	154	1,092	916	185
9 Trade	28,570	28,320	29,052	28,965	28,825	376	-134	732	-87	-140
10 Commodity dealers	1,648	1,788	1,978	2,036	2,115	-461	116	190	59	78
11 Other wholesale	13,632	13,488	13,976	13,697	13,682	257	202	487	-278	-15
12 Retail	13,290	13,044	13,099	13,231	13,029	580	-453	54	132	-203
13 Transportation, communication, and other public utilities	24,962	24,751	24,916	24,962	25,179	1,372	-86	165	46	217
14 Transportation	8,868	8,964	8,976	8,913	9,039	73	-251	11	-62	126
15 Communication	4,832	4,905	5,154	5,255	5,300	537	376	250	101	45
16 Other public utilities	11,263	10,882	10,786	10,793	10,839	762	-210	-95	7	46
17 Construction	7,922	7,825	7,680	7,621	7,635	509	-81	-146	-59	14
18 Services	28,859	28,960	29,315	29,705	29,540	1,611	563	356	390	-165
19 All other[1]	17,330	17,536	17,920	17,848	17,975	-21	675	385	-72	127
20 **Total domestic loans**	**188,962**	**188,689**	**194,530**	**194,494**	**193,576**	**8,832**	**3,954**	**5,842**	**-36**	**-919**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	87,207	87,010	89,135	89,776	90,050	2,606	-674	2,125	640	275

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

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

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 Mar.[3]	1981 June[4]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June
	Commercial banks								
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	**280.8**	n.a.	**277.5**	**288.9**	**268.9**	**271.5**
2 Financial business	27.8	27.1	29.8	30.8	n.a.	28.2	28.0	27.8	28.6
3 Nonfinancial business	152.7	157.7	162.3	144.3	n.a.	148.6	154.8	138.7	141.4
4 Consumer	97.4	99.2	102.4	86.7	n.a.	82.1	86.6	84.6	83.7
5 Foreign	2.7	3.1	3.3	3.4	n.a.	3.1	2.9	3.1	2.9
6 Other	14.1	15.1	17.2	15.6	n.a.	15.5	16.7	14.6	15.0
	Weekly reporting banks								
	1978 Dec.	1979[5] Dec.	1980 Dec.	1981 Mar.[3]	1981 June[4]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	**133.2**	n.a.	**131.3**	**137.5**	**126.8**	**127.9**
8 Financial business	19.8	20.1	21.8	21.9	n.a.	20.7	21.0	20.2	20.2
9 Nonfinancial business	79.0	74.1	78.3	69.8	n.a.	71.2	75.2	67.1	67.7
10 Consumer	38.2	34.3	35.6	30.6	n.a.	28.7	30.4	29.2	29.7
11 Foreign	2.5	3.0	3.1	3.2	n.a.	2.9	2.8	2.9	2.8
12 Other	7.5	7.8	8.6	7.7	n.a.	7.9	8.0	7.3	7.5

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.
3. Demand deposit ownership data for March 1981 are subject to greater than normal errors reflecting unusual reporting difficulties associated with funds shifted to negotiable order of withdrawal (NOW) accounts authorized at year-end 1980. For the household category, the $15.7 billion decline in demand deposits at all commercial banks between December 1980 and March 1981 has an estimated standard error of $4.8 billion.
4. Demand deposit ownership survey estimates for June 1981 are not yet available due to unresolved reporting errors.
5. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**	**83,438**	**112,803**	**124,524**	**165,508**	**176,210**	**178,842**	**180,669**	**177,182**	**173,836**	**170,253**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,359	19,790	30,188	34,683	36,685	37,961	38,066	36,692	35,130
3 Bank-related (not seasonally adjusted)	2,132	3,521	2,784	3,561	6,045	8,003	7,188	6,427	6,038	5,924	5,791
Directly placed paper[4]											
4 Total	40,574	51,647	64,757	67,854	81,660	82,390	84,774	85,684	81,707	81,347	79,846
5 Bank-related (not seasonally adjusted)	7,102	12,314	17,598	22,382	26,914	30,576	30,828	31,141	28,901	27,761	27,712
6 Nonfinancial companies[5]	15,681	19,610	30,687	36,880	53,660	59,137	57,383	57,024	57,409	55,797	55,277
	Bankers dollar acceptances (not seasonally adjusted unless noted otherwise)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**69,226**	**71,601**	**71,765**	**72,559**	**72,709**	**73,818**	
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,857	11,104	10,362	11,164	11,805	10,752	
9 Own bills	8,915	7,653	8,327	8,963	9,743	9,879	9,175	9,734	10,740	9,370	
10 Bills bought	1,519	927	1,538	1,601	1,115	1,225	1,188	1,431	1,065	1,382	
Federal Reserve Banks											
11 Own account	954	1	704	776	0	0	0	0	0	0	n.a.
12 Foreign correspondents	362	664	1,382	1,791	1,442	1,234	1,348	1,250	1,239	1,139	
13 Others	13,700	24,456	33,370	41,614	56,926	59,262	60,054	60,145	59,664	61,927	
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	14,765	14,979	15,213	15,094	14,921	16,075	
15 Exports from United States	5,863	7,586	9,640	12,712	15,400	16,255	15,649	16,167	15,883	15,608	
16 All other	13,209	17,540	25,411	30,257	39,061	40,458	40,842	41,298	41,898	42,136	

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 3	17.50	July 20	16.00	1981—June	20.03	1982—Apr.	16.50
9	16.50–	29	15.50	July	20.39	May	16.50
	17.00	Aug. 2	15.00	Aug.	20.50	June	16.50
17	17.00	16	14.50	Sept.	20.08	July	16.26
20	16.50	18	14.00	Oct.	18.45	Aug.	14.39
24	16.00	23	13.50	Nov.	16.84	Sept.	13.50
Dec. 1	15.75	Oct. 7	13.00	Dec.	15.75	Oct.	12.52
1982—Feb. 2	16.50	14	12.00	1982—Jan.	15.75	Nov.	11.85
18	17.00	Nov. 22	11.50	Feb.	16.56		
23	16.50	1981—May	19.61	Mar.	16.56		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–7, 1982▲

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
Short-Term Commercial and Industrial Loans							
1 Amount of loans (thousands of dollars)	37,561,878	936,686	665,314	816,533	1,982,909	911,670	32,248,746
2 Number of loans	165,698	115,899	20,423	12,555	10,543	1,397	4,882
3 Weighted-average maturity (months)	1.2	3.8	4.0	3.8	4.0	3.5	.8
4 Weighted-average interest rate (percent per annum)	13.27	17.89	17.22	17.25	16.81	15.92	12.66
5 Interquartile range[1]	11.91–13.62	17.00–18.74	16.99–17.94	16.13–18.00	16.08–18.12	15.25–17.05	11.85–12.83
Percentage of amount of loans							
6 With floating rate	23.1	34.0	41.4	50.8	60.7	68.1	18.2
7 Made under commitment	63.6	37.3	32.6	37.3	45.5	67.3	66.7
8 With no stated maturity	9.8	15.0	14.2	21.0	23.2	33.1	7.8
Long-Term Commercial and Industrial Loans		1–99					
9 Amount of loans (thousands of dollars)	3,907,991	272,632			350,030	158,684	3,126,644
10 Number of loans	25,774	23,334			1,637	242	562
11 Weighted-average maturity (months)	46.5	36.0			32.2	34.9	49.6
12 Weighted-average interest rate (percent per annum)	15.22	18.90			16.78	16.20	14.68
13 Interquartile range[1]	12.33–16.96	17.23–19.56			16.50–17.35	15.87–17.23	12.16–16.25
Percentage of amount of loans							
14 With floating rate	60.0	39.3			93.1	79.9	57.0
15 Made under commitment	61.2	45.0			43.8	81.4	63.5
Construction and Land Development Loans		1–24	25–49	50–99		500 and over	
16 Amount of loans (thousands of dollars)	1,371,559	166,552	80,023	89,757	326,158	709,068	
17 Number of loans	32,185	26,780	2,149	1,533	1,453	271	
18 Weighted-average maturity (months)	7.9	5.1	5.0	5.9	7.9	9.3	
19 Weighted-average interest rate (percent per annum)	17.19	18.29	17.79	18.59	19.19	15.77	
20 Interquartile range[1]	15.75–18.97	17.55–19.26	17.32–18.12	17.94–19.86	17.81–20.62	14.09–17.69	
Percentage of amount of loans							
21 With floating rate	63.9	26.3	92.1	21.0	94.0	61.2	
22 Secured by real estate	73.7	47.3	93.1	22.1	87.9	77.6	
23 Made under commitment	68.6	24.8	91.7	19.7	89.6	72.9	
24 With no stated maturity	5.6	.8	3.7	3.4	2.8	8.4	
Type of construction							
25 1- to 4-family	21.0	37.5	82.7	44.4	9.9	12.3	
26 Multifamily	6.7	4.6	2.6	5.4	10.1	6.2	
27 Nonresidential	72.4	57.9	14.7	50.2	80.0	81.5	
Loans to Farmers	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,217,411	144,565	158,245	121,973	140,376	194,110	458,141
29 Number of loans	59,556	41,163	10,914	3,734	2,105	1,251	388
30 Weighted-average maturity (months)	5.4	5.6	5.8	5.7	6.4	6.0	4.7
31 Weighted-average interest rate (percent per annum)	16.81	17.48	17.31	17.66	17.49	17.45	15.72
32 Interquartile range[1]	16.33–17.99	16.87–18.12	16.63–18.03	17.17–18.28	17.00–17.98	17.05–17.99	15.00–17.23
By purpose of loan							
33 Feeder livestock	16.76	17.67	17.26	18.18	17.13	17.22	15.87
34 Other livestock	15.56	17.02	17.74	17.47	*	*	*
35 Other current operating expenses	16.95	17.47	17.27	17.51	17.66	17.38	14.92
36 Farm machinery and equipment	17.27	17.75	16.78	18.22	*	*	*
37 Other	16.92	17.54	18.02	17.64	17.89	17.84	16.23

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.
NOTE. For more detail, see the Board's E.2 (111) statistical release.

▲ Write to the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, about the differences in statistics because of changes in the reporting form.

1.35 INTEREST RATES Money and Capital Markets

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

	Instrument	1979	1980	1981	1982				1982, week ending				
					Aug.	Sept.	Oct.	Nov.	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	MONEY MARKET RATES												
1	Federal funds[1,2]	11.19	13.36	16.38	10.12	10.31	9.71	9.20	9.44	9.43	9.45	9.61	8.91
	Commercial paper[3,4]												
2	1-month	10.86	12.76	15.69	9.50	9.96	9.08	8.66	8.74	8.68	8.73	8.88	8.34
3	3-month	10.97	12.66	15.32	10.15	10.36	9.20	8.69	8.86	8.74	8.75	8.87	8.45
4	6-month	10.91	12.29	14.76	10.80	10.86	9.21	8.72	8.93	8.71	8.76	8.89	8.50
	Finance paper, directly placed[3,4]												
5	1-month	10.78	12.44	15.30	9.32	9.89	8.89	8.51	8.57	8.53	8.69	8.71	8.11
6	3-month	10.47	11.49	14.08	9.62	9.65	8.60	8.39	8.36	8.40	8.43	8.55	8.18
7	6-month	10.25	11.28	13.73	9.93	9.63	8.60	8.42	8.36	8.40	8.43	8.56	8.28
	Bankers acceptances[4,5]												
8	3-month	11.04	12.78	15.32	10.34	10.40	9.24	8.76	8.93	8.75	8.81	8.91	8.55
9	6-month	n.a.	n.a.	14.66	10.90	10.82	9.21	8.77	8.99	8.70	8.81	8.88	8.58
	Certificates of deposit, secondary market[6]												
10	1-month	11.03	12.91	15.91	10.07	10.23	9.36	8.82	9.01	8.87	8.90	9.06	8.55
11	3-month	11.22	13.07	15.91	10.61	11.66	9.51	8.95	9.14	8.96	9.01	9.19	8.69
12	6-month	11.44	12.99	15.77	11.53	11.46	9.67	9.13	9.42	9.08	9.18	9.31	8.91
13	Eurodollar deposits, 3-month[2]	11.96	14.00	16.79	11.57	11.74	10.43	9.77	9.95	9.81	9.73	9.93	9.70
	U.S. Treasury bills[4]												
	Secondary market[7]												
14	3-month	10.07	11.43	14.03	8.68	7.92	7.71	8.07	7.93	7.78	8.07	8.31	7.94
15	6-month	10.06	11.37	13.80	9.88	9.37	8.29	8.34	8.39	8.24	8.39	8.41	8.18
16	1-year	9.75	10.89	13.14	10.37	9.92	8.63	8.44	8.58	8.36	8.47	8.49	8.35
	Auction average[8]												
17	3-month	10.041	11.506	14.077	9.006	8.196	7.750	8.042	8.031	7.813	7.964	8.446	7.944
18	6-month	10.017	11.374	13.811	10.105	9.539	8.299	8.319	8.472	8.231	8.397	8.539	8.109
19	1-year	9.817	10.748	13.159	11.195	10.286	9.521	8.567	....	8.567	....	....	....
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[9]												
	Constant maturities[10]												
20	1-year	10.67	12.05	14.78	11.43	10.85	9.32	9.16	9.26	9.03	9.19	9.23	9.07
21	2-year	10.12	11.77	14.56	12.32	11.78	10.19	9.80	9.93	9.68	9.80	9.86	9.76
22	2-1/2-year[11]	......	....	....	....	....	....	....	....	9.85	....	9.90	....
23	3-year	9.71	11.55	14.44	12.62	12.03	10.62	9.98	10.52	9.96	9.96	10.01	9.92
24	5-year	9.52	11.48	14.24	13.00	12.25	10.80	10.38	10.73	10.34	10.44	10.51	10.21
25	7-year	9.48	11.43	14.06	13.14	12.36	10.88	10.53	10.84	10.48	10.54	10.56	10.46
26	10-year	9.44	11.46	13.91	13.06	12.34	10.91	10.55	10.87	10.48	10.53	10.56	10.52
27	20-year	9.33	11.39	13.72	12.91	12.16	10.97	10.57	10.97	10.55	10.56	10.56	10.52
28	30-year	9.29	11.30	13.44	12.77	12.07	11.17	10.54	11.16	10.70	10.46	10.47	10.47
	Composite[12]												
29	Over 10 years (long-term)	8.74	10.81	12.87	12.15	11.48	10.51	10.18	10.44	10.03	10.11	10.22	10.23
	State and local notes and bonds												
	Moody's series[13]												
30	Aaa	5.92	7.85	10.43	10.68	9.70	9.15r	9.45	9.40	9.40	9.30	9.70	9.40
31	Baa	6.73	9.01	11.76	12.36	11.88r	10.66r	10.79	10.75	10.85	10.80	10.80	10.70
32	*Bond Buyer* series[14]	6.52	8.59	11.33	11.23	10.66	9.69	10.07	10.05	9.96	9.92	10.20	10.16
	Corporate bonds												
	Seasoned issues[15]												
33	All industries	10.12	12.75	15.06	15.06	14.34	13.54	13.08	13.40	13.14	13.08	13.06	13.02
34	Aaa	9.63	11.94	14.17	13.71	12.94	12.12	11.68	12.00	11.68	11.62	11.70	11.67
35	Aa	9.94	12.50	14.75	14.48	13.72	12.97	12.51	12.86	12.53	12.49	12.52	12.50
36	A	10.20	12.89	15.29	15.70	15.07	14.34	13.81	14.15	13.92	13.80	13.80	13.73
37	Baa	10.69	13.67	16.04	16.32	15.63	14.73	14.30	14.57	14.44	14.39	14.23	14.18
	Aaa utility bonds[16]												
38	New issue	10.03	12.74	15.56	13.95	13.50	12.20	11.76	12.20	11.72	....	....	11.80
39	Recently offered issues	10.02	12.70	15.56	14.47	13.57	12.34	11.88	12.15	11.92	11.76	11.88	11.90
	MEMO: Dividend/price ratio[17]												
40	Preferred stocks	9.07	10.57	12.36	12.78	12.41	11.71	11.18	11.46	11.29	11.08	11.20	11.15
41	Common stocks	5.46	5.25	5.41	6.32	5.63	5.12	4.92	5.05	4.79	4.84	4.94	5.10

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

1.36 STOCK MARKET Selected Statistics

Indicator	1979	1980	1981	1982 Mar.	1982 Apr.	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	55.67	68.06	74.02	63.86	66.97	67.07	63.10	62.82	62.91	70.21	76.10	79.75
2 Industrial	61.82	78.64	85.44	71.51	75.59	75.97	71.59	71.37	70.98	80.08	86.67	90.76
3 Transportation	45.20	60.52	72.61	55.19	57.91	56.84	53.07	53.40	53.98	61.39	66.64	71.92
4 Utility	36.46	37.35	38.90	38.57	39.20	39.40	37.34	37.20	38.19	40.36	42.67	43.46
5 Finance	58.65	64.28	73.52	69.08	71.44	69.16	63.19	61.59	62.84	69.66	80.59	88.66
6 Standard & Poor's Corporation (1941–43 = 10)[1]	107.94	118.71	128.05	110.84	116.31	116.35	109.70	109.38	109.65	122.43	132.66	138.10
7 American Stock Exchange (Aug. 31, 1973 = 100)	186.56	300.94	343.58	255.08	271.15	272.88	254.72	250.63	253.54	286.22	308.74	333.54
Volume of trading (thousands of shares)												
8 New York Stock Exchange	32,233	44,867	46,967	55,227	54,116	51,328	50,481	54,530	76,031	73,710	98,508	88,431
9 American Stock Exchange	4,182	6,377	5,346	4,329	3,937	4,292	3,720	3,611	5,567	5,064	7,828	8,672
	Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers–dealers[2]	**11,619**	**14,721**	**14,411**	**12,095**	**12,202**	**12,237**	**11,783**	**11,729**	**11,396**	**11,208**	**11,728**	
11 Margin stock[3]	11,450	14,500	14,150	11,840	11,950	11,990	11,540	11,470	11,150	10,950	11,450	
12 Convertible bonds	167	219	259	249	251	246	242	258	245	257	277	
13 Subscription issues	2	2	2	6	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[4]												
14 Margin-account	1,105	2,105	3,515	3,895	4,145	4,175	4,215	4,410	4,470	4,990	5,520	
15 Cash-account	4,060	6,070	7,150	6,510	6,270	6,355	6,345	6,730	7,550	7,475	8,120	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[5]												
17 Under 40	16.0	14.0	37.0	39.0	34.0	40.0	43.0	44.0	30.0	27.0	21.0	
18 40–49	29.0	30.0	21.0	24.0	25.0	24.0	21.0	23.0	26.0	26.0	24.0	
19 50–59	27.0	25.0	22.0	16.0	18.0	15.0	16.0	13.0	18.0	20.0	22.0	n.a.
20 60–69	14.0	14.0	10.0	10.0	10.0	9.0	9.0	9.0	12.0	12.0	16.0	
21 70–79	8.0	9.0	6.0	6.0	7.0	6.0	6.0	6.0	8.0	8.0	9.0	
22 80 or more	7.0	8.0	6.0	5.0	6.0	5.0	5.0	5.0	6.0	7.0	8.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[6]	**16,150**	**21,690**	**25,870**	**28,030**	**28,252**	**28,521**	**29,798**	**29,773**	**31,102**	**31,644**	**33,689**	
Distribution by equity status (percent)												
24 Net credit status	44.2	47.8	58.0	59.0	57.0	58.0	59.0	59.0	60.0	61.0	61.0	n.a.
Debt status, equity of												
25 60 percent or more	47.0	44.4	31.0	28.0	29.0	29.0	28.0	26.0	28.0	27.0	29.0	
26 Less than 60 percent	8.8	7.7	11.0	13.0	13.0	13.0	13.0	14.0	12.0	12.0	10.0	

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1979	1980	1981	1982								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. r	Oct. p
	Savings and loan associations											
1 **Assets**	**578,962**	**630,712**	**664,167**	**672,219**	**678,365**	**681,696**	**687,273**	**692,759**	**697,690**	**703,399**	**691,077**	**691,381**
2 Mortgages	475,688	503,192	518,547	516,488	516,111	514,702	514,046	512,997	510,678	509,776	493,899	490,860
3 Cash and investment securities[1]	46,341	57,928	63,123	66,949	68,125	68,227	70,302	70,824	72,854	74,141	74,692	75,368
4 Other	56,933	69,592	82,497	88,782	94,129	98,767	102,925	108,938	114,158	119,482	122,486	125,153
5 **Liabilities and net worth**	**578,962**	**630,712**	**664,167**	**672,219**	**678,365**	**681,696**	**687,273**	**692,759**	**697,690**	**703,399**	**691,077**	**691,381**
6 Savings capital	470,004	511,636	525,061	529,756	536,265	533,595	535,215	538,667	539,830	542,648	547,628	546,699
7 Borrowed money	55,232	64,586	88,782	89,146	90,689	93,560	94,117	96,850	98,433	98,803	99,771	100,977
8 FHLBB	40,441	47,045	62,794	62,690	63,636	65,347	65,216	66,925	67,019	66,374	65,567	65,005
9 Other	14,791	17,541	25,988	26,456	27,053	28,213	28,901	29,925	31,414	32,429	34,204	35,972
10 Loans in process	9,582	8,767	6,385	6,161	6,418	6,568	6,766	7,116	7,250	7,491	8,084	8,317
11 Other	11,506	12,394	15,544	20,078	18,505	21,948	25,756	24,671	27,375	29,965	19,202	19,303
12 Net worth[2]	32,638	33,329	28,395	27,078	26,488	26,025	25,419	25,455	24,802	24,492	24,476	24,402
13 MEMO: Mortgage loan commitments outstanding[3]	16,007	16,102	15,225	15,397	15,582	16,375	16,622	16,828	15,924	16,943	17,256	18,093
	Mutual savings banks[4]											
14 **Assets**	**163,405**	**171,564**	**175,728**	**175,763**	**174,776**	**174,813**	**174,952**	**175,091**	**175,563**	**175,563**	**173,487**	n.a.
Loans												
15 Mortgage	98,908	99,865	99,997	98,838	97,464	97,160	96,334	96,346	96,231	94,448	94,382	n.a.
16 Other	9,253	11,733	14,753	15,604	16,514	16,424	17,409	16,546	17,104	16,919	17,458	n.a.
Securities												
17 U.S. government[5]	7,658	8,949	9,810	9,966	10,072	10,146	9,968	10,112	10,036	9,653	9,404	n.a.
18 State and local government	2,930	2,390	2,288	2,293	2,276	2,269	2,259	2,253	2,247	2,214	2,191	n.a.
19 Corporate and other[6]	37,086	39,282	37,791	37,781	37,379	37,473	37,486	36,958	36,670	35,956	35,845	n.a.
20 Cash	3,156	4,334	5,442	5,412	5,219	5,494	5,469	6,040	6,167	6,405	6,695	n.a.
21 Other assets	4,412	5,011	5,649	5,869	5,852	5,846	6,027	6,836	7,109	7,185	7,514	n.a.
22 **Liabilities**	**163,405**	**171,564**	**175,728**	**175,763**	**174,776**	**174,813**	**174,952**	**175,091**	**175,563**	**172,780**	**173,487**	n.a.
23 Deposits	146,006	154,805	155,110	154,626	154,022	153,187	153,354	154,273	154,204	151,897	153,089	n.a.
24 Regular[7]	144,070	151,416	153,003	152,616	151,979	151,021	151,253	152,030	151,845	149,613	150,795	n.a.
25 Ordinary savings	61,123	53,971	49,425	48,297	48,412	47,733	47,895	47,942	47,534	46,856	47,496	n.a.
26 Time	82,947	97,445	103,578	104,318	103,567	103,288	103,358	104,088	104,310	102,756	103,299	n.a.
27 Other	1,936	2,086	2,108	2,010	2,043	2,166	2,101	2,243	2,359	2,285	2,294	n.a.
28 Other liabilities	5,873	6,695	10,632	11,464	11,132	12,141	12,246	11,230	11,940	11,691	11,166	n.a.
29 General reserve accounts	11,525	11,368	9,986	9,672	9,622	9,485	9,352	9,588	9,419	21,145	9,232	n.a.
30 MEMO: Mortgage loan commitments outstanding[8]	3,182	1,476	1,293	950	978	953	998	1,010	992	1,056	1,217	n.a.
	Life insurance companies											
31 **Assets**	**432,282**	**479,210**	**525,803**	**531,166**	**535,402**	**539,801**	**543,470**	**547,075**	**551,124**	**557,094**	**563,321**	n.a.
Securities												
32 Government	338	21,378	25,209	26,208	26,958	27,346	27,835	28,243	28,694	30,263	30,759	n.a.
33 United States[9]	4,888	5,345	8,167	9,019	9,576	9,832	10,187	10,403	10,774	12,214	12,606	n.a.
34 State and local	6,428	6,701	7,151	7,302	7,369	7,467	7,543	7,643	7,705	7,799	7,834	n.a.
35 Foreign[10]	9,022	9,332	9,891	9,887	10,013	10,045	10,105	10,197	10,215	10,250	10,319	n.a.
36 Business	222,332	238,113	255,769	259,449	259,770	262,599	264,107	265,080	267,627	270,029	273,539	n.a.
37 Bonds	178,171	190,747	208,098	213,180	213,683	215,586	217,594	219,006	221,503	221,642	223,783	n.a.
38 Stocks	48,757	47,366	47,670	46,269	46,087	47,013	46,513	46,074	46,124	48,387	49,756	n.a.
39 Mortgages	119,421	131,030	137,747	138,372	138,762	139,206	139,455	139,539	140,044	140,244	140,404	n.a.
40 Real estate	13,007	15,063	18,278	18,702	19,167	19,516	19,713	19,959	20,198	20,176	20,268	n.a.
41 Policy loans	44,825	41,411	48,706	49,490	50,052	50,573	50,992	51,438	51,867	52,238	52,525	n.a.
42 Other assets	27,563	31,702	40,094	38,945	40,696	40,561	41,368	42,816	42,694	44,144	45,826	n.a.
	Credit unions											
43 **Total assets/liabilities and capital**	**65,854**	**71,709**	**77,682**	**78,986**	**81,055**	**81,351**	**82,858**	**84,107**	**84,423**	**85,102**	**86,554**	n.a.
44 Federal	35,934	39,801	42,382	43,111	44,263	44,371	45,077	45,705	45,931	46,310	47,076	n.a.
45 State	29,920	31,908	35,300	35,875	36,792	36,980	37,781	38,402	38,492	38,792	39,478	n.a.
46 Loans outstanding	53,125	47,774	50,448	49,610	49,668	49,533	49,556	49,919	50,133	50,733	51,047	n.a.
47 Federal	28,698	25,627	27,458	27,051	27,119	27,064	27,073	27,295	27,351	27,659	27,862	n.a.
48 State	24,426	22,147	22,990	22,559	22,549	22,469	22,483	22,624	22,782	23,074	23,185	n.a.
49 Savings	56,232	64,399	68,871	70,227	72,218	72,569	73,602	74,834	75,088	75,331	76,874	n.a.
50 Federal (shares)	35,530	36,348	37,574	38,331	39,431	39,688	40,213	40,710	40,969	41,178	41,961	n.a.
51 State (shares and deposits)	25,702	28,051	31,297	31,896	32,787	32,881	33,389	34,124	34,119	34,153	34,913	n.a.

For notes see bottom of opposite page.

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year 1981 H1	1981 H2	1982 H1	1982 Aug.	1982 Sept.	1982 Oct.
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	317,304	301,777	322,478	44,924	59,694	40,539
2 Outlays[1,2]	576,675	657,204	728,424	333,115	358,558	348,678	59,628	61,403	66,708
3 Surplus, or deficit (−)	−59,563	−57,932	−110,658	−15,811	−56,780	−26,200	−14,704	−1,708	−26,169
4 Trust funds	8,801	6,817	5,456	5,797	−8,085	−17,690	−1,997	10,246	−6,269
5 Federal funds[3]	−68,364	−64,749	−116,115	−21,608	−48,697	−43,889	−12,707	−11,954	−19,889
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−11,046	−8,728	−7,942	−1,336	−1,371	−521
7 Other[4]	303	−236	−3,190	−900	−1,752	227	−711	−1,495	226
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−73,808	−78,936	−127,989	−27,757	−67,260	−33,914	−16,751	−4,575	−26,462
Source or financing									
9 Borrowing from the public	70,515	79,329	134,912	33,213	54,081	41,728	21,086	22,129	6,228
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,936	2,873	−1,111	−408	2,338	−20,648	13,964
11 Other[6]	3,648	1,485	5,013	−8,328	14,290	−7,405	−6,673	3,094	6,270
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	16,389	12,046	10,999	8,019	29,164	14,078
13 Federal Reserve Banks	4,102	3,520	10,975	2,923	4,301	4,099	3,234	10,975	2,309
14 Tax and loan accounts	16,888	15,150	18,189	13,466	7,745	6,900	4,785	18,189	11,769

1. The *Budget of the U.S. Government, Fiscal Year 1983,* has reclassified supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin,* and the *Budget of the United States Government, Fiscal Year 1983.*

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

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

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year 1981 H1	Calendar year 1981 H2	Calendar year 1982 H1	Calendar year 1982 Aug.	Calendar year 1982 Sept.	Calendar year 1982 Oct.
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**317,304**	**301,777**	**322,478**	**44,924**	**59,694**	**40,539**
2 Individual income taxes, net	244,069	285,917	298,111	142,889	147,035	150,565	20,867	32,592	20,832
3 Withheld	223,763	256,332	267,474	126,101	134,199	133,575	20,521	21,814	19,541
4 Presidential Election Campaign Fund	39	41	39	36	5	34	1	0	0
5 Nonwithheld	63,746	76,844	85,096	59,907	17,391	66,174	1,529	11,429	1,791
6 Refunds	43,479	47,299	54,498	43,155	4,559	49,217	1,185	651	500
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	44,048	31,056	37,836	1,694	8,118	2,371
8 Refunds	7,780	12,596	16,784	6,565	738	8,028	1,271	1,972	2,832
9 Social insurance taxes and contributions, net	157,803	182,720	201,131	101,316	91,592	108,079	17,961	15,608	15,157
10 Payroll employment taxes and contributions[2]	133,042	156,953	172,744	83,851	82,984	88,795	14,823	14,283	14,036
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	6,240	244	7,357	0	790	36
12 Unemployment insurance	15,336	16,129	16,234	9,205	6,355	9,809	2,743	167	762
13 Other net receipts[1,4]	3,702	3,598	4,212	2,020	2,009	2,119	396	368	324
14 Excise taxes	24,329	40,839	36,311	21,945	22,097	17,525	2,828	2,732	2,623
15 Customs deposits	7,174	8,083	8,854	3,926	4,661	4,310	747	688	675
16 Estate and gift taxes	6,389	6,787	7,991	3,259	3,742	4,208	681	595	500
17 Miscellaneous receipts[5]	12,748	13,790	16,161	6,487	8,441	7,984	1,418	1,333	1,212
OUTLAYS									
18 **All types**[1,6]	**576,675**	**657,204**	**728,424**	**333,115**	**358,558**	**346,286**	**59,628**	**61,403**	**66,708**
19 National defense	135,856	159,765	187,397	80,005	87,421	93,154	15,318	16,983	16,283
20 International affairs	10,733	11,130	9,983	5,999	4,655	5,183	395	1,435	1,027
21 General science, space, and technology	5,722	6,359	7,096	3,314	3,388	3,370	620	519	603
22 Energy	6,313	10,277	4,844	5,677	4,394	2,814	256	71	694
23 Natural resources and environment	13,812	13,525	13,086	6,476	7,296	5,636	1,172	1,311	1,137
24 Agriculture	4,762	5,572	14,808	3,101	5,181	7,087	707	1,044	2,029
25 Commerce and housing credit	7,788	3,946	3,843	2,073	1,825	1,410	−385	−402	1,119
26 Transportation	21,120	23,381	20,589	11,991	10,753	9,915	1,836	2,054	1,745
27 Community and regional development	10,068	9,394	7,410	4,621	4,269	3,193	675	708	946
28 Education, training, employment, social services	30,767	31,402	25,411	15,928	13,878	12,595	2,408	1,696	2,167
29 Health[1]	55,220	65,982	74,018	33,113	35,322	37,213	6,356	6,499	6,403
30 Income security[6]	193,100	225,099	248,807	113,490	129,269	112,782	20,346	21,612	22,186
31 Veterans benefits and services	21,183	22,988	23,973	10,531	12,880	10,865	997	1,928	1,945
32 Administration of justice	4,570	4,698	4,648	2,344	2,290	2,334	427	401	368
33 General government	4,505	4,614	4,833	2,692	2,311	2,410	630	365	146
34 General-purpose fiscal assistance	8,584	6,856	6,161	3,015	3,043	3,325	38	32	1,558
35 Interest	64,504	82,537	100,777	41,178	47,667	50,070	8,871	6,931	7,672
36 Undistributed offsetting receipts[7]	−21,933	−30,320	−29,261	−12,432	−17,281	−14,680	−1,038	−1,785	−1,319

1. The *Budget of the U.S. Government, Fiscal Year 1983* has reclassified supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Consists of interest received by trust funds, rents and royalties on the outer continental shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1983.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1980		1981				1982		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**914.3**	**936.7**	**970.9**	**977.4**	**1,003.9**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**
2 Public debt securities	907.7	930.2	964.5	971.2	997.9	1,028.7	1,061.3	1,079.6	1,142.0
3 Held by public	710.0	737.7	773.7	771.3	789.8	825.5	858.9	867.9	925.6
4 Held by agencies	197.7	192.5	190.9	199.9	208.1	203.2	202.4	211.7	216.4
5 Agency securities	6.6	6.5	6.4	6.2	6.1	6.0	5.1	5.0	5.0
6 Held by public	5.1	5.0	4.9	4.7	4.6	4.6	3.9	3.9	3.7
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.4	1.2	1.1	1.3
8 **Debt subject to statutory limit**	**908.7**	**931.2**	**965.5**	**972.2**	**998.8**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**
9 Public debt securities	907.1	929.6	963.9	970.6	997.2	1,028.1	1,060.7	1,079.0	1,141.4
10 Other debt[1]	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5
11 MEMO: Statutory debt limit	925.0	935.1	985.0	985.0	999.8	1,079.8	1,079.8	1,143.1	1,143.1

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

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

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

Billions of dollars, end of period

Type and holder	1978	1979	1980	1981	1982				
					July	Aug.	Sept.	Oct.	Nov.
1 **Total gross public debt**	**789.2**	**845.1**	**930.2**	**1,028.7**	**1,089.6**	**1,109.2**	**1,142.0**	**1,142.8**	**1,161.7**
By type									
2 Interest-bearing debt	782.4	844.0	928.9	1,027.3	1,083.3	1,108.1	1,140.9	1,136.8	1,160.5
3 Marketable	487.5	530.7	623.2	720.3	774.1	801.4	824.4	824.7	852.5
4 Bills	161.7	172.6	216.1	245.0	262.0	273.1	277.9	283.9	293.5
5 Notes	265.8	283.4	321.6	375.3	411.1	457.4	442.9	438.1	454.2
6 Bonds	60.0	74.7	85.4	99.9	101.0	100.9	103.6	102.7	104.7
7 Nonmarketable[1]	294.8	313.2	305.7	307.0	309.2	306.7	316.5	312.2	308.0
8 Convertible bonds[2]	2.2	2.2	...	...	...	...	...	...	...
9 State and local government series	24.3	24.6	23.8	23.0	23.4	23.5	23.6	23.8	25.0
10 Foreign issues[3]	29.6	28.8	24.0	19.0	16.6	15.6	14.6	14.6	14.9
11 Government	28.0	23.6	17.6	14.9	13.6	12.5	12.2	12.2	12.5
12 Public	1.6	5.3	6.4	4.1	3.1	3.1	2.4	2.4	2.4
13 Savings bonds and notes	80.9	79.9	72.5	68.1	67.4	67.4	67.5	67.8	68.1
14 Government account series[4]	157.5	177.5	185.1	196.7	201.5	119.9	210.5	205.7	199.9
15 Non-interest-bearing debt	6.8	1.2	1.3	1.4	1.1	1.1	1.2	6.0	1.2
By holder[5]									
16 U.S. government agencies and trust funds	170.0	187.1	192.5	203.3	206.7	205.8	216.4		
17 Federal Reserve Banks	109.6	117.5	121.3	131.0	129.4	132.9	134.4		
18 Private investors	508.6	540.5	616.4	694.5	749.6				
19 Commercial banks	93.2	96.4	116.0	109.4	110.0				
20 Mutual savings banks	5.0	4.7	5.4	5.2	5.6				
21 Insurance companies	15.7	16.7	20.1	19.1	22.6				
22 Other companies	19.6	22.9	25.7	37.8	39.9	n.a.	n.a.	n.a.	n.a.
23 State and local governments	64.4	69.9	78.8	85.6	88.7				
Individuals									
24 Savings bonds	80.7	79.9	72.5	68.0	67.4				
25 Other securities	30.3	36.2	56.7	75.6	79.0				
26 Foreign and international[6]	137.8	124.4	127.7	141.4	143.3				
27 Other miscellaneous investors[7]	58.9	90.1	106.9	152.3	193.1				

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

NOTE. Gross public debt excludes guaranteed agency securities.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity▲

▲Series discontinued.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1979	1980	1981	1982 Aug.[r]	1982 Sept.[r]	1982 Oct.	1982, week ending Wednesday Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
Immediate delivery[1]											
1 U.S. government securities	13,183	18,331	24,728	40,466	38,001	35,137	32,897	34,892	38,955	32,660	37,220
By maturity											
2 Bills	7,915	11,413	14,768	23,287	21,037	18,466	16,729	19,007	17,823	19,194	20,325
3 Other within 1 year	454	421	621	1,093	1,180	816	633	929	838	900	531
4 1–5 years	2,417	3,330	4,360	8,631	7,278	7,629	8,179	7,029	7,803	5,815	7,938
5 5–10 years	1,121	1,464	2,451	4,138	4,863	4,250	3,747	3,716	4,595	3,016	4,695
6 Over 10 years	1,276	1,704	2,528	3,317	3,643	3,976	3,608	4,210	7,896	3,735	3,732
By type of customer											
7 U.S. government securities dealers	1,448	1,484	1,640	1,980	1,849	1,614	1,939	1,879	2,156	2,190	2,236
8 U.S. government securities brokers	5,170	7,610	11,750	19,792	17,937	17,298	15,804	16,096	17,864	16,651	17,699
9 All others[2]	6,564	9,237	11,337	18,695	18,215	16,225	15,153	16,917	18,935	14,819	17,286
10 Federal agency securities	2,723	3,258	3,306	4,972	4,644	5,827	5,634	5,815	5,282	5,035	5,056
11 Certificates of deposit	1,764	2,472	4,477	5,381	4,542	5,273	4,061	5,290	3,689	4,929	5,877
12 Bankers acceptances			1,807	2,787	2,376	3,065	2,708	3,247	2,577	2,723	3,278
13 Commercial paper			6,128	7,685	7,669	7,342	6,270	8,550	7,202	7,523	7,692
Futures transactions[3]											
14 Treasury bills			3,523	6,404	5,600	4,499	4,048	4,213	3,957	5,575	4,946
15 Treasury coupons			1,330	1,572	1,678	1,922	1,863	1,864	2,242	1,618	1,912
16 Federal agency securities	n.a.	n.a.	234	331	262	332	337	224	186	269	148
Forward transactions[4]											
17 U.S. government securities			365	1,027	1,752	760	1,125	865	1,318	1,105	1,590
18 Federal agency securities			1,370	815	985	1,132	1,197	1,133	1,228	1,143	557

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

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

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

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1979	1980	1981	1982 Aug.	1982 Sept.[r]	1982 Oct.	1982, week ending Wednesday Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3
					Positions						
Net immediate[1]											
1 U.S. government securities	3,223	4,306	9,033	4,957	2,107	3,641	1,879	3,595	3,931	4,611	4,541
2 Bills	3,813	4,103	6,485	1,130	275	1,024	85	772	1,372	1,271	2,062
3 Other within 1 year	−325	−1,062	−1,526	−632	−534	109	−128	41	126	275	341
4 1–5 years	−455	434	1,488	2,645[r]	1,423	2,612	2,305	2,622	2,135	3,409	2,484
5 5–10 years	160	166	292	−266[r]	−325	−691	−701	−369	−488	−1,020	−900
6 Over 10 years	30	665	2,294	1,880[r]	1,268	587	317	530	786	676	554
7 Federal agency securities	1,471	797	2,277	3,556[r]	4,416	5,241	5,073	5,270	4,787	5,617	5,856
8 Certificates of deposit	2,794	3,115	3,435	7,834	6,467	6,109	6,282	6,870	6,480	5,306	5,281
9 Bankers acceptances			1,746	3,210	2,778	3,283	2,823	3,368	3,393	3,366	3,488
10 Commercial paper			2,658	3,658	3,555	3,965	4,244	3,941	4,083	3,806	3,752
Futures positions											
11 Treasury bills			−8,934	6,200	5,250	5,347	2,489	4,406	5,303	7,684	5,694
12 Treasury coupons	n.a.	n.a.	−2,733	−2,130[r]	−1,282	−1,141	−552	−998	−1,281	−1,385	−1,803
13 Federal agency securities			522	−285	−569	−569	−816	−588	−598	−461	−260
Forward positions											
14 U.S. government securities			−603	−654	−2,117	−565	−749	−306	−318	−805	−732
15 Federal agency securities			−451	−1,222	−1,689	−1,835	−1,880	−1,588	−1,789	−1,973	−2,042
					Financing[2]						
Reverse repurchase agreements[3]											
16 Overnight and continuing			14,568	29,374	30,477	29,581	30,451	28,874	29,951	29,049	30,105
17 Term agreements			32,048	50,497	49,870	50,483	47,767	49,792	52,184	52,187	53,539
Repurchase agreements[4]	n.a.	n.a.									
18 Overnight and continuing			35,919	50,318	45,342	51,250	43,919	55,129	53,410	52,544	53,251
19 Term agreements			29,449	48,692	50,617	43,963	47,612	40,607	43,744	43,887	42,551

For notes see opposite page.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

	Agency	1978	1979	1980	1982						
					Mar.	Apr.	May	June	July	Aug.	Sept.
1	**Federal and federally sponsored agencies[1]**	**137,063**	**163,290**	**193,229**	**228,749**	**232,274**	**234,593**	**238,787**	**242,565**	**n.a.**	**n.a.**
2	Federal agencies	23,488	24,715	28,606	31,408	31,613	31,551	32,274	32,302	32,280	32,606
3	Defense Department[2]	968	738	610	454	447	434	419	408	399	388
4	Export-Import Bank[3,4]	8,711	9,191	11,250	13,421	13,475	13,416	13,939	13,938	13,918	14,042
5	Federal Housing Administration[5]	588	537	477	382	376	363	358	353	345	335
6	Government National Mortgage Association participation certificates[6]	3,141	2,979	2,817	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7	Postal Service[7]	2,364	1,837	1,770	1,538	1,538	1,471	1,471	1,471	1,471	1,471
8	Tennessee Valley Authority	7,460	8,997	11,190	13,250	13,410	13,500	13,715	13,760	13,775	14,010
9	United States Railway Association[7]	356	436	492	198	202	202	207	207	207	195
10	Federally sponsored agencies[1]	113,575	138,575	164,623	197,341	200,661	203,042	206,513	210,263	n.a.	n.a.
11	Federal Home Loan Banks	27,563	33,330	41,258	58,839	59,937	60,772	61,883	62,058	n.a.	n.a.
12	Federal Home Loan Mortgage Corporation	2,262	2,771	2,536	2,500	2,500	2,500	3,099	3,099	n.a.	n.a.
13	Federal National Mortgage Association	41,080	48,486	55,185	59,270	60,478	61,996	62,660	65,563	65,733	68,130
14	Federal Land Banks	20,360	16,006	12,365	8,717	8,217	8,217	8,217	7,652	7,652	7,652
15	Federal Intermediate Credit Banks	11,469	2,676	1,821	1,388	926	926	926	926	926	926
16	Banks for Cooperatives	4,843	584	584	220	220	220	220	220	220	220
17	Farm Credit Banks[1]	5,081	33,216	48,153	61,405	63,381	63,409	64,506	65,743	65,657	65,553
18	Student Loan Marketing Association[8]	915	1,505	2,720	5,000	5,000	5,000	5,000	5,000	5,000	5,000
19	Other	2	1	1	2	2	2	2	2	2	2
	MEMO:										
20	**Federal Financing Bank debt[1,9]**	**51,298**	**67,383**	**87,460**	**113,567**	**114,961**	**117,475**	**120,241**	**121,261**	**122,623**	**124,357**
	Lending to federal and federally sponsored agencies										
21	Export-Import Bank[4]	6,898	8,353	10,654	13,305	13,305	13,305	13,829	13,829	13,823	13,954
22	Postal Service[7]	2,114	1,587	1,520	1,288	1,288	1,221	1,221	1,221	1,221	1,221
23	Student Loan Marketing Association[8]	915	1,505	2,720	5,000	5,000	5,000	5,000	5,000	5,000	5,000
24	Tennessee Valley Authority	5,635	7,272	9,465	11,525	11,685	11,775	11,990	12,035	12,050	12,285
25	United States Railway Association[7]	356	436	492	198	202	202	207	207	207	195
	Other Lending[10]										
26	Farmers Home Administration	23,825	32,050	39,431	48,681	49,356	51,056	52,346	52,711	53,311	53,736
27	Rural Electrification Administration	4,604	6,484	9,196	14,452	14,716	15,046	15,454	15,688	15,916	16,282
28	Other	6,951	9,696	13,982	19,118	19,409	19,870	20,194	20,570	21,095	21,684

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
7. Off-budget.
8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
9. 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.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.44

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

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

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1979	1980	1981	1982 Mar.	Apr.	May[r]	June[r]	July[r]	Aug.[r]	Sept.
1 **All issues, new and refunding[1]**	**43,365**	**48,367**	**47,732**	**5,661**	**6,709**	**5,617**	**5,753**	**5,528**	**6,484**	**6,397**
Type of issue										
2 General obligation	12,109	14,100	12,394	1,733	2,223	1,506	1,811	967	1,682	1,696
3 U.S. government loans[2]	53	38	34	9	10	10	16	22	25	30
4 Revenue	31,256	34,267	35,338	3,928	4,486	4,111	3,942	4,561	4,802	4,701
5 U.S. government loans[2]	67	57	55	5	32	38	45	49	52	54
Type of issuer										
6 State	4,314	5,304	5,288	432	1,061	601	1,074	257	835	1,071
7 Special district and statutory authority	23,434	26,972	27,499	2,993	3,880	2,973	2,839	3,696	3,641	3,372
8 Municipalities, counties, townships, school districts	15,617	16,090	14,945	2,236	1,768	2,043	1,840	1,575	2,008	1,954
9 **Issues for new capital, total**	**41,505**	**46,736**	**46,530**	**4,798**	**6,682**	**5,487**	**5,663**	**5,342**	**6,051**	**6,198**
Use of proceeds										
10 Education	5,130	4,572	4,547	405	460	483	724	288	511	833
11 Transportation	2,441	2,621	3,447	363	284	293	244	117	767	542
12 Utilities and conservation	8,594	8,149	10,037	754	1,333	1,363	830	1,272	685	280
13 Social welfare	15,968	19,958	12,729	1,773	2,339	2,021	2,292	2,735	2,488	2,475
14 Industrial aid	3,836	3,974	7,651	636	667	353	397	493	717	1,030
15 Other purposes	5,536	7,462	8,119	867	1,599	974	1,176	437	883	1,038

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

SOURCE. Public Securities Association.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1979	1980	1981	1982 Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
1 **All issues[1]**	**51,533**	**73,694**	**69,992**	**6,655**	**4,819**	**7,106**	**4,546**	**6,162**	**8,757**	**7,748**
2 **Bonds**	**40,208**	**53,206**	**44,643**	**4,512**	**2,575**	**4,420**	**2,836**	**3,919**	**6,509**	**5,486**
Type of offering										
3 Public	25,814	41,587	37,653	3,540	2,100	3,973	2,398	2,868	5,546	5,308
4 Private placement	14,394	11,619	6,989	972	475	447	438	1,051	963	178
Industry group										
5 Manufacturing	9,678	15,409	12,325	708	497	608	211	1,638	1,602	1,615
6 Commercial and miscellaneous	3,948	6,693	5,229	691	139	490	329	493	1,202	465
7 Transportation	3,119	3,329	2,054	224	26	74	79	43	402	64
8 Public utility	8,153	9,557	8,963	1,568	888	1,186	699	717	902	900
9 Communication	4,219	6,683	4,280	84	16	315	174	84	205	301
10 Real estate and financial	11,094	11,534	11,793	1,236	1,010	1,748	1,344	944	2,196	2,141
11 **Stocks**	**11,325**	**20,489**	**25,349**	**2,143**	**2,244**	**2,686**	**1,710**	**2,243**	**2,248**	**2,262**
Type										
12 Preferred	3,574	3,631	1,797	199	172	888	67	645	622	447
13 Common	7,751	16,858	23,522	1,944	2,072	1,798	1,643	1,598	1,627	1,815
Industry group										
14 Manufacturing	1,679	4,839	5,073	546	259	458	444	203	727	254
15 Commercial and miscellaneous	2,623	5,245	7,557	657	770	578	397	615	374	733
16 Transportation	255	549	779	27	15	35	52	17	62	84
17 Public utility	5,171	6,230	5,577	600	766	477	277	267	697	928
18 Communication	303	567	1,778	3	3	44	8	96	31	4
19 Real estate and financial	1,293	3,059	4,585	310	431	1,094	532	1,045	357	259

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

SOURCE. Securities and Exchange Commission.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1980	1981	1982 Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	15,266	20,596	3,325	2,754	2,345	3,061	3,304	4,322	4,709	5,668
2 Redemptions of own shares[3]	12,012	15,866	2,056	2,293	1,854	2,038	2,145	2,335	3,052	3,046
3 Net sales	3,254	4,730	1,269	461	491	1,023	1,159	1,987	1,657	2,622
4 Assets[4]	58,400	55,207	53,001	56,026	54,889	54,238	54,592	62,212	63,783	70,962
5 Cash position[5]	5,321	5,277	5,752	6,083	5,992	6,298	5,992	6,039	5,556	5,948
6 Other	53,079	49,930	47,249	49,943	48,896	47,940	48,600	56,173	58,227	65,014

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

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

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1979	1980	1981	1981 Q1	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2	1982 Q3[p]
1 Corporate profits with inventory valuation and capital consumption adjustment	194.8	181.6	190.6	200.3	185.1	193.1	183.9	157.1	155.4	165.9
2 Profits before tax	252.7	242.4	232.1	253.1	225.4	233.3	216.5	171.6	171.7	179.9
3 Profits tax liability	87.6	84.6	81.2	91.5	79.2	82.4	71.6	56.7	55.3	60.8
4 Profits after tax	165.1	157.8	150.9	161.6	146.2	150.9	144.9	114.9	116.4	119.1
5 Dividends	52.7	58.1	65.1	61.5	64.0	66.8	68.1	68.8	69.3	70.5
6 Undistributed profits	112.4	99.7	85.8	100.1	82.2	84.1	76.8	46.1	47.0	48.5
7 Inventory valuation	−43.1	−43.0	−24.6	−35.5	−22.8	−23.0	−17.1	−4.4	−9.4	−9.9
8 Capital consumption adjustment	−14.8	−17.8	−16.8	−17.3	−17.5	−17.1	−15.5	−10.1	−6.9	−4.0

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

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1976	1977	1978	1979	1980	1981			1982	
						Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**827.4**	**912.7**	**1,043.7**	**1,218.2**	**1,333.5**	**1,388.3**	**1,410.9**	**1,427.1**	**1,423.6**	**1,419.4**
2 Cash	88.2	97.2	105.5	118.0	127.1	126.2	125.1	131.7	121.3	123.4
3 U.S. government securities	23.5	18.2	17.3	17.0	19.3	19.9	18.0	17.9	17.1	17.4
4 Notes and accounts receivable	292.9	330.3	388.0	461.1	510.6	533.1	542.4	536.7	537.8	534.4
5 Inventories	342.5	376.9	431.6	505.5	543.7	565.3	577.0	587.1	593.8	589.2
6 Other	80.3	90.1	101.3	116.7	132.7	143.8	148.3	153.6	153.6	155.0
7 **Current liabilities**	**495.1**	**557.1**	**669.3**	**807.8**	**890.9**	**931.5**	**967.2**	**980.0**	**985.7**	**982.6**
8 Notes and accounts payable	282.1	317.6	382.9	461.2	515.2	525.9	549.5	562.9	555.0	554.9
9 Other	213.0	239.6	286.4	346.6	375.7	405.5	417.7	417.1	430.8	427.8
10 **Net working capital**	**332.4**	**355.5**	**374.4**	**410.5**	**442.6**	**456.8**	**443.7**	**447.1**	**437.9**	**436.8**
11 MEMO: Current ratio [1]	1.671	1.638	1.559	1.508	1.497	1.490	1.459	1.456	1.444	1.445

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

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

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

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1980	1981	1982[1]	1981			1982			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**295.63**	**321.49**	**319.99**	**316.73**	**328.25**	**327.83**	**327.72**	**323.22**	**315.79**	**315.21**
Manufacturing										
2 Durable goods industries	58.91	61.84	57.95	63.10	62.58	60.78	60.84	59.03	57.14	55.80
3 Nondurable goods industries	56.90	64.95	64.72	62.40	67.53	66.14	67.48	64.74	62.32	64.70
Nonmanufacturing										
4 Mining	13.51	16.86	16.05	16.80	17.55	16.81	17.60	16.56	14.63	15.56
Transportation										
5 Railroad	4.25	4.24	4.12	4.38	4.18	4.18	4.56	4.73	3.94	3.33
6 Air	4.01	3.81	3.97	3.29	3.34	4.82	3.20	3.54	4.11	5.02
7 Other	3.82	4.00	3.71	4.04	4.09	4.12	4.23	4.06	3.24	3.48
Public utilities										
8 Electric	28.12	29.74	33.06	29.32	30.54	31.14	30.95	32.26	34.98	33.89
9 Gas and other	7.32	8.65	8.56	8.53	9.01	8.60	9.17	9.14	8.40	7.78
10 Trade and services	81.79	86.33	86.42	85.88	87.55	88.33	87.80	88.85	87.31	82.01
11 Communication and other[2]	36.99	41.06	41.43	39.02	41.89	42.92	41.89	40.33	39.73	43.65

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

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

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2	1982 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	79.0	84.5	85.5	85.1	88.0	88.3
2 Business	55.2	63.3	70.3	72.3	78.2	76.9	80.6	80.9	82.6	82.2
3 Total	99.2	116.0	136.0	145.9	157.2	161.3	166.1	166.0	170.6	170.5
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	25.7	27.7	28.9	29.1	30.2	30.4
5 Accounts receivable, net	86.5	100.4	116.0	122.6	131.4	133.6	137.2	136.9	140.4	140.1
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	31.6	34.5	34.2	35.0	37.3	39.1
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**163.0**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	14.4	14.7	15.4	15.4	14.5	16.8
11 Commercial paper	29.6	34.5	43.3	43.4	49.0	51.2	51.2	46.2	50.3	46.7
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	8.5	11.9	9.6	9.0	9.3	9.9
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	52.6	50.7	54.8	59.0	60.3	60.9
14 Other	11.5	12.6	14.2	14.3	17.0	17.1	17.8	19.0	18.9	20.5
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	21.5	22.4	22.8	23.3	24.5	24.5
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**163.0**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**

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

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

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1982[1]	Changes in accounts receivable 1982 July	Aug.	Sept.	Extensions 1982 July	Aug.	Sept.	Repayments 1982 July	Aug.	Sept.
1 **Total**	**82,234**	**868**	**849**	**208**	**20,284**	**21,549**	**19,991**	**19,416**	**20,700**	**19,783**
2 Retail automotive (commercial vehicles)	12,024	−118	24	−59	802	938	869	920	914	928
3 Wholesale automotive	13,689	1,035	1,101	52	5,878	6,397	6,040	4,843	5,296	5,988
4 Retail paper on business, industrial, and farm equipment	28,161	−11	−114	362	1,365	1,448	1,148	1,376	1,562	786
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,198	85	−9	−78	10,571	11,163	10,279	10,486	11,172	10,357
6 All other business credit	19,162	−123	−153	−69	1,668	1,603	1,655	1,791	1,756	1,724

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1979	1980	1981	1982						
				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)	74.4	83.4	90.4	95.7	86.4	89.4	98.4	91.4	95.0[r]	98.7
2 Amount of loan (thousands of dollars)	53.3	59.2	65.3	70.4	64.8	66.2	73.1	66.5	71.6[r]	73.9
3 Loan/price ratio (percent)	73.9	73.2	74.8	77.2	77.4	77.0	77.3	74.1	78.7	77.7
4 Maturity (years)	28.5	28.2	27.7	28.6	25.9	27.4	28.4	26.4	28.1[r]	28.3
5 Fees and charges (percent of loan amount)[2]	1.66	2.09	2.67	3.28	3.16	3.00	3.15	2.87	3.04[r]	2.83
6 Contract rate (percent per annum)	10.48	12.25	14.16	15.13	15.11	14.74	15.01	15.05	14.34	14.03
Yield (percent per annum)										
7 FHLBB series[3]	10.77	12.65	14.74	15.84	15.89	15.40	15.70	15.68	14.98[r]	14.67
8 HUD series[4]	11.15	13.95	16.52	16.65	16.50	16.75	16.50	15.40	15.05	13.95
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	10.92	13.44	16.31	16.31	16.19	16.73	16.29	14.61	14.03	12.99
10 GNMA securities[6]	10.22	12.55	15.29	15.40	15.30	15.84	15.56	14.51	13.57[r]	12.83
FNMA auctions[7]										
11 Government-underwritten loans	11.17	14.11	16.70	....	16.27	16.22	....	15.78	....	....
12 Conventional loans	11.77	14.43	16.64	16.66	16.33	16.73	16.85	15.78	15.36	13.92
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	48,050	55,104	58,675	63,132	63,951	65,008	66,158	67,810	68,841	69,152
14 FHA/VA-insured	33,673	37,365	39,341	39,834	39,808	39,829	39,853	39,922	39,871	39,523
15 Conventional	14,377	17,725	19,334	23,298	24,143	25,179	26,305	27,888	28,970	27,629
Mortgage transactions (during period)										
16 Purchases	10,812	8,099	6,112	755	1,006	1,223	1,354	1,931	1,670	1,449
17 Sales	0	0	2	0	0	0	0	0	0	0
Mortgage commitments[8]										
18 Contracted (during period)	10,179	8,083	9,331	2,482	1,550	1,583	2,016	1,820	1,482	....
19 Outstanding (end of period)	6,409	3,278	3,717	6,586	7,016	7,206	7,674	6,900	6,587	6,268
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	8,860.4	8,605.4	2,487.2	7.0	35.7	33.1	8.9	43.3	16.4	2.5
21 Accepted	3,920.9	4,002.0	1,478.0	0.0	7.4	7.4	0.0	5.7	0.0	0.0
Conventional loans										
22 Offered	4,495.3	3,639.2	2,524.7	29.5	37.8	59.0	37.2	70.1	27.5	13.6
23 Accepted	2,343.6	1,748.5	1,392.3	22.0	23.0	33.1	23.6	42.9	0.0	8.9
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	3,543	4,362	5,245	5,274	5,279	5,295	5,309	5,201	5,207	4,931
25 FHA/VA	1,995	2,116	2,236	2,226	2,232	2,225	2,232	2,216	2,225	2,174
26 Conventional	1,549	2,246	3,010	3,048	3,047	3,069	3,017	2,985	2,982	2,756
Mortgage transactions (during period)										
27 Purchases	5,717	3,723	3,789	2,143	1,214	1,581	2,237	2,529	1,799	2,000
28 Sales	4,544	2,527	3,531	2,177	1,194	1,562	2,204	2,619	1,923	2,197
Mortgage commitments[10]										
29 Contracted (during period)	5,542	3,859	6,974	2,824	2,692	3,166	2,189	2,768	2,892	2,506
30 Outstanding (end of period)	797	447	3,518	6,041	7,420	8,970	8,544	9,318	10,211	10,572

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

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1979	1980	1981	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2	1982 Q3
1	**All holders**	**1,337,748**	**1,471,786**	**1,583,535**	**1,533,196**	**1,561,606**	**1,583,535**	**1,603,121**	**1,624,169**	**1,635,830r**
2	1- to 4-family	891,066	986,979	1,060,469	1,028,297	1,047,626	1,060,469	1,071,889	1,085,182	1,092,274r
3	Multifamily	128,433	137,134	141,427	139,280	140,228	141,427	142,904	143,806	144,654r
4	Commercial	235,572	255,655	279,912	268,095	273,746	279,912	284,411	289,690	292,180r
5	Farm	82,677	92,018	101,727	97,524	100,006	101,727	103,917	105,491	106,722r
6	Major financial institutions	938,567	997,168	1,040,630	1,023,133	1,033,825	1,040,630	1,041,487	1,042,652	1,028,840
7	Commercial banks[1]	245,187	263,030	284,536	273,225	279,017	284,536	289,365	294,022	298,342
8	1- to 4-family	149,460	160,326	170,013	164,873	167,550	170,013	171,350	172,596	175,126
9	Multifamily	11,180	12,924	15,132	13,800	14,481	15,132	15,338	15,431	15,666
10	Commercial	75,957	81,081	91,026	86,091	88,588	91,026	94,256	97,522	99,050
11	Farm	8,590	8,699	8,365	8,461	8,398	8,365	8,421	8,473	8,500
12	Mutual savings banks	98,908	99,865	99,997	99,993	99,994	99,997	97,464	96,346	94,246
13	1- to 4-family	66,140	67,489	68,187	68,035	68,116	68,187	66,305	65,381	63,755
14	Multifamily	16,557	16,058	15,960	15,909	15,939	15,960	15,536	15,338	15,004
15	Commercial	16,162	16,278	15,810	15,999	15,909	15,810	15,594	15,598	15,458r
16	Farm	49	40	40	50	30	40	29	29	29
17	Savings and loan associations	475,688	503,192	518,350	515,256	518,778	518,350	515,896	512,745	495,408
18	1- to 4-family	394,345	419,763	432,978	430,702	433,750	432,978	430,928	428,194	413,096r
19	Multifamily	37,579	38,142	37,684	38,077	37,975	37,684	37,506	36,866	35,422r
20	Commercial	43,764	45,287	47,688	46,477	47,053	47,688	47,462	47,685	46,890r
21	Life insurance companies	118,784	131,081	137,747	134,659	136,036	137,747	138,762	139,539	140,844
22	1- to 4-family	16,193	17,943	17,201	17,549	17,376	17,201	17,086	16,451	16,579
23	Multifamily	19,274	19,514	19,283	19,495	19,441	19,283	19,199	18,982	19,130
24	Commercial	71,137	80,666	88,163	84,571	86,070	88,163	89,529	91,113	92,125
25	Farm	12,180	12,958	13,100	13,044	13,149	13,100	12,948	12,993	13,010
26	Federal and related agencies	97,084	114,300	126,112	119,124	121,772	126,112	128,721	132,188	136,836r
27	Government National Mortgage Association	3,852	4,642	4,765	4,972	4,382	4,765	4,438	4,669	4,697
28	1- to 4-family	763	704	693	698	696	693	689	688	687
29	Multifamily	3,089	3,938	4,072	4,274	3,686	4,072	3,749	3,981	4,010
30	Farmers Home Administration	1,274	3,492	2,235	2,662	1,562	2,235	2,469	2,038	2,188
31	1- to 4-family	417	916	914	1,151	500	914	715	792	842
32	Multifamily	71	610	473	464	242	473	615	198	223
33	Commercial	174	411	506	357	325	506	499	444	469
34	Farm	612	1,555	342	690	495	342	640	604	654
35	Federal Housing and Veterans Administration	5,555	5,640	5,999	5,895	6,005	5,999	6,003	5,908	5,921
36	1- to 4-family	1,955	2,051	2,289	2,172	2,240	2,289	2,266	2,218	2,171
37	Multifamily	3,600	3,589	3,710	3,723	3,765	3,710	3,737	3,690	3,750
38	Federal National Mortgage Association	51,091	57,327	61,412	57,657	59,682	61,412	62,544	65,008	68,841
39	1- to 4-family	45,488	51,775	55,986	52,181	54,227	55,986	57,142	59,631	63,495
40	Multifamily	5,603	5,552	5,426	5,476	5,455	5,426	5,402	5,377	5,346
41	Federal Land Banks	31,277	38,131	46,446	42,681	44,708	46,446	47,947	49,270	49,983r
42	1- to 4-family	1,552	2,099	2,788	2,401	2,605	2,788	2,874	2,954	3,029r
43	Farm	29,725	36,032	43,658	40,280	42,103	43,658	45,073	46,316	46,954r
44	Federal Home Loan Mortgage Corporation	4,035	5,068	5,255	5,257	5,433	5,255	5,320	5,295	5,206
45	1- to 4-family	3,059	3,873	4,018	4,025	4,166	4,018	4,075	4,042	3,944
46	Multifamily	976	1,195	1,237	1,232	1,267	1,237	1,245	1,253	1,262
47	Mortgage pools or trusts[2]	118,664	142,258	162,990	152,308	158,140	162,990	172,292	182,945	196,337
48	Government National Mortgage Association	75,787	93,874	105,790	100,558	103,750	105,790	108,592	111,459	114,396
49	1- to 4-family	73,853	91,602	103,007	98,057	101,068	103,007	105,701	108,487	111,348
50	Multifamily	1,934	2,272	2,783	2,501	2,682	2,783	2,891	2,972	3,048
51	Federal Home Loan Mortgage Corporation	15,180	16,854	20,560	17,565	17,936	20,560	26,745	33,249	43,254r
52	1- to 4-family	12,149	13,471	16,605	14,115	14,401	16,605	21,781	27,193	35,686r
53	Multifamily	3,031	3,383	3,955	3,450	3,535	3,955	4,964	6,056	7,568
54	Federal National Mortgage Association[3]	....	....	717	....	....	717	2,786	4,556	8,133
55	1- to 4-family	....	....	717	....	....	717	2,786	4,556	8,133
56	Farmers Home Administration	27,697	31,530	36,640	34,185	36,454	36,640	36,955	38,237r	38,687
57	1- to 4-family	14,884	16,683	18,378	17,165	18,407	18,378	18,740	19,056	19,256
58	Multifamily	2,163	2,612	3,426	3,097	3,488	3,426	3,447	4,026	4,076
59	Commercial	4,328	5,271	6,161	5,750	6,040	6,161	6,351	6,574	6,624
60	Farm	6,322	6,964	8,675	8,173	8,519	8,675	8,417	8,581	8,731
61	Individual and others[4]	183,433	218,060	253,803	238,631	247,869	253,803	260,621	266,384	273,817
62	1- to 4-family[5]	110,808	138,284	167,412	155,173	162,524	167,412	172,237	177,499	183,260
63	Multifamily	23,376	27,345	28,286	27,782	28,272	28,286	29,275	29,636	30,149
64	Commercial	24,050	26,661	30,558	28,850	29,761	30,558	30,720	30,754	31,564
65	Farm	25,199	25,770	27,547	26,826	27,312	27,547	28,389	28,495	28,844

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

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

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

Millions of dollars

Holder, and type of credit	1979	1980	1981	1982						
				Apr.	May	June	July	Aug.	Sept.	Oct.
	Amounts outstanding (end of period)									
1 **Total**	**312,024**	**313,472**	**333,375**	**328,363**	**329,338**	**331,851**	**332,471**	**333,808**	**335,948**	**334,871**
By major holder										
2 Commercial banks	154,177	147,013	149,300	146,616	146,147	146,775	146,745	147,275	148,280	147,926
3 Finance companies	68,318	76,756	89,818	90,674	91,958	93,009	93,353	93,207	93,357	92,541
4 Credit unions	46,517	44,041	45,954	45,450	45,472	45,882	45,698	46,154	46,846	46,645
5 Retailers[2]	28,119	28,448	29,551	26,537	26,536	26,645	26,710	26,751	26,829	27,046
6 Savings and loans	8,424	9,911	11,598	12,081	12,202	12,312	12,520	12,833	13,051	13,457
7 Gasoline companies	3,729	4,468	4,403	4,227	4,218	4,398	4,600	4,714	4,669	4,322
8 Mutual savings banks	2,740	2,835	2,751	2,778	2,805	2,830	2,845	2,874	2,916	2,934
By major type of credit										
9 Automobile	116,362	116,838	126,431	126,201	127,220	128,415	128,359	128,281	129,085	128,619
10 Commercial banks	67,367	61,536	59,181	58,458	58,099	58,140	58,131	58,222	58,762	58,796
11 Indirect paper	38,338	35,233	35,097	34,920	34,791	34,903	34,979	34,996	35,449	35,490
12 Direct loans	29,029	26,303	24,084	23,538	23,308	23,237	23,152	23,226	23,313	23,306
13 Credit unions	22,244	21,060	21,975	21,733	21,744	21,940	21,852	22,071	22,402	22,306
14 Finance companies	26,751	34,242	45,275	46,010	47,377	48,335	48,376	47,988	47,921	47,518
15 Revolving	56,937	58,352	63,049	58,641	58,647	59,302	59,824	60,475	60,932	60,811
16 Commercial banks	29,862	29,765	33,110	31,638	31,619	31,974	32,205	32,691	33,104	33,085
17 Retailers	23,346	24,119	25,536	22,776	22,810	22,930	23,019	23,070	23,159	23,404
18 Gasoline companies	3,729	4,468	4,403	4,227	4,218	4,398	4,600	4,714	4,669	4,322
19 Mobile home	16,838	17,322	18,486	18,402	18,479	18,543	18,601	18,741	18,778	18,814
20 Commercial banks	10,647	10,371	10,300	9,974	9,960	9,924	9,857	9,790	9,723	9,631
21 Finance companies	3,390	3,745	4,494	4,608	4,666	4,731	4,801	4,916	4,953	4,971
22 Savings and loans	2,307	2,737	3,203	3,336	3,369	3,400	3,458	3,544	3,604	3,716
23 Credit unions	494	469	489	484	484	488	486	491	498	496
24 Other	121,887	120,960	125,409	125,119	124,992	125,591	125,687	126,311	127,153	126,627
25 Commercial banks	46,301	45,341	46,709	46,546	46,469	46,737	46,552	46,572	46,691	46,414
26 Finance companies	38,177	38,769	40,049	40,056	39,915	39,943	40,176	40,303	40,483	40,052
27 Credit unions	23,779	22,512	23,490	23,233	23,244	23,454	23,360	23,592	23,946	23,844
28 Retailers	4,773	4,329	4,015	3,761	3,726	3,715	3,691	3,681	3,670	3,642
29 Savings and loans	6,117	7,174	8,395	8,745	8,833	8,912	9,063	9,289	9,447	9,741
30 Mutual savings banks	2,740	2,835	2,751	2,778	2,805	2,830	2,845	2,874	2,916	2,934
	Net change (during period)[3]									
31 **Total**	**38,381**	**1,448**	**19,894**	**1,175**	**1,399**	**1,349**	**570**	**66**	**1,092**	**−324**
By major holder										
32 Commercial banks	18,161	−7,163	2,284	96	−13	−100	−66	−252	481	−49
33 Finance companies	14,020	8,438	13,062	544	1,126	874	195	−142	115	−393
34 Credit unions	2,185	−2,475	1,913	132	−39	38	−69	179	346	−32
35 Retailers[2]	2,132	329	1,103	181	68	304	297	−109	60	−88
36 Savings and loans	1,327	1,485	1,682	205	221	187	196	268	181	328
37 Gasoline companies	509	739	−65	−6	−20	38	3	65	−115	−115
38 Mutual savings banks	47	95	−85	23	56	8	14	57	24	25
By major type of credit										
39 Automobile	14,715	477	9,595	233	959	655	61	−402	505	−78
40 Commercial banks	6,857	−5,830	−2,355	−159	−305	−240	101	−146	435	52
41 Indirect paper	4,488	−3,104	−136	2	−52	−52	225	−129	332	72
42 Direct loans	2,369	−2,726	−2,219	−161	−253	−188	−124	−17	103	−20
43 Credit unions	1,044	−1,184	914	54	−34	28	−26	65	159	−12
44 Finance companies	6,814	7,491	11,033	338	1,298	867	−14	−321	−89	−118
45 Revolving	8,628	1,415	4,697	499	537	507	612	143	210	108
46 Commercial banks	5,521	−97	3,345	285	436	219	266	162	243	246
47 Retailers	2,598	773	1,417	220	121	250	343	−84	82	−23
48 Gasoline companies	509	739	−65	−6	−20	38	3	65	−115	−115
49 Mobile home	1,603	483	1,161	51	70	67	63	141	10	−4
50 Commercial banks	1,102	−276	−74	−48	−41	−58	−57	−62	−67	−97
51 Finance companies	238	355	749	53	44	64	73	108	20	−7
52 Savings and loans	240	430	466	43	67	60	47	94	54	100
53 Credit unions	23	−25	20	3	0	1	0	1	3	0
54 Other	13,435	−927	4,441	392	−167	120	−166	184	367	−350
55 Commercial banks	4,681	−960	1,368	18	−103	−21	−376	−206	−130	−250
56 Finance companies	6,968	592	1,280	153	−216	−57	136	71	184	−268
57 Credit unions	1,118	−1,266	975	75	−5	9	−43	113	184	−20
58 Retailers	−466	−444	−314	−39	−53	54	−46	−25	−22	−65
59 Savings and loans	1,087	1,056	1,217	162	154	127	149	174	127	228
60 Mutual savings banks	47	95	−85	23	56	8	14	57	24	25

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Net change equals extensions minus liquidations (repayments, charge-offs and other credit); figures for all months are seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted $71.3 billion at the end of 1979, $74.8 billion at the end of 1980, and $80.2 billion at the end of 1981.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1979	1980	1981	1982 Apr.	May	June	July	Aug.	Sept.	Oct.
						Extensions				
1 **Total**	**324,777**	**306,076**	**336,341**	**28,648**	**29,197**	**29,737**	**27,514**	**27,579**	**28,268**	**28,062**
By major holder										
2 Commercial banks	154,733	134,960	146,186	12,790	12,765	13,460	12,485	12,499	12,750	13,322
3 Finance companies	61,518	60,801	66,344	5,343	6,135	5,700	4,607	4,685	4,894	4,427
4 Credit unions	34,926	29,594	35,444	3,010	2,902	2,887	2,711	2,904	3,092	2,897
5 Retailers[1]	47,676	49,942	53,430	4,618	4,449	4,762	4,785	4,396	4,684	4,431
6 Savings and loans	5,901	6,621	8,142	823	841	785	803	863	786	961
7 Gasoline companies	18,005	22,253	24,902	1,915	1,880	1,969	1,944	2,021	1,876	1,835
8 Mutual savings banks	2,018	1,905	1,893	185	225	174	179	211	186	189
By major type of credit										
9 Automobile	93,901	83,454	94,404	7,871	8,429	8,182	7,332	7,112	7,546	7,970
10 Commercial banks	53,554	41,109	42,792	3,499	3,317	3,404	3,687	3,454	3,702	4,296
11 Indirect paper	29,623	22,558	24,941	2,079	1,954	2,036	2,324	1,957	2,077	2,785
12 Direct loans	23,931	18,551	17,851	1,420	1,363	1,368	1,363	1,497	1,625	1,511
13 Credit unions	17,397	15,294	18,084	1,542	1,483	1,497	1,389	1,499	1,579	1,514
14 Finance companies	22,950	27,051	33,527	2,830	3,629	3,281	2,256	2,159	2,265	2,160
15 Revolving	120,174	128,068	140,135	12,416	12,528	13,361	12,551	12,497	12,464	12,340
16 Commercial banks	61,048	61,593	67,370	6,309	6,604	7,141	6,237	6,512	6,336	6,455
17 Retailers	41,121	44,222	47,863	4,192	4,044	4,251	4,370	3,964	4,252	4,050
18 Gasoline companies	18,005	22,253	24,902	1,915	1,880	1,969	1,944	2,021	1,876	1,835
19 Mobile home	6,471	5,093	6,028	544	478	459	441	581	452	476
20 Commercial banks	4,542	2,937	3,106	253	201	180	173	194	191	174
21 Finance companies	797	898	1,313	122	114	129	133	193	105	81
22 Savings and loans	948	1,146	1,432	151	151	137	123	181	140	207
23 Credit unions	184	113	176	18	12	13	12	13	16	14
24 Other	104,231	89,461	95,774	7,853	7,762	7,735	7,190	7,389	7,806	7,276
25 Commercial banks	35,589	29,321	32,918	2,729	2,643	2,735	2,388	2,339	2,521	2,397
26 Finance companies	37,771	32,852	31,504	2,391	2,392	2,290	2,218	2,333	2,524	2,186
27 Credit unions	17,345	14,187	17,182	1,450	1,407	1,377	1,310	1,392	1,497	1,369
28 Retailers	6,555	5,720	5,567	426	405	511	415	432	432	381
29 Savings and loans	4,953	5,476	6,710	672	690	648	680	682	646	754
30 Mutual savings banks	2,018	1,905	1,893	185	225	174	179	211	186	189
						Liquidations				
31 **Total**	**286,396**	**304,628**	**316,447**	**27,509**	**27,798**	**28,388**	**26,944**	**27,513**	**27,176**	**28,386**
By major holder										
32 Commercial banks	136,572	142,123	143,902	12,694	12,778	13,560	12,551	12,751	12,269	13,371
33 Finance companies	47,498	52,363	53,282	4,799	5,009	4,826	4,412	4,827	4,779	4,820
34 Credit unions	32,741	32,069	33,531	2,878	2,941	2,849	2,780	2,725	2,746	2,929
35 Retailers[1]	45,544	49,613	52,327	4,437	4,381	4,458	4,488	4,505	4,624	4,519
36 Savings and loans	4,574	5,136	6,640	618	620	598	607	595	605	633
37 Gasoline companies	17,496	21,514	24,967	1,921	1,900	1,931	1,941	1,956	1,991	1,950
38 Mutual savings banks	1,971	1,810	1,978	162	169	166	165	154	162	164
By major type of credit										
39 Automobile	79,186	82,977	84,809	7,638	7,470	7,527	7,271	7,514	7,041	8,048
40 Commercial banks	46,697	46,939	45,147	3,658	3,622	3,644	3,586	3,600	3,267	4,244
41 Indirect paper	25,135	25,662	25,077	2,077	2,006	2,088	2,099	2,086	1,745	2,713
42 Direct loans	21,562	21,277	20,070	1,581	1,616	1,556	1,487	1,514	1,522	1,531
43 Credit unions	16,353	16,478	17,169	1,488	1,517	1,469	1,415	1,434	1,420	1,526
44 Finance companies	16,136	19,560	22,494	2,492	2,331	2,414	2,270	2,480	2,354	2,278
45 Revolving	111,546	126,653	135,438	11,917	11,991	12,854	11,939	12,354	12,254	12,232
46 Commercial banks	55,527	61,690	64,025	6,024	6,168	6,922	5,971	6,350	6,093	6,209
47 Retailers	38,523	43,449	46,446	3,972	3,923	4,001	4,027	4,048	4,170	4,073
48 Gasoline companies	17,496	21,514	24,967	1,921	1,900	1,931	1,941	1,956	1,991	1,950
49 Mobile home	4,868	4,610	4,867	493	408	392	378	440	442	480
50 Commercial banks	3,440	3,213	3,180	301	242	238	230	256	258	271
51 Finance companies	559	543	564	69	70	65	60	85	85	88
52 Savings and loans	708	716	966	108	84	77	76	87	86	107
53 Credit unions	161	138	156	15	12	12	12	12	13	14
54 Other	90,796	90,388	91,333	7,461	7,929	7,615	7,356	7,205	7,439	7,626
55 Commercial banks	30,908	30,281	31,550	2,711	2,746	2,756	2,764	2,545	2,651	2,647
56 Finance companies	30,803	32,260	30,224	2,238	2,608	2,347	2,082	2,262	2,340	2,454
57 Credit unions	16,227	15,453	16,207	1,375	1,412	1,368	1,353	1,279	1,313	1,389
58 Retailers	7,021	6,164	5,881	465	458	457	461	457	454	446
59 Savings and loans	3,866	4,420	5,493	510	536	521	531	508	519	526
60 Mutual savings banks	1,971	1,810	1,978	162	169	166	165	154	162	164

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1976	1977	1978	1979	1980	1981	1979	1980		1981		1982
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**273.5**	**334.3**	**401.7**	**402.0**	**397.1**	**406.9**	**406.6**	**363.0**	**431.2**	**438.2**	**375.7**	**380.6**
2 Excluding equities	262.7	331.2	402.3	409.1	382.2	418.4	411.0	354.2	410.2	436.7	400.2	381.0
By sector and instrument												
3 U.S. government	69.0	56.8	53.7	37.4	79.2	87.4	46.1	63.3	95.1	81.9	92.9	98.1
4 Treasury securities	69.1	57.6	55.1	38.8	79.8	87.8	46.6	63.9	95.7	82.4	93.2	98.6
5 Agency issues and mortgages	-.1	-.9	-1.4	-1.4	-.6	-.5	-.5	-.6	-.6	-.5	-.4	-.5
6 All other nonfinancial sectors	204.5	277.5	348.0	364.7	317.9	319.6	360.5	299.8	336.1	356.3	282.8	282.6
7 Corporate equities	10.8	3.1	-.6	-7.1	15.0	-11.5	-4.3	8.9	21.0	1.6	-24.5	-.4
8 Debt instruments	193.6	274.4	348.7	371.7	303.0	331.0	364.9	290.9	315.0	354.8	307.3	282.9
9 Private domestic nonfinancial sectors	184.9	263.6	314.8	343.6	288.7	292.3	332.2	268.8	308.5	321.7	262.9	266.5
10 Corporate equities	10.5	2.7	-.1	-7.8	12.9	-11.5	-6.1	6.9	18.8	.9	-23.8	-.1
11 Debt instruments	174.3	260.9	314.9	351.5	275.8	303.7	338.3	261.9	289.7	320.8	286.7	266.7
12 Debt capital instruments	123.6	169.8	198.7	216.0	204.1	175.0	213.1	203.8	204.4	196.5	153.5	156.7
13 State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
14 Corporate bonds	22.8	21.0	20.1	22.5	33.2	23.9	22.6	37.3	29.0	24.7	23.0	18.5
Mortgages												
15 Home mortgages	63.9	94.3	112.1	120.1	96.7	78.6	113.9	96.5	96.9	95.2	62.0	59.5
16 Multifamily residential	3.9	7.1	9.2	7.8	8.8	4.6	6.9	8.1	9.5	5.1	4.1	5.1
17 Commercial	11.6	18.4	21.7	23.9	20.2	25.3	25.4	20.3	20.1	27.4	23.2	20.3
18 Farm	5.7	7.1	7.2	11.8	9.3	9.8	11.5	10.9	7.8	9.0	10.5	5.4
19 Other debt instruments	50.7	91.1	116.2	135.5	71.7	128.8	125.2	58.1	85.4	124.3	133.2	110.0
20 Consumer credit	25.4	40.2	48.8	45.4	4.9	25.3	41.0	-3.3	13.0	29.4	21.2	16.0
21 Bank loans n.e.c.	4.4	26.7	37.1	49.2	35.4	51.1	39.6	18.0	52.7	47.7	54.6	78.2
22 Open market paper	4.0	2.9	5.2	11.1	6.6	19.2	17.4	20.3	-7.1	10.7	27.6	3.4
23 Other	16.9	21.3	25.1	29.7	24.9	33.1	27.2	23.0	26.7	36.5	29.8	12.4
24 By borrowing sector	184.9	263.6	314.8	343.6	288.7	292.3	332.2	268.8	308.5	321.7	262.9	266.5
25 State and local governments	15.2	15.4	19.1	20.2	27.3	22.3	22.5	21.8	32.8	25.1	19.5	36.3
26 Households	89.5	137.3	169.3	176.5	117.5	120.4	165.8	115.2	119.8	141.0	99.9	89.7
27 Farm	10.2	12.3	14.6	21.4	14.4	16.4	22.7	15.7	13.0	19.9	12.8	8.4
28 Nonfarm noncorporate	15.4	28.3	32.4	34.4	33.8	40.5	37.0	27.5	40.2	41.8	39.3	30.4
29 Corporate	54.5	70.4	79.3	91.2	95.7	92.6	84.2	88.6	102.7	93.9	91.4	101.8
30 Foreign	19.6	13.9	33.2	21.0	29.3	27.3	28.3	31.0	27.5	34.6	19.9	16.0
31 Corporate equities	.3	.4	-.5	.8	2.1	*	1.7	1.9	2.2	.7	-.7	-.2
32 Debt instruments	19.3	13.5	33.8	20.2	27.2	27.3	26.6	29.0	25.3	34.0	20.6	16.2
33 Bonds	8.6	5.1	4.2	3.9	.8	5.5	4.9	2.0	-.4	3.3	7.6	2.2
34 Bank loans n.e.c.	5.6	3.1	19.1	2.3	11.5	3.7	2.6	5.9	17.2	5.0	2.3	-.6
35 Open market paper	1.9	2.4	6.6	11.2	10.1	13.9	16.3	15.7	4.5	20.6	7.1	11.3
36 U.S. government loans	3.3	3.0	3.9	2.9	4.7	4.3	2.8	5.4	4.0	5.0	3.6	3.3
	Financial sectors											
37 **Total funds raised**	**22.5**	**52.2**	**77.5**	**83.9**	**68.5**	**89.3**	**78.7**	**65.1**	**71.9**	**95.5**	**83.0**	**107.9**
By instrument												
38 U.S. government related	14.3	21.9	36.7	47.3	43.6	45.1	50.8	47.3	39.8	42.5	47.8	57.9
39 Sponsored credit agency securities	2.5	7.0	23.1	24.3	24.4	30.1	25.8	27.1	21.7	26.9	33.3	21.4
40 Mortgage pool securities	12.2	16.1	13.6	23.1	19.2	15.0	25.0	20.2	18.1	15.6	14.5	36.5
41 Loans from U.S. government	-.4	-1.2	—	—	—	—	—	—	—	—	—	—
42 Private financial sectors	8.2	30.3	40.8	36.6	24.9	44.1	27.9	17.7	32.0	53.0	35.3	50.0
43 Corporate equities	-.2	3.4	2.5	3.2	7.2	8.6	2.6	7.5	6.9	9.7	7.5	16.0
44 Debt instruments	8.4	26.9	38.3	33.4	17.7	35.6	25.3	10.3	25.2	43.4	27.8	34.0
45 Corporate bonds	9.8	10.1	7.5	7.8	7.1	-.8	7.7	9.9	4.4	-2.1	.4	-3.6
46 Mortgages	2.1	3.1	.9	-1.2	-.9	-2.9	-2.9	-5.3	3.5	-2.3	-3.5	1.9
47 Bank loans n.e.c.	-3.7	-.3	2.8	-.4	-.4	2.2	.5	.1	-.9	3.7	.7	5.9
48 Open market paper and RPs	2.2	9.6	14.6	18.0	4.8	20.9	10.8	-.1	9.7	24.8	17.0	16.1
49 Loans from Federal Home Loan Banks	-2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
By sector												
50 Sponsored credit agencies	2.1	5.8	23.1	24.3	24.4	30.1	25.8	27.1	21.7	26.9	33.3	21.4
51 Mortgage pools	12.2	16.1	13.6	23.1	19.2	15.0	25.0	20.2	18.1	15.6	14.5	36.5
52 Private financial sectors	8.2	30.3	40.8	36.6	24.9	44.1	27.9	17.7	32.0	53.0	35.3	50.0
53 Commercial banks	2.3	1.1	1.3	1.6	.5	.4	1.8	.8	.3	.2	.5	.6
54 Bank affiliates	5.4	2.0	7.2	6.5	6.9	8.3	4.9	5.8	8.0	6.9	9.7	9.7
55 Savings and loan associations	.1	9.9	14.3	11.4	6.6	13.1	10.2	.1	13.2	19.2	6.9	16.8
56 Other insurance companies	.9	1.4	.8	.9	1.1	1.1	.9	1.0	1.1	1.1	1.1	1.0
57 Finance companies	4.3	16.9	18.1	16.6	6.3	14.1	11.0	6.0	6.5	17.3	11.0	7.7
58 REITs	-2.2	-1.9	-.9	-.3	-1.5	-.5	-.1	-1.4	-1.7	-.6	-.3	-.2
59 Open-end investment companies	-2.4	.9	-.1	.1	5.0	7.7	-.8	5.5	4.5	8.9	6.5	14.5
	All sectors											
60 **Total funds raised, by instrument**	**296.0**	**386.5**	**479.2**	**485.9**	**465.6**	**496.2**	**485.3**	**428.1**	**503.1**	**533.7**	**458.7**	**488.6**
61 Investment company shares	-2.4	.9	-.1	.1	5.0	7.7	-.8	5.5	4.5	8.9	6.5	14.5
62 Other corporate equities	13.1	5.6	1.9	-3.9	17.1	-10.6	-.9	10.8	23.4	2.3	-23.5	1.2
63 Debt instruments	285.4	379.9	477.4	489.7	443.5	499.1	487.1	411.8	475.2	522.5	475.7	472.9
64 U.S. government securities	83.8	79.9	90.5	84.8	122.9	132.6	97.0	110.7	135.1	124.5	140.7	156.1
65 State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
66 Corporate and foreign bonds	41.2	36.1	31.8	34.2	41.1	28.5	35.2	49.3	33.0	26.0	30.9	17.0
67 Mortgages	87.1	129.9	151.0	162.4	134.0	115.2	154.7	130.4	137.7	134.3	96.2	92.1
68 Consumer credit	25.4	40.2	48.8	45.4	4.9	25.3	41.0	-3.3	13.0	29.4	21.2	16.0
69 Bank loans n.e.c.	6.2	29.5	59.0	51.0	46.5	57.0	42.7	24.0	69.0	56.4	57.6	83.6
70 Open market paper and RPs	8.1	15.0	26.4	40.3	21.6	54.0	44.5	35.9	7.2	56.2	51.8	30.9
71 Other loans	17.8	27.4	41.5	41.8	36.6	53.7	39.2	34.1	39.2	60.7	46.6	29.4

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-yearly data are at seasonally adjusted annual rates

Transaction category, or sector	1976	1977	1978	1979	1980	1981	1979	1980		1981		1982
							H2	H1	H2	H1	H2	H1r
1 **Total funds advanced in credit markets to nonfinancial sectors**	**262.7**	**331.2**	**402.3**	**409.1**	**382.2**	**418.4**	**411.0**	**354.2**	**410.2**	**436.7**	**400.2**	**381.0**
By public agencies and foreign												
2 Total net advances	49.8	79.2	101.9	74.6	95.8	95.9	101.0	104.6	87.0	98.7	93.2	91.9
3 U.S. government securities	23.1	34.9	36.1	-6.3	15.7	17.2	16.6	20.5	10.9	15.9	18.5	-.8
4 Residential mortgages	12.3	20.0	25.7	35.8	31.7	23.4	36.7	34.9	28.5	21.4	25.5	47.4
5 FHLB advances to savings and loans	-2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
6 Other loans and securities	16.4	20.1	27.6	35.9	41.3	39.1	38.6	43.4	39.1	42.1	36.0	31.5
Total advanced, by sector												
7 U.S. government	7.9	10.0	17.1	19.0	23.7	24.2	18.7	24.6	22.8	27.1	21.2	15.4
8 Sponsored credit agencies	16.8	22.4	39.9	52.4	44.4	46.0	56.9	45.2	43.7	44.3	47.7	59.0
9 Monetary authorities	9.8	7.1	7.0	7.7	4.5	9.2	14.0	14.9	-5.9	-3.7	22.1	-6.5
10 Foreign	15.2	39.6	38.0	-4.6	23.2	16.6	11.3	19.9	26.5	30.9	2.2	23.9
11 Agency borrowing not included in line 1	14.3	21.9	36.7	47.3	43.6	45.1	50.8	47.3	39.8	42.5	47.8	57.9
Private domestic funds advanced												
12 Total net advances	227.1	273.9	337.1	381.8	329.9	367.6	360.8	296.9	362.9	380.5	354.7	347.0
13 U.S. government securities	60.7	45.1	54.3	91.1	107.2	115.4	80.5	90.2	124.2	108.5	122.3	156.9
14 State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
15 Corporate and foreign bonds	30.5	22.2	22.4	23.7	25.8	20.6	24.1	31.6	20.1	18.6	22.7	4.5
16 Residential mortgages	55.4	81.4	95.5	92.0	73.7	59.7	84.0	69.6	77.8	78.8	40.5	17.0
17 Other mortgages and loans	62.9	107.6	149.1	154.3	94.4	155.3	148.7	80.6	108.3	158.7	151.8	134.5
18 LESS: Federal Home Loan Bank advances	-2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
20 Commercial banking	59.6	87.6	128.7	121.1	99.7	103.5	108.1	64.7	134.8	107.8	99.2	122.3
21 Savings institutions	70.2	81.6	73.6	55.5	54.1	24.6	48.9	34.9	73.2	43.9	5.3	30.2
22 Insurance and pension funds	49.7	69.0	75.0	66.4	74.4	75.8	60.1	84.3	64.4	75.8	75.8	89.0
23 Other finance	11.4	23.5	25.6	49.2	29.8	97.4	43.6	61.5	-1.9	98.8	95.9	39.7
24 Sources of funds	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
25 Private domestic deposits	124.4	138.9	141.1	142.5	167.8	211.2	145.9	162.5	173.1	212.0	210.3	177.5
26 Credit market borrowing	8.4	26.9	38.3	33.4	17.7	35.6	25.3	10.3	25.2	43.4	27.8	34.0
27 Other sources	58.0	96.0	123.5	116.4	72.4	54.6	89.5	72.7	72.1	70.9	38.2	69.8
28 Foreign funds	-4.7	1.2	6.3	25.6	-23.0	-8.8	3.4	-20.0	-26.0	-.7	-16.8	-31.1
29 Treasury balances	-.1	4.3	6.8	.4	-2.6	-1.1	-.7	-6.1	1.0	6.0	-8.2	-4.1
30 Insurance and pension reserves	34.3	51.4	62.2	49.1	65.4	70.8	43.8	70.3	60.5	66.0	75.6	77.4
31 Other, net	28.5	39.1	48.3	41.3	32.6	-6.4	43.0	28.6	36.6	-.4	-12.3	27.6
Private domestic nonfinancial investors												
32 Direct lending in credit markets	44.7	39.0	72.5	122.9	89.7	101.9	125.4	61.7	117.7	97.5	106.2	99.8
33 U.S. government securities	15.9	24.6	36.3	61.4	38.3	50.4	54.9	23.3	53.3	43.0	57.7	54.8
34 State and local obligations	3.3	-.8	3.6	9.4	12.6	20.3	11.5	6.2	18.9	22.8	17.8	35.7
35 Corporate and foreign bonds	11.8	-5.1	-2.9	10.2	9.3	-7.9	16.9	7.8	10.8	-9.2	-6.6	-22.9
36 Commercial paper	1.9	9.6	15.6	12.1	-3.4	3.5	14.6	-8.1	1.4	-1.4	8.4	7.9
37 Other	11.8	10.7	19.9	29.8	32.9	35.6	27.6	32.5	33.3	42.3	29.0	24.2
38 Deposits and currency	133.4	148.5	152.3	151.9	179.2	221.0	149.9	172.4	186.1	218.6	223.4	177.5
39 Currency	7.3	8.3	9.3	7.9	10.3	9.5	6.3	9.3	11.3	5.8	13.2	2.0
40 Checkable deposits	10.4	17.2	16.3	19.2	4.2	18.3	22.5	-2.5	11.0	26.5	10.1	6.9
41 Small time and savings accounts	123.7	93.5	63.7	61.0	79.5	46.6	50.7	73.4	85.7	26.9	66.3	78.8
42 Money market fund shares	*	.2	6.9	34.4	29.2	107.5	38.6	61.9	-3.4	104.1	110.8	39.4
43 Large time deposits	-12.0	25.8	46.6	21.2	48.3	36.3	39.4	24.4	72.1	46.8	25.7	51.4
44 Security RPs	2.3	2.2	7.5	6.6	6.5	2.5	-5.3	5.3	7.8	7.7	-2.6	1.0
45 Foreign deposits	1.7	1.3	2.0	1.5	1.1	.3	-2.3	.6	1.7	.8	-.2	-2.0
46 **Total of credit market instruments, deposits and currency**	**178.1**	**187.5**	**224.9**	**274.8**	**269.0**	**322.8**	**275.3**	**234.1**	**303.8**	**316.1**	**329.6**	**277.2**
47 Public support rate (in percent)	19.0	23.9	25.3	18.2	25.1	22.9	24.6	29.5	21.2	22.6	23.3	24.1
48 Private financial intermediation (in percent)	84.0	95.6	89.9	76.5	78.2	82.0	72.3	82.7	74.5	85.8	77.9	81.0
49 Total foreign funds	10.5	40.8	44.3	21.0	.2	7.8	14.8	*	.5	30.3	-14.6	-7.2
MEMO: Corporate equities not included above												
50 **Total net issues**	**10.6**	**6.5**	**1.9**	**-3.8**	**22.1**	**-2.9**	**-1.7**	**16.3**	**27.9**	**11.2**	**-17.0**	**15.7**
51 Mutual fund shares	-2.4	.9	-.1	.1	5.0	7.7	-.8	5.5	4.5	8.9	6.5	14.5
52 Other equities	13.1	5.6	1.9	-3.9	17.1	-10.6	-.9	10.8	23.4	2.3	-23.5	1.2
53 Acquisitions by financial institutions	12.5	7.4	4.6	10.4	14.6	22.9	14.2	8.6	20.7	25.3	20.5	20.7
54 Other net purchases	-1.9	-.8	-2.7	-14.2	7.5	-25.8	-15.9	7.7	7.2	-14.1	-37.5	-5.1

NOTES BY LINE NUMBER.
1. Line 2 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, and 38 less lines 39 and 45.
17. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 39 and 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1979	1980	1981	1982								
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[p]	Nov.
1 **Industrial production**[1]	**152.5**	**147.0**	**151.0**	**141.7**	**140.2**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**136.2**	**135.6**
Market groupings												
2 Products, total	150.0	146.7	150.6	143.7	142.9	142.3	142.1	142.6	142.0	140.6	139.4	138.9
3 Final, total	147.2	145.3	149.5	143.3	142.6	142.2	142.1	142.5	141.2	139.8	138.6	138.1
4 Consumer goods	150.8	145.4	147.9	141.5	142.1	143.6	144.8	145.8	144.1	143.3	142.3	141.6
5 Equipment	142.2	145.2	151.5	145.9	143.4	140.4	138.4	138.0	137.3	135.0	133.6	133.4
6 Intermediate	160.5	151.9	154.4	145.2	143.7	142.6	141.9	142.8	144.7	143.4	142.1	141.8
7 Materials	156.4	147.6	151.6	138.5	136.2	134.3	133.5	133.0	132.8	132.2	131.2	130.4
Industry groupings												
8 Manufacturing	153.6	146.7	150.4	140.1	138.7	137.9	137.7	138.1	138.0	137.1	135.6	134.9
Capacity utilization (percent)[1,2]												
9 Manufacturing	85.7	79.1	78.5	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.3	67.8
10 Industrial materials industries	87.4	80.0	79.9	71.8	70.5	69.4	68.8	68.5	68.2	67.8	67.2	66.7
11 Construction contracts (1977 = 100)[3]	121.0	106.0	107.0	105.0	88.0	94.0	111.0	98.0	112.0	117.0	n.a.	n.a.
12 Nonagricultural employment, total[4]	136.5	137.4	138.5	137.2	136.9	137.0	136.5	136.1	135.7	135.7	135.1	134.8
13 Goods-producing, total	113.5	110.3	110.2	104.9	104.2	104.1	102.9	102.3	101.5	101.0	99.7	99.0
14 Manufacturing, total	108.2	104.3	103.7	99.3	98.6	98.3	97.3	96.7	96.0	95.5	94.2	93.5
15 Manufacturing, production-worker	105.3	99.4	98.5	92.1	91.2	90.9	89.8	89.2	88.4	87.8	86.2	85.4
16 Service-producing	149.1	152.6	155.0	155.0	154.8	155.1	154.9	154.6	154.5	154.7	154.5	154.4
17 Personal income, total	309.7	342.9	383.5	399.8	402.5	405.7	407.3	411.2	412.0	413.0	416.0	n.a.
18 Wages and salary disbursements	289.8	317.6	349.9	361.3	362.2	365.4	366.0	367.6	367.8	367.6	368.1	n.a.
19 Manufacturing	249.0	264.3	288.1	286.4	286.3	288.1	288.4	287.7	286.4	284.3	281.1	n.a.
20 Disposable personal income[5]	301.2	332.9	370.3	387.7	391.7	392.9	393.4	400.6	400.9	402.0	404.0	405.5
21 Retail sales[6]	281.6	303.8	330.6	333.5	337.4	347.1	336.4	341.8	338.2	341.3	343.3	351.2
Prices[7]												
22 Consumer	217.4	246.8	272.4	283.1	284.3	287.1	290.6	292.2	292.8	293.3	294.1	n.a.
23 Producer finished goods	217.7	247.0	269.8	277.3	277.3	277.8	279.9	281.7	282.4	281.4	284.1	n.a.

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

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

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1981	1982			1981	1982			1981	1982		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**145.0**	**139.8**	**138.1**	**137.7**	**193.9**	**195.2**	**196.4**	**197.7**	**74.8**	**71.6**	**70.3**	**69.7**
2 Primary processing	143.5	137.1	132.3	132.5	197.5	198.6	199.5	200.4	72.7	69.1	66.3	66.1
3 Advanced processing	145.8	141.6	141.2	140.5	192.0	193.5	194.9	196.2	75.9	73.2	72.5	71.6
4 **Materials**	**144.0**	**138.7**	**134.7**	**132.7**	**191.5**	**192.6**	**193.7**	**194.6**	**75.2**	**72.0**	**69.6**	**68.2**
5 Durable goods	140.2	130.9	127.1	124.8	195.3	196.4	197.3	198.3	71.8	66.7	64.4	63.0
6 Metal materials	99.5	90.9	77.0	73.0	142.1	142.3	142.4	142.3	70.1	63.9	54.1	51.3
7 Nondurable goods	164.5	161.0	156.8	155.0	213.1	214.6	216.1	217.4	77.2	75.0	72.6	71.3
8 Textile, paper, and chemical	169.4	164.5	160.5	158.2	223.9	225.6	227.3	228.8	75.7	72.9	70.6	69.2
9 Textile	106.8	101.3	101.8	102.2	141.6	142.1	142.4	142.8	75.4	71.3	71.5	71.5
10 Paper	147.0	146.1	142.0	145.6	162.8	163.8	164.6	165.4	90.3	89.2	86.3	88.0
11 Chemical	206.2	200.0	194.0	188.3	284.4	287.3	289.6	291.9	72.5	69.6	67.0	64.5
12 Energy materials	127.9	129.8	125.5	124.0	155.8	156.5	157.0	157.6	82.1	82.9	79.9	78.7

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1981 Nov.	1982 Mar.	Apr.	May	June	July	Aug.^r	Sept.^r	Oct.	Nov.
	Capacity utilization rate (percent)													
13 Manufacturing	88.0	69.0	87.2	74.9	74.8	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.3	67.8
14 Primary processing	93.8	68.2	90.1	71.0	72.7	68.6	67.2	66.1	65.7	65.7	66.1	66.5	65.9	65.4
15 Advanced processing	85.5	69.4	86.2	77.2	75.8	73.2	72.6	72.5	72.3	72.3	71.7	70.7	69.6	69.1
16 Materials	92.6	69.4	88.8	73.8	75.5	71.8	70.5	69.4	68.8	68.5	68.2	67.8	67.2	66.7
17 Durable goods	91.5	63.6	88.4	68.2	72.2	66.4	65.0	64.2	64.0	63.7	63.1	62.1	60.6	59.8
18 Metal materials	98.3	68.6	96.0	59.6	70.8	61.1	56.2	53.9	52.2	50.7	51.2	51.9	50.4	n.a.
19 Nondurable goods	94.5	67.2	91.6	77.5	77.3	75.3	74.4	72.5	70.9	70.2	71.0	72.7	72.8	72.5
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	75.9	73.7	72.5	70.6	68.8	68.0	68.9	70.5	70.9	70.7
21 Textile	92.6	57.9	90.6	80.9	75.5	73.5	73.4	71.5	69.6	69.8	72.3	72.6	74.3	n.a.
22 Paper	99.4	72.4	97.7	89.3	92.3	89.4	87.4	86.1	85.3	86.0	88.6	89.3	89.7	n.a.
23 Chemical	95.5	64.2	91.3	70.7	72.4	70.2	69.0	66.9	65.0	63.7	63.6	65.9	66.0	n.a.
24 Energy materials	94.6	84.8	88.3	82.7	82.2	81.8	80.2	79.9	79.8	80.0	79.0	77.0	77.9	77.3

1. Monthly high 1973; monthly low 1975.

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

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1979	1980	1981	1982 May	June	July	Aug.	Sept.^r	Oct.^r	Nov.^p
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**166,951**	**169,847**	**172,272**	**174,201**	**174,363**	**174,544**	**174,707**	**174,888**	**175,069**	**175,238**
2 Labor force (including Armed Forces)[1]	107,050	109,042	110,812	112,841	112,364	112,702	112,840	113,178	112,832	113,199
3 Civilian labor force	104,962	106,940	108,670	110,666	110,191	110,522	110,644	110,980	110,644	111,019
Employment										
4 Nonagricultural industries[2]	95,477	95,938	97,030	96,629	96,406	96,272	96,404	96,352	95,667	95,563
5 Agriculture	3,347	3,364	3,368	3,488	3,357	3,460	3,435	3,368	3,426	3,470
Unemployment										
6 Number	6,137	7,637	8,273	10,549	10,427	10,790	10,805	11,260	11,551	11,987
7 Rate (percent of civilian labor force)	5.8	7.1	7.6	9.5	9.5	9.8	9.8	10.1	10.4	10.8
8 Not in labor force	59,901	60,805	61,460	61,360	61,999	61,842	61,867	61,710	62,237	62,039
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**89,823**	**90,406**	**91,105**	**90,166**	**89,839**	**89,535**	**89,312**	**89,267**	**88,878**	**88,715**
10 Manufacturing	21,040	20,285	20,173	19,115	18,930	18,813	18,672	18,572	18,323	18,185
11 Mining	958	1,020	1,104	1,152	1,124	1,100	1,086	1,075	1,065	1,051
12 Contract construction	4,463	4,399	4,307	3,988	3,940	3,927	3,899	3,883	3,854	3,850
13 Transportation and public utilities	5,136	5,143	5,152	5,101	5,078	5,044	5,025	5,031	5,009	5,009
14 Trade	20,192	20,386	20,736	20,652	20,595	20,615	20,550	20,492	20,437	20,388
15 Finance	4,975	5,168	5,330	5,342	5,352	5,359	5,360	5,367	5,358	5,364
16 Service	17,112	17,901	18,598	18,963	18,988	19,042	19,048	19,084	19,087	19,127
17 Government	15,947	16,249	16,056	15,853	15,832	15,635	15,672	15,763	15,745	15,741

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1981 average	1981 Nov.	1981 Dec.	1982 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]	Nov.[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**151.0**	**146.3**	**143.4**	**140.7**	**142.9**	**141.7**	**140.2**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**136.2**	**135.6**
2 Products	60.71	150.6	147.5	146.2	142.9	144.6	143.7	142.9	142.3	142.1	142.6	142.0	140.6	139.4	138.9
3 Final products	47.82	149.5	147.2	146.3	142.8	144.1	143.3	142.6	142.2	142.1	142.5	141.2	139.8	138.6	138.1
4 Consumer goods	27.68	147.9	144.0	142.0	139.6	141.8	141.5	142.1	143.6	144.8	145.8	144.1	143.3	142.3	141.6
5 Equipment	20.14	151.8	151.5	152.1	147.2	147.3	145.9	143.4	140.4	138.4	138.0	137.3	135.0	133.6	133.4
6 Intermediate products	12.89	154.4	148.7	145.9	143.4	146.3	145.2	143.7	142.6	141.9	142.8	144.7	143.4	142.1	141.8
7 Materials	39.29	151.6	144.6	139.0	137.2	140.4	138.5	136.2	134.3	133.5	133.0	132.8	132.2	131.2	130.4
Consumer goods															
8 Durable consumer goods	7.89	140.5	129.7	123.2	120.1	125.9	128.1	130.7	132.6	134.6	137.3	132.9	131.3	127.0	126.0
9 Automotive products	2.83	137.9	121.7	119.2	109.2	117.5	125.0	129.9	138.9	143.0	149.7	135.5	135.5	123.0	120.9
10 Autos and utility vehicles	2.03	111.2	88.9	87.5	71.6	82.0	93.6	100.5	111.8	117.1	127.7	107.1	105.8	89.6	87.2
11 Autos	1.90	103.4	81.1	78.1	61.3	70.5	79.8	87.2	96.1	101.9	114.6	93.3	94.3	79.5	77.7
12 Auto parts and allied goods	80	205.6	205.0	199.7	204.4	207.8	204.5	204.6	207.6	208.6	205.4	207.6	210.7	207.8	206.3
13 Home goods	5.06	142.0	134.1	125.4	126.3	130.6	129.9	131.1	129.1	129.9	130.4	131.4	128.9	129.2	128.8
14 Appliances, A/C, and TV	1.40	119.6	107.7	85.7	100.6	103.5	97.0	102.7	100.5	106.4	102.7	104.5	99.4	106.0	106.6
15 Appliances and TV	1.33	121.2	108.7	86.6	101.6	104.1	97.4	103.1	101.5	108.8	106.1	108.6	104.1	110.3	......
16 Carpeting and furniture	1.07	158.0	146.9	144.4	137.9	147.8	151.3	151.8	145.9	149.0	151.4	152.5	153.3	151.8	......
17 Miscellaneous home goods	2.59	147.4	143.2	139.1	135.4	138.1	138.9	138.0	137.7	134.9	136.7	137.2	134.9	132.5	131.5
18 Nondurable consumer goods	19.79	150.9	149.7	149.5	147.4	148.1	146.8	146.6	147.9	148.8	149.1	148.6	148.1	148.3	147.8
19 Clothing	4.29	119.8	116.1	113.8	......	......	......	......	......	......	......	......	......	......	......
20 Consumer staples	15.50	159.5	159.0	159.4	158.9	159.2	158.1	158.3	159.0	159.9	159.7	159.4	158.7	159.0	158.4
21 Consumer foods and tobacco	8.33	150.3	150.4	150.9	150.0	151.1	149.6	148.1	149.9	150.9	149.9	149.6	148.5	......	......
22 Nonfood staples	7.17	170.0	169.1	169.3	169.1	168.7	168.0	170.0	169.5	170.4	171.2	170.8	170.5	170.3	169.6
23 Consumer chemical products	2.63	223.1	220.3	220.1	220.1	218.2	217.8	218.3	216.6	219.8	222.3	222.4	220.7	220.1	......
24 Consumer paper products	1.92	127.9	125.7	127.2	127.0	130.2	127.8	128.7	126.7	126.7	128.1	129.4	128.2	126.4	......
25 Consumer energy products	2.62	147.7	149.4	149.1	148.9	147.2	147.6	151.9	153.6	152.8	151.4	149.3	151.2	152.5	......
26 Residential utilities	1.45	166.3	167.4	167.5	172.3	171.6	170.4	174.5	173.7	171.1	167.7	169.7	169.5	......	......
Equipment															
27 Business	12.63	181.1	179.0	179.0	172.2	171.6	169.0	164.9	159.9	156.7	154.9	153.9	150.2	146.9	146.1
28 Industrial	6.77	166.4	165.1	164.0	158.1	155.9	151.2	145.9	138.9	134.0	131.3	128.4	123.8	119.0	118.5
29 Building and mining	1.44	286.2	293.8	294.6	289.0	274.9	256.9	242.2	224.4	209.0	200.4	190.8	182.1	164.0	168.0
30 Manufacturing	3.85	127.9	123.6	122.0	116.9	116.8	116.3	114.0	109.7	107.5	106.0	104.4	101.6	100.6	99.0
31 Power	1.47	149.7	147.1	145.5	137.4	141.1	139.0	134.8	131.5	129.9	129.6	130.1	124.7	122.8	121.1
32 Commercial transit, farm	5.86	198.0	195.0	196.3	188.5	189.9	189.5	186.9	184.1	183.0	182.2	183.3	180.6	179.3	177.8
33 Commercial	3.26	258.7	260.6	262.9	256.1	256.4	257.8	253.1	247.7	247.5	248.8	253.5	251.9	251.2	250.0
34 Transit	1.93	125.4	116.6	117.5	109.0	110.4	110.5	110.9	110.9	108.3	106.3	102.0	96.5	93.1	91.0
35 Farm	.67	112.0	101.7	98.9	88.4	95.1	84.9	83.5	85.8	84.1	76.9	75.8	76.1	77.6	......
36 Defense and space	7.51	102.7	105.3	107.0	105.2	106.5	107.0	107.2	107.7	107.6	109.5	109.5	109.5	111.2	112.1
Intermediate products															
37 Construction supplies	6.42	141.9	130.1	127.0	124.2	127.5	125.6	123.6	122.2	123.1	124.1	127.1	125.4	124.2	124.1
38 Business supplies	6.47	166.7	167.1	164.6	162.4	165.1	164.6	163.7	162.8	160.6	161.4	162.1	161.4	159.9	......
39 Commercial energy products	1.14	176.4	177.0	177.3	181.7	184.1	184.5	183.5	180.3	178.3	179.8	178.1	179.2	179.4	......
Materials															
40 Durable goods materials	20.35	149.1	141.0	134.0	129.7	132.4	130.7	128.1	126.6	126.6	126.0	125.1	123.2	120.4	119.2
41 Durable consumer parts	4.58	114.5	102.8	92.9	86.9	92.2	94.1	94.7	98.9	103.1	103.8	101.0	97.9	93.0	91.5
42 Equipment parts	5.44	191.2	188.7	183.3	177.2	180.1	177.5	173.9	170.0	168.3	166.1	164.1	158.3	156.0	154.5
43 Durable materials n.e.c.	10.34	142.3	132.9	126.1	123.6	125.1	122.2	118.8	116.1	115.1	114.8	115.4	116.0	113.9	112.9
44 Basic metal materials	5.57	112.0	101.6	94.8	94.5	94.3	88.6	82.3	79.4	77.4	75.7	76.1	77.7	75.6	......
45 Nondurable goods materials	10.47	174.6	164.7	158.3	156.8	164.2	162.0	160.3	156.6	153.5	152.3	154.5	158.3	158.8	158.8
46 Textile, paper, and chemical materials	7.62	181.4	169.9	161.9	159.1	167.9	166.6	164.4	160.4	156.7	155.3	157.7	161.7	162.9	162.9
47 Textile materials	1.85	113.0	106.9	102.0	97.3	102.2	104.5	104.5	101.8	99.1	99.6	103.2	103.7	106.3	......
48 Paper materials	1.62	150.6	150.2	141.2	143.2	148.5	146.7	143.5	141.8	140.7	142.1	146.6	148.0	148.9	......
49 Chemical materials	4.15	224.0	205.8	196.8	193.0	204.9	202.2	199.3	193.9	188.7	185.4	186.5	193.0	193.6	......
50 Containers, nondurable	1.70	169.3	163.5	161.9	162.4	166.7	161.3	159.8	157.2	158.5	158.1	162.8	168.3	165.7	......
51 Nondurable materials n.e.c.	1.14	137.4	131.9	128.6	132.4	136.0	132.4	134.2	130.6	124.8	123.4	120.1	120.9	121.4	......
52 Energy materials	8.48	129.0	128.1	127.4	130.9	130.3	128.2	125.8	125.4	125.4	126.0	124.5	121.6	123.1	122.3
53 Primary energy	4.65	115.0	115.6	115.9	119.2	119.5	119.2	117.3	116.9	116.6	117.2	113.8	111.3	114.5	......
54 Converted fuel materials	3.82	145.9	143.4	141.4	145.1	143.4	139.1	136.1	135.7	136.0	136.7	137.4	134.0	133.7	......
Supplementary groups															
55 Home goods and clothing	9.35	131.8	125.9	120.1	117.0	120.1	118.9	118.9	119.5	120.2	121.4	121.3	120.2	120.3	120.0
56 Energy, total	12.23	137.4	137.2	136.7	139.5	138.9	137.6	136.7	136.5	136.2	136.4	134.8	133.3	134.7	133.4
57 Products	3.76	156.4	157.8	157.7	158.8	158.4	158.8	161.5	161.7	160.5	160.0	158.0	159.7	160.7	......
58 Materials	8.48	129.0	128.1	127.4	130.9	130.3	128.2	125.8	125.4	125.4	126.0	124.5	121.6	123.1	122.3

2.13 Continued

Grouping	SIC code	1967 proportion	1981 avg.	1981 Nov.	1981 Dec.	1982 Jan.	1982 Feb.	1982 Mar.	1982 Apr.	1982 May	1982 June	1982 July	1982 Aug.[r]	1982 Sept.	1982 Oct.[p]	1982 Nov.[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	155.0	155.4	154.7	157.4	155.6	153.1	151.6	148.8	145.2	142.6	141.3	139.8	141.0	140.3
2 Mining	......	6.36	142.2	143.3	142.6	144.5	142.4	138.1	134.1	128.9	123.5	120.1	116.9	115.0	116.6	116.2
3 Utilities	......	5.69	169.1	168.9	168.2	171.8	170.4	170.0	171.0	170.9	169.4	167.7	168.5	167.6	168.2	167.2
4 Electric	......	3.88	190.9	190.9	190.2	195.2	192.5	191.7	193.1	193.4	191.6	189.2	189.9	188.3	189.6	188.3
5 Manufacturing	......	87.95	150.4	145.0	142.0	138.5	140.9	140.1	138.7	137.9	137.7	138.1	138.0	137.1	135.6	134.9
6 Nondurable	......	35.97	164.8	160.3	157.4	155.1	157.8	157.3	156.1	155.0	155.3	155.7	156.9	156.9	156.3	156.0
7 Durable	......	51.98	140.5	134.4	131.3	127.1	129.3	128.2	126.7	126.1	125.5	125.9	124.9	123.4	121.3	120.3
Mining																
8 Metal	10	.51	123.1	115.4	110.9	121.3	120.8	109.9	108.8	90.0	71.8	58.1	53.4	55.3	69.1	......
9 Coal	11.12	.69	141.3	160.8	145.5	147.9	156.0	155.6	146.2	149.2	144.4	140.3	135.8	127.9	143.2	134.3
10 Oil and gas extraction	13	4.40	146.8	148.4	150.5	151.5	146.6	141.4	137.7	132.7	129.1	127.0	123.3	121.4	119.3	119.7
11 Stone and earth minerals	14	.75	129.4	116.7	115.7	115.8	120.5	121.6	119.6	114.6	106.6	103.8	105.7	106.3	108.6	......
Nondurable manufactures																
12 Foods	20	8.75	152.1	153.0	152.8	151.1	151.7	150.8	149.7	150.5	151.0	151.0	150.7	149.8	......	......
13 Tobacco products	21	.67	122.2	119.6	112.6	112.7	126.7	126.7	116.1	118.6	123.6	121.4	120.6	114.3	......	......
14 Textile mill products	22	2.68	135.7	126.1	122.8	120.0	125.8	126.0	126.3	123.5	123.7	124.3	125.9	126.4	128.1	......
15 Apparel products	23	3.31	120.4	113.8	114.1	......	......	......	......	......	......	......	......	......	......	......
16 Paper and products	26	3.21	155.0	152.6	146.6	148.3	151.5	150.6	149.8	146.5	146.8	147.0	152.5	154.2	154.4	155.8
17 Printing and publishing	27	4.72	144.2	143.4	145.3	145.6	146.4	145.9	144.2	143.8	142.6	143.9	145.3	144.3	142.4	142.8
18 Chemicals and products	28	7.74	215.6	204.6	199.8	196.7	201.3	200.3	198.6	193.6	193.2	194.1	195.6	196.0	195.5	......
19 Petroleum products	29	1.79	129.7	128.0	128.3	123.3	119.5	121.3	120.8	122.2	124.3	124.7	121.4	124.4	125.3	122.1
20 Rubber and plastic products	30	2.24	274.0	264.1	247.3	244.7	251.8	253.4	255.1	257.0	258.9	256.8	261.1	262.0	255.7	......
21 Leather and products	31	.86	69.3	70.8	65.6	63.1	64.0	61.2	60.6	61.1	62.3	62.9	60.8	60.9	59.9	......
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	81.1	84.3	85.5	84.1	83.8	83.8	85.2	86.3	86.5	87.1	86.5	86.9	88.7	89.5
23 Lumber and products	24	1.64	119.1	104.7	104.8	99.2	104.9	103.5	106.2	110.6	112.2	116.9	120.3	120.2	118.4	......
24 Furniture and fixtures	25	1.37	157.2	153.7	149.4	144.3	148.4	150.2	151.8	151.1	152.5	154.5	156.7	155.7	154.7	......
25 Clay, glass, stone products	32	2.74	147.9	135.9	131.5	128.5	135.0	131.5	127.0	125.0	126.1	126.9	128.8	130.0	128.9	......
26 Primary metals	33	6.57	107.9	96.6	89.6	89.7	88.5	83.0	76.4	75.2	72.8	72.9	72.9	73.3	72.4	70.1
27 Iron and steel	331.2	4.21	99.8	87.2	79.2	79.6	78.5	73.0	65.1	62.4	58.0	58.1	57.4	56.5	55.2	......
28 Fabricated metal products	34	5.93	136.4	130.2	126.1	120.7	121.4	121.1	119.1	115.8	115.0	115.5	114.3	112.2	109.9	109.3
29 Nonelectrical machinery	35	9.15	171.2	167.9	167.4	160.9	160.0	157.3	153.7	150.0	147.4	147.1	147.2	144.1	141.1	138.6
30 Electrical machinery	36	8.05	178.4	175.7	170.7	168.2	172.9	172.6	172.2	170.9	170.8	170.3	169.7	167.0	166.1	165.6
31 Transportation equipment	37	9.27	116.1	106.1	103.7	96.6	102.0	104.4	105.9	110.0	111.6	112.7	107.0	105.3	100.6	99.7
32 Motor vehicles and parts	371	4.50	122.3	105.5	100.4	90.4	98.6	105.6	110.7	119.8	124.0	127.2	116.7	113.5	103.0	101.2
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	110.2	106.8	106.8	102.4	105.3	103.2	101.3	100.8	99.9	99.0	97.8	97.6	98.4	98.3
34 Instruments	38	2.11	170.3	167.1	166.8	162.2	164.5	163.0	162.8	163.8	164.8	165.2	165.5	162.2	158.4	158.0
35 Miscellaneous manufactures	39	1.51	154.7	151.7	147.9	144.9	144.5	145.3	144.6	141.7	136.8	134.7	133.9	132.9	131.2	130.5
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 Products, total	......	**507.4**	**612.3**	**597.6**	**592.8**	**577.4**	**588.1**	**586.8**	**582.1**	**586.1**	**584.1**	**585.8**	**578.5**	**573.1**	**569.3**	**566.8**
37 Final	......	390.9	474.1	465.2	462.3	448.8	457.1	456.6	453.5	458.3	456.7	457.2	449.2	444.4	441.8	439.2
38 Consumer goods	......	277.5	318.0	310.5	307.2	298.9	306.3	306.9	306.7	312.3	313.1	314.9	309.1	307.6	306.0	303.5
39 Equipment	......	113.4	156.1	154.7	155.1	149.9	150.8	149.7	146.8	146.0	143.5	142.3	140.1	136.7	135.7	135.7
40 Intermediate	......	116.6	138.2	132.4	130.5	128.7	131.1	130.2	128.6	127.8	127.4	128.7	129.3	128.7	127.6	127.5

1. 1972 dollar value.

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1979	1980	1981	1982 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,552	1,191	986	851	879	944	929	1,062	888	1,003	1,181
2 1-family	981	710	564	460	450	488	516	500	497	561	634
3 2-or-more-family	570	480	421	391	429	456	413	562	391	442	547
4 Started	1,745	1,292	1,084	931	882	1,066	908	1,193	1,033	1,111	1,122
5 1-family	1,194	852	705	621	566	631	621	628	645	670	679
6 2-or-more-family	551	440	379	310	316	435	287	565	388	441	443
7 Under construction, end of period[1]	1,140	896	682	682	673	664	660	673[r]	669	686	n.a.
8 1-family	639	515	382	399	393	382	384	377[r]	373	379	n.a.
9 2-or-more-family	501	382	301	283	280	282	276	296[r]	296	307	n.a.
10 Completed	1,855	1,502	1,266	926	962	1,138	939	1,007	1,006	925	n.a.
11 1-family	1,286	957	818	585	596	684	582	693	638	577	n.a.
12 2-or-more-family	569	545	447	341	366	454	357	314	368	348	n.a.
13 Mobile homes shipped	277	222	241	252	255	246	257	246	234	222	n.a.
Merchant builder activity in 1-family units											
14 Number sold	709	545	436	380	335	395	369	352[r]	382	489	487
15 Number for sale, end of period[1]	402	342	278	269	264	259	254	250	248	248	243
Price (thousands of dollars)[2]											
Median											
16 Units sold	62.8	64.7	68.8	67.2	70.2	69.3	69.3	70.9	70.7	67.7	69.4
Average											
17 Units sold	71.9	76.4	83.1	83.7	85.0	86.5	84.9	86.5[r]	86.9	79.6	81.3
EXISTING UNITS (1-family)											
18 Number sold	3,701	2,881	2,350	1,990	1,910	1,900	1,980	1,890	1,820	1,840	1,920
Price of units sold (thousands of dollars)[2]											
19 Median	55.5	62.1	66.1	67.0	67.1	67.8	69.4	69.2	68.9	67.3	67.5
20 Average	64.0	72.7	78.0	79.1	79.4	80.6	82.3	82.0	82.0	80.0	79.8
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**230,412**	**230,748**	**238,198**	**224,583**	**226,095**	**228,745**	**231,589**	**228,775**	**230,413**	**232,353**	**234,905**
22 Private	181,622	175,701	185,221	173,605	175,142	179,941	182,651	180,336	179,638	182,014	182,902
23 Residential	99,028	87,261	86,566	70,040	72,300	75,453	75,251	76,234	76,935	77,336	77,721
24 Nonresidential, total	82,594	88,440	98,655	103,565	102,842	104,488	107,400	104,102	102,703	104,678	105,181
Buildings											
25 Industrial	14,953	13,839	17,031	16,641	15,882	17,118	18,424	16,404	16,691	17,728	18,283
26 Commercial	24,919	29,940	34,243	38,362	38,437	36,818	38,048	37,512	36,091	37,129	36,049
27 Other	7,427	8,654	9,543	9,880	9,897	10,427	10,579	10,130	10,499	10,506	10,826
28 Public utilities and other	35,295	36,007	37,838	38,682	38,626	40,125	40,349	40,056	39,422	39,315	40,023
29 Public	48,790	55,047	52,977	50,978	50,953	48,804	48,938	48,439	50,775	50,339	52,003
30 Military	1,648	1,880	1,966	2,317	1,706	2,140	1,901	1,891	1,997	2,060	2,149
31 Highway	11,997	13,808	13,304	13,307	12,113	11,655	13,073	14,119	13,327	13,464	14,151
32 Conservation and development	4,586	5,089	5,225	5,056	5,493	5,223	5,051	5,060	5,036	4,719	5,242
33 Other	30,559	34,270	32,482	30,298	31,641	29,786	28,913	27,369	30,415	30,096	30,461

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

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Oct. 1982 (1967 = 100)[1]
	1981 Oct.	1982 Oct.	1981	1982			1982					
			Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2]												
1 **All items**	**10.2**	**5.1**	**5.4**	**1.0**	**9.3**	**4.2**	**1.0**	**.6**	**.3**	**.2**	**.5**	**294.1**
2 Commodities	7.1	3.7	3.6	.8	7.8	3.4	1.3	.6	.0	.2	.6	267.5
3 Food	5.8	3.4	1.7	3.9	7.3	.6	.6	−.1	.3	.5	.2	287.0
4 Commodities less food	7.7	3.9	4.3	−2.6	7.9	4.7	1.5	.8	.2	.2	.8	255.4
5 Durable	6.8	5.6	1.2	3.5	14.1	1.5	1.3	.3	.3	−.2	.5	246.0
6 Nondurable	8.8	1.9	3.8	−4.9	1.9	6.1	2.0	1.1	.2	.2	1.1	265.7
7 Services	14.6	6.8	7.8	3.5	11.3	5.4	.8	.6	.6	.1	.2	340.3
8 Rent	8.4	7.2	9.0	5.9	5.6	8.0	.4	1.0	.5	.4	.9	228.9
9 Services less rent	15.5	6.8	7.6	3.3	11.9	5.0	.9	.5	.6	.1	.2	361.6
Other groupings												
10 All items less food	11.2	5.4	6.2	.9	9.7	4.9	1.2	.7	.4	.1	.5	294.0
11 All items less food and energy	10.9	5.9	5.6	3.0	10.6	4.6	.9	.6	.5	.0	.4	281.5
12 Homeownership	13.2	4.4	.3	−2.4	19.8	.4	1.4	.4	.4	−.7	−.1	382.8
PRODUCER PRICES												
13 Finished goods	7.4	3.6	5.5	.9	4.1	4.2	1.0	.6	.6	−.1	.5	284.1
14 Consumer	7.0	3.3	4.5	.6	3.7r	4.2r	1.1r	.5	.6	−.1	.5	284.2
15 Foods	2.4	1.5	−3.9	6.1	11.5	−7.4	.5	−1.5	.1	−.5	−.2	257.8
16 Excluding foods	8.9	4.2	7.8	−1.4	.7r	9.5r	1.3r	1.4	.8	.1	.8	293.3
17 Capital equipment	8.9	4.5	9.7	2.4	5.6r	3.8r	.7r	.6r	.7	−.4	.2	283.8
18 Intermediate materials[3]	9.2	.3	2.7	−1.8	−1.5r	2.4r	.3	.5	−.1	.1	−.1	315.5
Crude materials												
19 Nonfood	15.4	−.8	−6.0	−18.0	8.3r	8.1r	.6	1.0	−.1	1.0	.6	475.4
20 Food	−12.0	−3.8	−25.5	23.3	24.3	−26.4	−.8r	−2.7	−1.0	−3.8	−1.9	236.3

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
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	1979	1980	1981	1981		1982		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,417.8**	**2,633.1**	**2,937.7**	**2,980.9**	**3,003.2**	**2,995.5**	**3,045.2**	**3,080.7**
By source								
2 Personal consumption expenditures	1,507.2	1,667.2	1,843.2	1,868.8	1,884.5	1,919.4	1,947.8	1,987.5
3 Durable goods	213.4	214.3	234.6	241.2	229.6	237.9	240.7	240.1
4 Nondurable goods	600.0	670.4	734.5	741.3	746.5	749.1	755.0	767.9
5 Services	693.7	782.5	874.1	886.3	908.3	932.4	952.1	979.5
6 Gross private domestic investment	423.0	402.4	471.5	486.0	468.9	414.8	431.5	441.3
7 Fixed investment	408.8	412.4	451.1	454.2	455.7	450.4	447.7	438.4
8 Nonresidential	290.2	309.2	346.1	353.0	360.2	357.0	352.2	341.2
9 Structures	98.3	110.5	129.7	132.7	139.6	141.4	143.6	139.1
10 Producers' durable equipment	191.9	198.6	216.4	220.2	220.6	215.6	208.6	202.1
11 Residential structures	118.6	103.2	105.0	101.2	95.5	93.4	95.5	97.2
12 Nonfarm	114.0	98.3	99.7	95.6	89.4	87.9	89.6	91.3
13 Change in business inventories	14.3	−10.0	20.5	31.8	13.2	−35.6	−16.2	2.9
14 Nonfarm	8.6	−5.7	15.0	24.6	6.0	−36.0	−15.0	2.9
15 Net exports of goods and services	13.2	25.2	26.1	25.9	23.5	31.3	34.9	2.7
16 Exports	281.4	339.2	367.3	367.2	367.9	359.9	365.8	347.0
17 Imports	268.1	314.0	341.3	341.3	344.4	328.6	330.9	344.2
18 Government purchases of goods and services	474.4	538.4	596.9	600.2	626.3	630.1	630.9	649.2
19 Federal	168.3	197.2	229.0	230.0	250.5	249.7	244.3	256.4
20 State and local	306.0	341.2	368.0	370.1	375.7	380.4	386.6	392.7
By major type of product								
21 Final sales, total	2,403.5	2,643.1	2,917.3	2,949.1	2,989.9	3,031.1	3,061.4	3,077.8
22 Goods	1,065.6	1,141.9	1,289.2	1,317.0	1,298.5	1,269.4	1,283.1	1,285.8
23 Durable	464.8	477.3	528.1	547.3	504.9	482.4	505.9	512.4
24 Nondurable	600.8	664.6	761.1	769.7	793.6	787.0	777.2	773.4
25 Services	1,089.7	1,225.6	1,364.3	1,382.1	1,421.5	1,444.4	1,476.7	1,511.1
26 Structures	262.5	265.7	284.2	281.9	283.3	281.7	285.3	283.8
27 Change in business inventories	14.3	−10.0	20.5	31.8	13.2	−35.6	−16.2	2.9
28 Durable goods	10.5	−5.2	8.7	19.8	−5.6	−30.9	−6.6	9.5
29 Nondurable goods	3.8	−4.8	11.8	12.0	18.9	−4.8	−9.6	−6.6
30 MEMO: **Total GNP in 1972 dollars**	**1,479.4**	**1,474.0**	**1,502.6**	**1,510.4**	**1,490.1**	**1,470.7**	**1,478.4**	**1,478.4**
NATIONAL INCOME								
31 **Total**	**1,966.7**	**2,117.1**	**2,352.5**	**2,387.3**	**2,404.5**	**2,396.9**	**2,425.2**	**2,457.6**
32 Compensation of employees	1,458.1	1,598.6	1,767.6	1,789.1	1,813.4	1,830.8	1,850.7	1,868.2
33 Wages and salaries	1,237.4	1,356.1	1,494.0	1,512.6	1,531.1	1,541.5	1,556.6	1,569.9
34 Government and government enterprises	236.2	260.2	283.1	284.0	292.3	296.3	300.0	303.5
35 Other	1,001.4	1,095.9	1,210.9	1,228.6	1,238.8	1,245.2	1,256.6	1,266.3
36 Supplement to wages and salaries	220.7	242.5	273.6	276.5	282.3	289.3	294.1	298.3
37 Employer contributions for social insurance	105.8	115.3	133.2	134.3	136.5	140.2	141.7	142.8
38 Other labor income	114.9	127.3	140.4	142.2	145.8	149.1	152.5	155.5
39 Proprietors' income[1]	132.1	116.3	124.7	127.5	124.1	116.4	117.3	118.3
40 Business and professional[1]	100.2	96.9	100.7	100.4	99.5	98.6	99.9	101.7
41 Farm[1]	31.9	19.4	24.0	27.1	24.6	17.8	17.4	16.6
42 Rental income of persons[2]	27.9	32.9	33.9	33.6	33.6	33.9	34.2	34.6
43 Corporate profits[1]	194.8	181.6	190.6	193.1	183.9	157.1	155.4	165.9
44 Profits before tax[3]	252.7	242.5	232.1	233.3	216.5	171.6	171.7	179.9
45 Inventory valuation adjustment	−43.1	−43.0	−24.6	−23.0	−17.1	−4.4	−9.4	−9.9
46 Capital consumption adjustment	−14.8	−17.8	−16.8	−17.1	−15.5	−10.1	−6.9	−4.0
47 Net interest	153.8	187.7	235.7	244.0	249.5	258.7	267.5	270.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.49.

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	1979	1980	1981	1981		1982		
				Q3	Q4	Q1	Q2	Q3r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,943.8**	**2,160.2**	**2,404.1**	**2,458.2**	**2,494.6**	**2,510.5**	**2,552.7**	**2,596.0**
2 Wage and salary disbursements	1,237.6	1,356.1	1,493.9	1,512.3	1,531.2	1,541.6	1,556.6	1,569.9
3 Commodity-producing industries	438.4	468.0	510.8	519.3	517.7	514.3	513.6	510.1
4 Manufacturing	333.9	354.4	386.4	392.9	388.7	385.1	385.6	383.7
5 Distributive industries	303.4	330.5	361.4	366.5	368.3	371.4	375.4	378.5
6 Service industries	259.7	297.5	338.6	342.8	352.8	359.5	367.6	377.7
7 Government and government enterprises	236.2	260.2	283.1	283.8	292.4	296.5	300.0	303.5
8 Other labor income	114.9	127.3	140.4	142.2	145.8	149.1	152.5	155.5
9 Proprietors' income[1]	132.1	116.3	124.7	127.5	124.1	116.4	117.3	118.3
10 Business and professional[1]	100.2	96.9	100.7	100.4	99.5	98.6	99.9	101.7
11 Farm[1]	31.9	19.4	24.0	27.1	24.6	17.8	17.4	16.6
12 Rental income of persons[2]	27.9	32.9	33.9	33.6	33.6	33.9	34.2	34.6
13 Dividends	50.8	55.9	62.5	64.1	65.2	65.8	66.1	67.2
14 Personal interest income	209.6	256.3	308.5	339.6	351.0	359.7	372.0	382.2
15 Transfer payments	250.3	297.2	336.3	344.8	350.7	354.6	365.2	380.7
16 Old-age survivors, disability, and health insurance benefits	131.8	154.2	182.0	190.6	192.8	194.7	197.5	209.2
17 LESS: Personal contributions for social insurance	81.1	88.7	104.9	106.1	107.0	110.6	111.4	112.4
18 EQUALS: Personal income	1,943.8	2,160.2	2,404.1	2,458.2	2,494.6	2,510.5	2,552.7	2,596.0
19 LESS: Personal tax and nontax payments	301.0	336.3	386.7	398.1	393.2	393.4	401.2	394.3
20 EQUALS: Disposable personal income	1,650.2	1,824.1	2,029.2	2,060.0	2,101.4	2,117.1	2,151.5	2,201.7
21 LESS: Personal outlays	1,553.5	1,717.9	1,898.9	1,925.7	1,942.7	1,977.9	2,007.2	2,047.3
22 EQUALS: Personal saving	96.7	106.2	130.2	134.4	158.6	139.1	144.3	154.4
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,572	6,474	6,536	6,563	6,458	6,360	6,380	6,364
24 Personal consumption expenditures	4,120	4,087	4,122	4,134	4,088	4,104	4,121	4,123
25 Disposable personal income	4,512	4,472	4,538	4,557	4,559	4,527	4,552	4,566
26 Saving rate (percent)	5.9	5.8	6.4	6.5	7.5	6.6	6.7	7.0
GROSS SAVING								
27 **Gross saving**	**422.8**	**406.3**	**477.5**	**490.0**	**476.3**	**428.8**	**441.5**	**428.2**
28 Gross private saving	407.3	438.3	504.7	513.4	547.7	520.3	529.0	548.8
29 Personal saving	96.7	106.2	130.2	134.4	158.6	139.1	144.3	154.4
30 Undistributed corporate profits[1]	54.5	38.9	44.4	43.9	44.3	32.5	30.7	34.6
31 Corporate inventory valuation adjustment	−43.1	−43.0	−24.6	−23.0	−17.1	−4.4	−9.4	−9.9
Capital consumption allowances								
32 Corporate	157.5	181.2	206.2	209.7	216.0	218.9	223.4	227.8
33 Noncorporate	98.6	112.0	123.9	125.5	128.7	129.8	130.5	132.1
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	14.3	−33.2	−28.2	−24.5	−72.5	−90.7	−87.5	−120.6
36 Federal	−16.1	−61.4	−60.0	−58.0	−101.7	−118.4	−119.6	−153.1
37 State and local	30.4	28.2	31.7	33.5	29.1	27.7	32.1	32.5
38 Capital grants received by the United States, net	1.1	1.2	1.1	1.1	1.1	.0	.0	.0
39 **Gross investment**	**421.2**	**410.1**	**475.6**	**489.1**	**469.0**	**421.3**	**442.3**	**421.4**
40 Gross private domestic	423.0	402.4	471.5	486.0	468.9	414.8	431.5	441.3
41 Net foreign	−1.8	7.8	4.1	3.1	0.1	6.5	10.8	−19.9
42 **Statistical discrepancy**	**−1.5**	**3.9**	**−1.9**	**−0.8**	**−7.2**	**−7.5**	**.8**	**−6.8**

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	1979	1980	1981	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2p
1 Balance on current account	−466	1,520	4,471	1,399	751	−927	1,088	2,062
2 Not seasonally adjusted	....	....	....	1,975	−1,834	1,293	742	2,680
3 Merchandise trade balance[2]	−27,346	−25,338	−27,889	−6,547	−7,845	−9,185	−5,873	−5,784
4 Merchandise exports	184,473	224,237	236,254	60,284	57,694	57,593	55,780	55,094
5 Merchandise imports	−211,819	−249,575	−264,143	−66,831	−65,539	−66,778	−61,653	−60,878
6 Military transactions, net	−2,035	−2,472	−1,541	−587	61	−528	167	371
7 Investment income, net[3]	31,215	29,910	33,037	8,201	8,183	8,529	6,861	7,672
8 Other service transactions, net	3,262	6,203	7,472	1,842	2,160	2,127	1,981	1,535
9 Remittances, pensions, and other transfers	−2,011	−2,101	−2,104	−524	−558	−562	−575	−662
10 U.S. government grants (excluding military)	−3,549	−4,681	−4,504	−986	−1,250	−1,308	−1,473	−1,070
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−3,743	−5,126	−5,137	−1,518	−1,257	−987	−904	−1,559
12 Change in U.S. official reserve assets (increase, −)	−1,133	−8,155	−5,175	−905	−4	262	−1,089	−1,132
13 Gold	−65	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,136	−16	−1,823	−23	−225	−134	−400	−241
15 Reserve position in International Monetary Fund	−189	−1,667	−2,491	−780	−647	−358	−547	−814
16 Foreign currencies	257	−6,472	−861	−102	868	754	−142	−77
17 Change in U.S. private assets abroad (increase, −)[3]	−59,469	−72,746	−98,982	−19,143	−15,996	−46,952	−29,208	−31,924
18 Bank-reported claims	−26,213	−46,838	−84,531	−14,998	−15,254	−42,645	−32,708	−33,866
19 Nonbank-reported claims	−3,307	−3,146	−331	2,470	855	−508	4,112	n.a.
20 U.S. purchase of foreign securities, net	−4,726	−3,524	−5,429	−1,511	−618	−2,843	−531	−409
21 U.S. direct investments abroad, net[3]	−25,222	−19,238	−8,691	−5,104	−979	−956	−81	2,351
22 Change in foreign official assets in the United States (increase, +)	−13,697	15,442	4,785	−2,860	−5,835	8,119	−3,122	1,935
23 U.S. Treasury securities	−22,435	9,708	4,983	−2,063	−4,635	4,439	−1,344	−2,087
24 Other U.S. government obligations	463	2,187	1,289	536	545	−246	−296	258
25 Other U.S. government liabilities[4]	−73	561	−69	48	−337	275	−182	361
26 Other U.S. liabilities reported by U.S. banks	7,213	−159	−4,083	−2,028	−2,382	3,436	−1,516	3,367
27 Other foreign official assets[5]	1,135	3,145	2,665	647	974	215	216	36
28 Change in foreign private assets in the United States (increase, +)[3]	52,157	39,042	73,136	16,324	22,715	30,988	28,203	29,248
29 U.S. bank-reported liabilities	32,607	10,743	41,262	7,663	16,916	20,476	25,423	22,006
30 U.S. nonbank-reported liabilities	1,362	6,530	532	−162	1,006	−457	−982	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	4,960	2,645	2,932	750	−446	1,238	1,277	2,074
32 Foreign purchases of other U.S. securities, net	1,351	5,457	7,109	3,533	761	396	1,319	2,495
33 Foreign direct investments in the United States, net[3]	11,877	13,666	21,301	4,540	4,478	9,335	1,166	2,673
34 Allocation of SDRs	1,139	1,152	1,093	0	0	0	0	0
35 Discrepancy	25,212	28,870	25,809	6,703	−374	9,497	5,032	1,370
36 Owing to seasonal adjustments	....	....	....	503	−2,144	2,474	−899	577
37 Statistical discrepancy in recorded data before seasonal adjustment	25,212	28,870	25,809	6,200	1,770	7,023	5,931	793
MEMO: Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,133	−8,155	−5,175	−905	−4	262	−1,089	−1,132
39 Foreign official assets in the United States (increase, +)	−13,624	14,881	4,854	−2,908	−5,498	7,844	−2,940	1,574
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	5,543	12,769	13,314	2,786	2,935	2,230	4,988	3,072
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	465	631	602	214	132	64	93	126

1. Seasonal factors are no longer calculated for lines 12 through 41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1979	1980	1981	1982 Apr.	May	June	July	Aug.	Sept.	Oct.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	181,860	220,626	233,677	17,843	18,218	18,822	18,026	17,498	17,387	16,698
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	209,458	244,871	261,305	17,387	20,558	21,310	19,559	23,494	20,644	21,096
3 **Trade balance**	**−27,598**	**−24,245**	**−27,628**	**456**	**−2,340**	**−2,488**	**−1,532**	**−5,996**	**−3,257**	**−4,398**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data on a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side,* the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side,* additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1979	1980	1981	1982 May	June	July	Aug.	Sept.[r]	Oct.	Nov.
1 **Total**[1]	**18,956**	**26,756**	**30,075**	**30,915**	**30,671**	**31,227**	**31,233**	**31,864**	**31,711**	**34,006**
2 Gold stock, including Exchange Stabilization Fund[1]	11,172	11,160	11,151	11,149	11,149	11,149	11,148	11,148	11,148	11,148
3 Special drawing rights[2,3]	2,724	2,610	4,095	4,521	4,461	4,591	4,601	4,809	4,801	4,929
4 Reserve position in International Monetary Fund[2]	1,253	2,852	5,055	6,099	6,062	6,386	6,433	6,406	6,367	7,185
5 Foreign currencies[4,5]	3,807	10,134	9,774	9,146	8,999	9,101	9,051	8,630	9,395	10,744

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.

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 net transactions in SDRs.

4. Beginning November 1978, valued at current market exchange rates.

5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1979	1980	1981	1982 May	June	July	Aug.	Sept.	Oct.	Nov.
1 Deposits	429	411	505	308	585	982	347	396	326	386
Assets held in custody										
2 U.S. Treasury securities[1]	95,075	102,417	104,680	102,112	103,292	106,696	104,136	106,117	107,636	107,467
3 Earmarked gold[2]	15,169	14,965	14,804	14,778	14,777	14,762	14,761	14,726	14,706	15,279

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1979	1980	1981	1982 Mar[r]	1982 Apr.	1982 May	1982 June[r]	1982 July[r]	1982 Aug.	1982 Sept.[p]
	All foreign countries									
1 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**463,849**	**460,437**	**461,800**	**458,841**	**465,658**	**471,469**	**470,750**
2 Claims on United States	32,302	28,460	63,540	75,760	77,932	79,621	83,573	82,250	88,885	90,189
3 Parent bank	25,929	20,202	43,064	53,135	55,713	57,092	58,598	55,594	60,232	60,801
4 Other	6,373	8,258	20,476	22,625	22,219	22,529	24,975	26,656	28,653	29,388
5 Claims on foreigners	317,330	354,960	379,102	368,843	362,877	362,457	356,389	364,160	362,253	360,196
6 Other branches of parent bank	79,662	77,019	87,840	86,797	86,120[r]	88,406[r]	87,189	89,481	91,639	93,347
7 Banks	123,420	146,448	150,892	147,119	142,582[r]	139,589[r]	137,588	143,046	138,465	135,281
8 Public borrowers	26,097	28,033	28,197	26,346	25,603	25,002	25,239	24,654	24,492	24,321
9 Nonbank foreigners	88,151	103,460	112,173	108,581	108,572	109,460	106,373	106,979	107,657	107,247
10 Other assets	14,777	17,715	20,148	19,246	19,628	19,722	18,879	19,248	20,331	20,365
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,678**	**355,721**	**351,561**	**351,966**	**353,816**	**360,004**	**366,176**	**369,675**
12 Claims on United States	31,171	27,191	61,939	74,241	76,428	78,015	82,006	80,607	87,267	88,535
13 Parent bank	25,632	19,896	42,518	52,546	55,257	56,607	58,101	54,915	59,541	60,136
14 Other	5,539	7,295	19,421	21,695	21,171	21,408	23,905	25,692	27,726	28,399
15 Claims on foreigners	229,120	255,391	277,085	269,713	263,234	262,008	260,530	267,586	266,503	268,236
16 Other branches of parent bank	61,525	58,541	69,403	70,321	69,343[r]	70,733[r]	70,395	72,515	74,293	77,525
17 Banks	96,261	117,342	122,253	117,530	113,868[r]	110,972[r]	110,265	115,364	111,756	110,516
18 Public borrowers	21,629	23,491	22,877	20,645	20,183	19,592	19,957	19,306	19,043	18,984
19 Nonbank foreigners	49,705	56,017	62,552	61,217	59,840	60,711	59,913	60,401	61,411	61,211
20 Other assets	7,422	9,216	11,654	11,767	11,899	11,943	11,280	11,811	12,406	12,904
	United Kingdom									
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,471**	**159,481**	**161,036**	**158,466**	**164,106**	**164,523**	**167,189**
22 Claims on United States	11,117	7,509	11,823	16,343	17,676	20,155	20,744	23,962	27,031	27,534
23 Parent bank	9,338	5,275	7,885	12,446	13,750	15,854	16,768	19,680	22,730	22,970
24 Other	1,779	2,234	3,938	3,897	3,926	4,301	3,976	4,282	4,301	4,564
25 Claims on foreigners	115,123	131,142	138,888	139,292	135,634	134,845	131,860	133,964	130,814	132,746
26 Other branches of parent bank	34,291	34,760	41,367	41,186	39,811	39,621	37,696	37,250	36,937	40,385
27 Banks	51,343	58,741	56,315	56,940	55,545	54,674	54,727	56,428	53,582	52,203
28 Public borrowers	4,919	6,688	7,490	7,541	6,822	6,663	6,595	6,456	6,286	6,086
29 Nonbank foreigners	24,570	30,953	33,716	33,625	33,456	33,887	32,842	33,830	34,009	34,072
30 Other assets	4,633	6,066	6,518	5,836	6,171	6,063	5,862	6,180	6,678	6,909
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**120,432**	**117,914**	**119,586**	**120,002**	**125,247**	**126,344**	**131,129**
32 Claims on United States	10,746	7,116	11,246	15,842	17,182	19,608	20,256	23,421	26,514	26,919
33 Parent bank	9,297	5,229	7,721	12,293	13,623	15,663	16,599	19,451	22,496	22,758
34 Other	1,449	1,887	3,525	3,549	3,559	3,945	3,657	3,970	4,018	4,161
35 Claims on foreigners	81,294	89,723	99,850	100,500	96,595	95,926	95,857	97,699	95,293	99,008
36 Other branches of parent bank	28,928	28,268	35,439	36,055	34,240	33,922	32,567	32,007	31,414	35,703
37 Banks	36,760	42,073	40,703	40,732	40,070	39,593	40,479	42,515	40,321	39,786
38 Public borrowers	3,319	4,911	5,595	5,360	4,717	4,507	4,655	4,513	4,336	4,214
39 Nonbank foreigners	12,287	14,471	18,113	18,353	17,568	17,904	18,156	18,664	19,222	19,305
40 Other assets	2,247	2,860	4,092	4,090	4,137	4,052	3,889	4,127	4,537	5,202
	Bahamas and Caymans									
41 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**143,981**	**143,153**	**140,045**	**141,878**	**141,124**	**144,230**	**140,528**
42 Claims on United States	19,124	17,751	46,343	54,034	55,551	54,331	56,704	52,341	56,034	55,397
43 Parent bank	15,196	12,631	31,440	36,468	38,163	37,039	36,623	30,874	32,737	32,089
44 Other	3,928	5,120	14,903	17,566	17,388	17,292	20,081	21,467	23,297	23,308
45 Claims on foreigners	86,718	101,926	98,205	85,630	83,311	81,377	81,170	84,734	83,918	81,034
46 Other branches of parent bank	9,689	13,342	12,951	11,979	12,574[r]	14,186[r]	15,407	17,538	17,806	17,772
47 Banks	43,189	54,861	55,299	48,026	45,963[r]	43,354[r]	42,747	44,547	43,701	41,313
48 Public borrowers	12,905	12,577	10,010	7,993	7,860	7,361	7,327	7,031	7,036	6,999
49 Nonbank foreigners	20,935	21,146	19,945	17,632	16,914	16,476	15,689	15,618	15,375	14,950
50 Other assets	3,135	4,160	4,503	4,317	4,291	4,337	4,004	4,049	4,278	4,097
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,686**	**138,934**	**138,052**	**135,134**	**136,910**	**135,645**	**138,807**	**135,991**

3.14 Continued

Liability account	1979	1980	1981	1982						
				Mar.[r]	Apr.	May	June[r]	July[r]	Aug.	Sept.[p]
			All foreign countries							
52 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**463,849**	**460,437**	**461,800**	**458,841**	**465,658**	**471,469**	**470,750**
53 To United States	66,689	91,079	137,712	150,975	153,220	156,296	160,914	164,549	167,689	170,428
54 Parent bank	24,533	39,286	56,143	58,898	57,031	56,414	59,202	60,949	64,390	66,909
55 Other banks in United States	13,968	14,473	19,343	24,427	26,022	27,685	29,534	31,560	32,453	33,885
56 Nonbanks	28,188	37,275	62,226	67,650	70,167	72,197	72,178	72,040	70,846	69,634
57 To foreigners	283,510	295,411	305,630	293,416	287,024	284,411	278,451	281,571	283,693	280,107
58 Other branches of parent bank	77,640	75,773	86,406	85,576	84,149[r]	85,630[r]	84,517	86,777	92,190	93,721
59 Banks	122,922	132,116	124,896	117,121	111,716[r]	107,376[r]	105,147	105,962	103,417	99,919
60 Official institutions	35,668	32,473	25,997	23,039	22,340	22,703	19,914	20,239	20,004	20,277
61 Nonbank foreigners	47,280	55,049	68,331	67,680	68,819	68,702	68,873	68,593	68,082	66,190
62 Other liabilities	14,210	14,690	19,448	19,458	20,193	21,093	19,476	19,538	20,087	20,215
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,390**	**369,689**	**366,867**	**368,544**	**369,380**	**376,153**	**381,929**	**385,394**
64 To United States	64,530	88,157	134,645	147,928	150,116	153,166	157,717	161,294	164,450	167,585
65 Parent bank	23,403	37,528	54,291	56,833	54,970	54,452	57,174	58,968	62,374	65,048
66 Other banks in United States	13,771	14,203	19,029	24,186	25,685	27,270	29,198	31,228	32,175	33,630
67 Nonbanks	27,356	36,426	61,325	66,909	69,461	71,444	71,345	71,098	69,901	68,907
68 To foreigners	201,514	206,883	217,602	210,314	205,039	202,585	200,262	203,746	205,692	206,435
69 Other branches of parent bank	60,551	58,172	69,309	69,492	68,046[r]	68,539[r]	68,517	70,430	75,343	78,467
70 Banks	80,691	87,497	79,584	73,233	69,332[r]	66,666[r]	65,820	66,523	63,974	62,534
71 Official institutions	29,048	24,697	20,288	18,120	17,491	17,900	15,373	15,737	15,667	16,357
72 Nonbank foreigners	31,224	36,517	48,421	49,469	50,170	49,480	50,552	51,056	50,708	49,077
73 Other liabilities	7,813	8,241	12,143	11,447	11,712	12,793	11,401	11,113	11,787	11,374
			United Kingdom							
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,471**	**159,481**	**161,036**	**158,466**	**164,106**	**164,523**	**167,189**
75 To United States	20,986	21,785	38,022	42,481	41,886	43,882	44,086	46,965	49,001	53,919
76 Parent bank	3,104	4,225	5,444	6,313	8,006	6,694	6,323	6,679	8,022	11,336
77 Other banks in United States	7,693	5,716	7,502	8,607	8,345	8,972	9,985	11,215	11,616	13,280
78 Nonbanks	10,189	11,844	25,076	27,561	25,535	28,216	27,778	29,071	29,363	29,303
79 To foreigners	104,032	117,438	112,255	111,262	109,629	109,199	106,665	109,105	107,268	104,967
80 Other branches of parent bank	12,567	15,384	16,545	17,245	18,358	19,412	17,771	18,010	18,666	19,123
81 Banks	47,620	56,262	51,336	49,616	47,549	46,204	46,628	48,541	47,502	45,526
82 Official institutions	24,202	21,412	16,517	14,608	13,908	14,119	11,746	12,076	12,006	12,098
83 Nonbank foreigners	19,643	24,380	27,857	29,793	29,814	29,464	30,520	30,478	29,094	28,220
84 Other liabilities	5,855	5,494	6,952	7,728	7,966	7,955	7,715	8,036	8,254	8,303
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**126,359**	**124,248**	**126,901**	**125,859**	**131,199**	**132,536**	**137,268**
86 To United States	20,552	21,080	37,332	41,885	41,198	43,143	43,323	46,129	48,266	53,262
87 Parent bank	3,054	4,078	5,350	6,211	7,907	6,624	6,212	6,603	7,928	11,223
88 Other banks in United States	7,651	5,626	7,249	8,489	8,167	8,755	9,806	11,048	11,510	13,142
89 Nonbanks	9,847	11,376	24,733	27,185	25,124	27,764	27,305	28,478	28,828	28,897
90 To foreigners	72,397	79,636	79,034	80,825	79,444	79,914	78,794	81,207	79,954	80,025
91 Other branches of parent bank	8,446	10,474	12,048	13,130	14,102	14,958	13,903	14,202	14,514	15,548
92 Banks	29,424	35,388	32,298	32,090	30,415	29,965	30,557	32,364	31,898	31,187
93 Official institutions	20,192	17,024	13,612	12,196	11,568	11,829	9,843	10,200	10,322	10,762
94 Nonbank foreigners	14,335	16,750	21,076	23,409	23,359	23,162	24,491	24,441	23,220	22,528
95 Other liabilities	2,500	2,724	3,911	3,649	3,606	3,844	3,742	3,863	4,316	3,981
			Bahamas and Caymans							
96 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**143,981**	**143,153**	**140,045**	**141,878**	**141,124**	**144,230**	**140,528**
97 To United States	37,719	59,666	85,704	91,946	94,322	94,579	97,916	98,654	99,315	96,895
98 Parent bank	15,267	28,181	39,250	39,278	35,956	36,552	39,416	41,132	42,976	41,720
99 Other banks in United States	5,204	7,379	10,620	14,281	15,903	16,827	17,410	17,836	17,922	17,977
100 Nonbanks	17,248	24,106	35,834	38,387	42,463	41,200	41,090	39,686	38,417	37,198
101 To foreigners	68,598	61,218	60,012	49,052	45,828	42,082	41,204	39,719	42,029	40,919
102 Other branches of parent bank	20,875	17,040	20,641	18,609	17,364[r]	15,887[r]	15,855	15,018	17,348	17,690
103 Banks	33,631	29,895	23,202	16,470	14,779[r]	13,508[r]	12,702	11,770	11,615	10,910
104 Official institutions	4,866	4,361	3,498	2,607	2,512	2,448	2,471	2,407	2,288	2,091
105 Nonbank foreigners	9,226	9,922	12,671	11,366	11,173	10,239	10,176	10,524	10,778	10,228
106 Other liabilities	2,660	2,953	3,335	2,983	3,003	3,384	2,758	2,751	2,886	2,714
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,227**	**140,301**	**139,673**	**136,713**	**138,640**	**137,934**	**140,786**	**137,632**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1980	1981	1982						
			Apr.	May.	June	July	Aug.	Sept.	Oct.^{p}
1 **Total**[1]	**164,578**	**169,702**	**165,506**	**166,972**	**168,355**	**169,835**	**169,231**	**171,000**	**171,166**
By type									
2 Liabilities reported by banks in the United States[2]	30,381	26,572	26,333	27,730	28,459	25,469	26,533	26,313	26,762
3 U.S. Treasury bills and certificates[3]	56,243	52,389	43,850	42,741	43,509	45,824	44,182	44,450	43,994
U.S. Treasury bonds and notes									
4 Marketable	41,455	53,150	58,459	59,933	60,251	63,043	63,410	64,990	65,602
5 Nonmarketable[4]	14,654	11,791	11,050	10,750	10,150	9,750	9,350	9,350	9,350
6 U.S. securities other than U.S. Treasury securities[5]	21,845	25,800	25,814	25,818	25,986	25,749	25,756	25,897	25,458
By area									
7 Western Europe[1]	81,592	65,484	57,403	57,382	58,079	58,787	61,121	61,288	60,567
8 Canada	1,562	2,403	1,721	1,329	1,568	1,519	1,771	2,057	2,203
9 Latin America and Caribbean	5,688	6,954	7,124	7,248	7,692	7,124	6,734	6,276	7,081
10 Asia	70,784	91,790	94,837	95,887	95,466	97,120	94,891	95,880	95,300
11 Africa	4,123	1,829	1,823	1,381	1,437	1,485	1,326	1,303	1,452
12 Other countries[6]	829	1,242	2,600	3,745	4,113	3,799	3,388	4,196	4,563

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

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

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

Millions of dollars, end of period

Item	1979	1980	1981^r	1981	1982		
				Dec.^{r}	Mar.	June^r	Sept.^{p}
1 Banks' own liabilities	1,918	3,748	3,763	3,763	4,285	4,648	4,841
2 Banks' own claims	2,419	4,206	5,224	5,224	5,574	6,260	6,604
3 Deposits	994	2,507	3,398	3,398	3,532	3,457	3,537
4 Other claims	1,425	1,699	1,826	1,826	2,042	2,803	3,067
5 Claims of banks' domestic customers[1]	580	962	971	971	944	921	506

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

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

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

Millions of dollars, end of period

Holder and type of liability	1979	1980	1981▲	1982						
				Apr.	May	June	July	Aug.r	Sept.	Oct.p
1 **All foreigners**	**187,521**	**205,297**	**243,010**	**266,483**	**274,638**	**285,911**	**284,226**	**293,050**	**296,554**	**296,017**
2 Banks' own liabilities	117,196	124,791	162,780	195,117	203,259	212,634	208,290	217,492	218,466	217,151
3 Demand deposits	23,303	23,462	19,646	17,716	16,566	17,285	17,101	15,852	15,418	17,091
4 Time deposits[1]	13,623	15,076	28,816	48,754	53,667	56,007	59,517	62,103	61,881	61,997
5 Other[2]	16,453	17,583	17,474	19,030	21,187	22,146	20,308	24,232	23,387	22,619
6 Own foreign offices[3]	63,817	68,670	96,844	109,616	111,839	117,196	111,363	115,305	117,780	115,444
7 Banks' custody liabilities[4]	70,325	80,506	80,230	71,366	71,379	73,277	75,936	75,558	78,089	78,866
8 U.S. Treasury bills and certificates[5]	48,573	57,595	55,316	47,362	46,487	48,817	51,211	49,646	51,572	53,403
9 Other negotiable and readily transferable instruments[6]	19,396	20,079	18,944	19,326	20,751	20,448	20,717	22,134	22,437	21,748
10 Other	2,356	2,832	5,970	4,679	4,141	4,011	4,009	3,778	4,080	3,715
11 **Nonmonetary international and regional organizations**[7]	**2,356**	**2,344**	**2,721**	**2,048**	**3,039**	**4,001**	**4,082**	**5,073**	**4,936**	**5,804**
12 Banks' own liabilities	714	444	638	608	1,272	1,233	2,246	3,093	2,638	2,112
13 Demand deposits	260	146	262	149	185	300	343	265	194	263
14 Time deposits[1]	151	85	58	291	471	586	633	453	734	409
15 Other[2]	303	212	318	168	616	347	1,271	2,376	1,711	1,440
16 Banks' custody liabilities[4]	1,643	1,900	2,083	1,439	1,767	2,768	1,835	1,980	2,298	3,692
17 U.S. Treasury bills and certificates	102	254	541	142	253	1,425	487	328	676	2,160
18 Other negotiable and readily transferable instruments[6]	1,538	1,646	1,542	1,297	1,514	1,343	1,349	1,652	1,621	1,532
19 Other	2	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**78,206**	**86,624**	**78,962**	**70,184**	**70,471**	**71,968**	**71,293**	**70,715**	**70,763**	**70,756**
21 Banks' own liabilities	18,292	17,826	16,813	17,122	17,633	18,964	15,887	16,262	16,519	16,728
22 Demand deposits	4,671	3,771	2,581	2,800	2,162	3,167	2,800	2,006	2,526	2,164
23 Time deposits[1]	3,050	3,612	4,146	5,623	5,769	5,500	6,061	5,749	5,203	5,965
24 Other[2]	10,571	10,443	10,086	8,699	9,702	10,297	7,026	8,507	8,790	8,599
25 Banks' custody liabilities[4]	59,914	68,798	62,149	53,063	52,838	53,004	55,406	54,453	54,245	54,028
26 U.S. Treasury bills and certificates[5]	47,666	56,243	52,389	43,850	42,741	43,509	45,824	44,182	44,450	43,994
27 Other negotiable and readily transferable instruments[6]	12,196	12,501	9,712	9,029	10,057	9,461	9,547	10,234	9,755	10,000
28 Other	52	54	47	183	40	33	36	37	39	34
29 **Banks**[9]	**88,316**	**96,415**	**135,359**	**161,229**	**165,465**	**173,299**	**170,998**	**177,575**	**179,830**	**178,399**
30 Banks' own liabilities	83,299	90,456	123,640	148,502	152,893	160,594	157,327	163,365	164,005	162,949
31 Unaffiliated foreign banks	19,482	21,786	26,796	38,886	41,054	43,398	45,964	48,060	46,226	47,506
32 Demand deposits	13,285	14,188	11,614	9,912	9,700	9,274	9,384	8,765	8,138	9,887
33 Time deposits[1]	1,667	1,703	8,654	19,301	21,189	23,403	25,390	26,731	26,260	26,139
34 Other[2]	4,530	5,895	6,528	9,673	10,165	10,721	11,190	12,564	11,828	11,480
35 Own foreign offices[3]	63,817	68,670	96,844	109,616	111,839	117,196	111,363	115,305	117,780	115,444
36 Banks' custody liabilities[4]	5,017	5,959	11,718	12,727	12,573	12,706	13,671	14,209	15,825	15,449
37 U.S. Treasury bills and certificates	422	623	1,687	2,598	2,707	2,926	3,872	3,970	4,897	5,634
38 Other negotiable and readily transferable instruments[6]	2,415	2,748	4,421	5,968	6,100	6,520	6,661	7,102	7,916	7,069
39 Other	2,179	2,588	5,611	4,161	3,766	3,260	3,138	3,138	3,012	2,746
40 **Other foreigners**	**18,642**	**19,914**	**25,968**	**33,022**	**35,663**	**36,642**	**37,853**	**39,688**	**41,025**	**41,059**
41 Banks' own liabilities	14,891	16,065	21,689	28,885	31,462	31,842	32,829	34,772	35,304	35,363
42 Demand deposits	5,087	5,356	5,189	4,855	4,518	4,544	4,575	4,816	4,560	4,778
43 Time deposits	8,755	9,676	15,958	23,540	26,239	26,518	27,433	29,171	29,685	29,485
44 Other[2]	1,048	1,033	543	490	705	781	822	785	1,059	1,100
45 Banks' custody liabilities[4]	3,751	3,849	4,279	4,137	4,201	4,800	5,023	4,916	5,721	5,696
46 U.S. Treasury bills and certificates	382	474	699	7871	786	957	1,028	1,167	1,548	1,615
47 Other negotiable and readily transferable instruments[6]	3,247	3,185	3,268	3,032	3,080	3,125	3,160	3,147	3,146	3,147
48 Other	123	190	312	334	335	718	835	603	1,028	934
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,672	11,673	12,652	12,878	13,029	13,921	13,533	13,990

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

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

Area and country	1979	1980	1981▲	1982 Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**187,521**	**205,297**	**243,010**	**266,483**	**274,638**	**285,911**	**284,226**	**293,050**	**296,554**	**296,017**
2 **Foreign countries**	**185,164**	**202,953**	**240,289**	**264,435**	**271,599**	**281,910**	**280,144**	**287,977**	**291,619**	**290,214**
3 Europe	90,952	90,897	90,951	91,908	97,469	102,699	106,284	112,022	114,201	114,832
4 Austria	413	523	587	472	454	434	501	531	537	508
5 Belgium-Luxembourg	2,375	4,019	4,117	2,898	3,075	2,869	2,957	3,218	3,259	2,777
6 Denmark	1,092	497	333	613	608	510	452	446	149	166
7 Finland	398	455	296	229	212	181	162	224	328	478
8 France	10,433	12,125	8,486	6,737	6,312	9,234	8,635	8,145	7,720	7,374
9 Germany	12,935	9,973	7,665	6,556	6,954	6,221	5,624	5,397	5,311	5,341
10 Greece	635	670	463	457	549	512	506	559	471	516
11 Italy	7,782	7,572	7,290	3,695	3,420	4,720	5,760	6,703	6,714	5,541
12 Netherlands	2,337	2,441	2,823	2,963	2,719	2,836	2,789	2,838	2,899	3,098
13 Norway	1,267	1,344	1,457	1,666	1,981	1,370	1,333	1,634	1,773	2,026
14 Portugal	557	374	354	272	276	365	365	453	386	356
15 Spain	1,259	1,500	916	1,055	1,114	1,191	1,133	1,223	1,096	1,315
16 Sweden	2,005	1,737	1,545	1,373	1,425	1,416	1,385	1,278	1,324	2,000
17 Switzerland	17,954	16,689	18,726	20,346	21,567	22,473	23,851	25,019	26,519	26,750
18 Turkey	120	242	518	364	204	167	222	287	301	317
19 United Kingdom	24,700	22,680	28,288	35,452	39,872	41,159	44,115	46,881	48,445	48,809
20 Yugoslavia	266	681	375	259	237	314	320	317	307	390
21 Other Western Europe[1]	4,070	6,939	6,170	6,116	6,090	6,163	5,734	6,381	6,275	6,400
22 U.S.S.R.	52	68	49	37	30	44	41	47	47	111
23 Other Eastern Europe[2]	302	370	493	350	371	521	397	440	342	559
24 Canada	7,379	10,031	10,250	12,298	10,621	11,541	11,168	12,194	11,607	12,163
25 Latin America and Caribbean	49,686	53,170	84,685	103,999	105,891	109,452	103,874	106,805	107,340	105,169
26 Argentina	1,582	2,132	2,445	2,729	2,207	2,030	2,088	2,636	3,250	5,140
27 Bahamas	15,255	16,381	34,400	45,608	44,756	44,615	39,482	41,502	40,786	38,030
28 Bermuda	430	670	765	1,165	1,350	1,300	1,302	1,289	1,519	1,517
29 Brazil	1,005	1,216	1,568	1,462	1,615	1,822	1,823	1,865	1,761	2,101
30 British West Indies	11,138	12,766	17,794	19,656	19,749	22,631	22,069	22,871	23,288	22,943
31 Chile	468	460	664	992	1,224	1,224	1,442	1,170	1,293	1,438
32 Colombia	2,617	3,077	2,993	2,639	2,515	2,700	2,699	2,636	2,516	2,407
33 Cuba	13	6	9	6	6	6	7	9	7	7
34 Ecuador	425	371	434	491	465	559	527	478	524	556
35 Guatemala	414	367	479	569	583	580	613	616	639	636
36 Jamaica	76	97	87	133	104	100	139	136	121	118
37 Mexico	4,185	4,547	7,163	8,533	9,438	8,957	9,643	9,259	8,370	8,023
38 Netherlands Antilles	499	413	3,182	3,474	3,449	3,727	3,602	3,759	3,713	3,659
39 Panama	4,483	4,718	4,847	4,238	4,338	5,357	4,884	4,656	6,001	4,714
40 Peru	383	403	694	620	753	1,069	931	984	974	1,031
41 Uruguay	202	254	367	410	561	542	609	665	721	844
42 Venezuela	4,192	3,170	4,245	8,218	9,421	9,310	9,139	9,219	8,625	8,796
43 Other Latin America and Caribbean	2,318	2,123	2,548	3,056	3,357	3,022	2,874	3,056	3,232	3,209
44 Asia	33,005	42,420	49,805	50,378	50,991	51,143	52,041	50,854	51,115	49,942
China										
45 Mainland	49	49	158	331	284	244	261	245	254	216
46 Taiwan	1,393	1,662	2,082	2,291	2,378	2,334	2,371	2,323	2,490	2,564
47 Hong Kong	1,672	2,548	3,950	4,587	4,737	4,880	4,918	4,551	4,945	4,956
48 India	527	416	385	544	603	540	551	655	407	449
49 Indonesia	504	730	640	837	789	583	722	593	436	748
50 Israel	707	883	592	537	562	610	476	486	584	888
51 Japan	8,907	16,281	20,551	19,311	18,896	18,994	19,827	19,291	18,906	16,734
52 Korea	993	1,528	2,013	2,356	2,192	1,863	1,934	1,712	1,894	1,886
53 Philippines	795	919	874	709	785	839	660	728	712	736
54 Thailand	277	464	534	517	474	485	450	369	310	365
55 Middle-East oil-exporting countries[3]	15,300	14,453	13,174	14,342	14,400	14,267	14,243	14,106	14,026	14,053
56 Other Asia	1,879	2,487	4,852	4,016	4,891	5,503	5,629	5,795	6,152	6,348
57 Africa	3,239	5,187	3,180	3,111	2,629	2,675	2,692	2,586	2,783	3,369
58 Egypt	475	485	360	411	382	447	430	405	385	242
59 Morocco	33	33	32	52	37	59	52	47	63	54
60 South Africa	184	288	420	308	305	335	339	341	344	279
61 Zaire	110	57	26	41	27	37	25	25	20	23
62 Oil-exporting countries[4]	1,635	3,540	1,395	1,144	846	901	1,025	908	1,074	1,669
63 Other Africa	804	783	946	1,156	1,031	896	821	860	897	1,103
64 Other countries	904	1,247	1,419	2,742	3,997	4,400	4,085	3,516	4,572	4,738
65 Australia	684	950	1,223	2,541	3,752	4,172	3,831	3,317	4,355	4,530
66 All other	220	297	196	201	245	228	254	199	216	207
67 Nonmonetary international and regional organizations	2,356	2,344	2,721	2,048	3,039	4,001	4,082	5,073	4,936	5,804
68 International	1,238	1,157	1,661	1,269	2,064	2,860	3,064	3,937	3,820	4,916
69 Latin American regional	806	890	710	450	661	694	606	776	719	573
70 Other regional[5]	313	296	350	328	314	446	412	361	397	315

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Millions of dollars, end of period

Area and country	1979	1980	1981▲	1982 Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**133,943**	**172,592**	**251,035**	**288,353**	**301,247**	**314,381**	**322,831**	**328,555**	**339,120**	**334,090**
2 **Foreign countries**	**133,906**	**172,514**	**250,979**	**288,313**	**301,203**	**314,338**	**322,785**	**328,448**	**339,076**	**334,034**
3 Europe	28,388	32,108	49,054	59,334	62,051	64,115	67,237	70,788	76,142	78,324
4 Austria	284	236	121	200	201	140	189	186	136	178
5 Belgium-Luxembourg	1,339	1,621	2,843	3,848	3,669	3,760	4,102	4,421	4,820	4,904
6 Denmark	147	127	188	279	276	287	303	323	359	396
7 Finland	202	460	547	525	638	736	699	776	806	813
8 France	3,322	2,958	4,126	5,062	5,528	6,405	5,917	5,960	5,795	6,218
9 Germany	1,179	948	936	1,483	1,512	1,758	1,734	1,565	1,610	1,521
10 Greece	154	256	333	279	262	297	294	270	283	335
11 Italy	1,631	3,364	5,240	5,095	5,861	6,024	6,282	6,569	6,742	7,346
12 Netherlands	514	575	682	740	917	1,005	1,118	1,085	1,096	1,285
13 Norway	276	227	384	452	416	429	538	482	575	544
14 Portugal	330	331	529	813	797	938	990	970	998	1,018
15 Spain	1,051	993	2,100	2,052	2,628	3,086	3,308	3,520	3,464	3,558
16 Sweden	542	783	1,206	1,441	1,692	1,638	1,513	1,693	2,417	2,799
17 Switzerland	1,165	1,446	2,213	1,564	1,557	1,596	1,601	1,589	1,860	1,751
18 Turkey	149	145	424	487	573	584	646	600	605	603
19 United Kingdom	13,795	14,917	23,645	31,073	31,974	31,834	34,392	37,162	40,991	41,525
20 Yugoslavia	611	853	1,224	1,238	1,202	1,294	1,266	1,220	1,196	1,248
21 Other Western Europe[1]	175	179	209	282	386	247	280	286	325	266
22 U.S.S.R.	268	281	377	195	251	296	274	296	249	242
23 Other Eastern Europe[2]	1,254	1,410	1,725	1,777	1,711	1,761	1,791	1,814	1,816	1,773
24 Canada	4,143	4,810	9,164	11,805	11,349	12,693	13,070	12,083	11,719	12,962
25 Latin America and Caribbean	67,993	92,992	138,114	158,212	167,187	173,201	178,018	181,600	186,361	179,976
26 Argentina	4,389	5,689	7,522	10,896	10,816	11,012	10,971	10,936	11,020	11,019
27 Bahamas	18,918	29,419	43,437	47,875	49,079	51,849	52,403	54,613	55,238	51,724
28 Bermuda	496	218	346	575	396	414	398	385	429	610
29 Brazil	7,713	10,496	16,918	19,217	20,420	21,147	21,557	22,146	23,121	23,065
30 British West Indies	9,818	15,663	21,913	22,741	25,469	25,825	27,914	28,504	29,987	28,088
31 Chile	1,441	1,951	3,690	4,590	4,899	5,268	5,228	5,367	5,358	5,276
32 Colombia	1,614	1,752	2,018	2,146	2,270	2,554	2,612	2,650	2,827	2,838
33 Cuba	4	3	3	137	37	3	8	3	3	3
34 Ecuador	1,025	1,190	1,531	1,879	1,852	2,022	2,027	2,048	2,132	2,057
35 Guatemala[3]	134	137	124	116	112	124	121	116	121	111
36 Jamaica[3]	47	36	62	130	781	124	578	508	387	151
37 Mexico	9,099	12,595	22,408	26,087	28,357	29,547	29,749	29,347	29,799	29,371
38 Netherlands Antilles	248	821	1,076	887	880	1,028	1,032	778	826	688
39 Panama	6,041	4,974	6,779	8,246	8,321	8,660	9,146	9,842	10,288	9,978
40 Peru	652	890	1,218	1,593	1,672	2,047	2,064	2,062	2,261	2,244
41 Uruguay	105	137	157	316	347	381	413	457	552	572
42 Venezuela	4,657	5,438	7,069	8,561	9,184	9,138	9,691	9,800	9,954	9,925
43 Other Latin America and Caribbean	1,593	1,583	1,844	2,220	2,295	2,057	2,105	2,039	2,058	2,257
44 Asia	30,730	39,078	49,770	52,770	53,963	57,368	57,404	57,235	57,519	55,679
China										
45 Mainland	35	195	107	98	68	124	139	127	126	139
46 Taiwan	1,821	2,469	2,461	2,275	2,114	2,048	1,977	1,891	1,951	2,020
47 Hong Kong	1,804	2,247	4,126	5,352	6,002	6,390	6,124	6,447	6,721	5,976
48 India	92	142	123	195	185	252	266	235	275	254
49 Indonesia	131	245	346	308	315	288	294	297	300	315
50 Israel	990	1,172	1,562	1,160	1,391	1,835	1,637	1,534	1,625	1,748
51 Japan	16,911	21,361	26,757	27,949	27,549	29,258	30,082	29,495	28,655	26,730
52 Korea	3,793	5,697	7,324	7,007	7,104	7,119	7,046	6,967	7,382	7,786
53 Philippines	737	989	1,817	2,270	2,464	2,605	2,605	2,611	2,508	2,560
54 Thailand	933	876	564	565	502	459	406	388	410	442
55 Middle East oil-exporting countries[4]	1,548	1,432	1,575	2,411	2,613	2,564	2,493	2,633	2,643	2,847
56 Other Asia	1,934	2,252	3,009	3,180	3,656	4,426	4,335	4,609	4,925	4,862
57 Africa	1,797	2,377	3,503	4,389	4,775	4,851	5,029	4,865	5,201	5,016
58 Egypt	114	151	238	345	400	416	378	399	390	365
59 Morocco	103	223	284	312	278	334	314	368	376	367
60 South Africa	445	370	1,011	1,344	1,389	1,467	1,620	1,574	1,779	1,744
61 Zaire	144	94	112	100	81	84	81	58	62	61
62 Oil-exporting countries[5]	391	805	657	730	844	799	849	761	852	762
63 Other	600	734	1,201	1,559	1,783	1,751	1,787	1,705	1,742	1,718
64 Other countries	855	1,150	1,376	1,803	1,878	2,111	2,028	1,878	2,135	2,078
65 Australia	673	859	1,203	1,560	1,655	1,806	1,700	1,534	1,803	1,708
66 All other	182	290	172	243	223	305	328	344	332	370
67 Nonmonetary international and regional organizations[6]	36	78	56	40	43	43	45	106	44	56

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

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Millions of dollars, end of period

Type of claim	1979	1980	1981▲	1982						
				Apr.	May	June[r]	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**154,030**	**198,698**	**286,404**	....	....	**355,093**	....	....	**376,196**	....
2 Banks' own claims on foreigners	133,943	172,592	251,035	288,353	301,247	314,381	322,831	328,555	339,120	334,090
3 Foreign public borrowers	15,937	20,882	31,294	35,039	37,630	40,001	40,684	41,678	42,708	42,581
4 Own foreign offices[1]	47,428	65,084	96,639	106,988	108,699	113,722	114,098	118,563	125,339	116,876
5 Unaffiliated foreign banks	40,927	50,168	74,104	90,823	97,175	101,756	108,313	109,133	111,263	114,290
6 Deposits	6,274	8,254	22,704	29,338	33,725	35,667	40,028	40,945	40,513	42,070
7 Other	34,654	41,914	51,400	61,485	63,450	66,090	68,285	68,189	70,750	72,220
8 All other foreigners	29,650	36,459	48,998	55,502	57,743	58,901	59,736	59,181	59,811	60,343
9 Claims of banks' domestic customers[2]	20,088	26,106	35,368	....	....	40,712	....	....	37,076	....
10 Deposits	955	885	1,378	....	....	1,426	....	....	1,390	....
11 Negotiable and readily transferable instruments[3]	13,100	15,574	25,752	....	....	31,966	....	....	28,577	....
12 Outstanding collections and other claims	6,032	9,648	8,238	....	....	7,320	....	....	7,110	....
13 MEMO: Customer liability on acceptances	18,021	22,714	29,565	....	....	33,180	....	....	35,103	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	22,305	24,511	39,820	41,480	44,030	44,530	45,213	43,698	43,575	n.a.

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

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

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

Millions of dollars, end of period

Maturity; by borrower and area	1979	1980	1981		1982		
	Dec.	Dec.	Sept	Dec.▲	Mar.	June	Sept.[p]
1 **Total**	**86,181**	**106,748**	**122,477**	**153,932**	**174,618**	**200,515**	**213,061**
By borrower							
2 Maturity of 1 year or less[1]	65,152	82,555	94,957	115,908	133,019	151,592	160,949
3 Foreign public borrowers	7,233	9,974	12,978	15,192	16,603	19,439	20,138
4 All other foreigners	57,919	72,581	81,979	100,715	116,416	132,153	140,811
5 Maturity of over 1 year[1]	21,030	24,193	27,520	38,025	41,598	48,923	52,112
6 Foreign public borrowers	8,371	10,152	12,564	15,645	16,843	19,995	21,928
7 All other foreigners	12,659	14,041	14,956	22,380	24,755	28,928	30,184
By area							
Maturity of 1 year or less[1]							
8 Europe	15,235	18,715	23,015	27,893	34,246	38,904	44,555
9 Canada	1,777	2,723	3,959	4,634	5,807	6,593	6,975
10 Latin America and Caribbean	24,928	32,034	35,590	48,473	58,243	67,967	71,536
11 Asia	21,641	26,686	29,295	31,508	30,585	33,603	33,079
12 Africa	1,077	1,757	2,324	2,457	2,890	3,308	3,624
13 All other[2]	493	640	774	943	1,249	1,218	1,180
Maturity of over 1 year[1]							
14 Europe	4,160	5,118	6,424	8,095	8,435	9,356	10,576
15 Canada	1,317	1,448	1,347	1,774	1,863	2,345	1,867
16 Latin America and Caribbean	12,814	15,075	17,478	25,088	27,684	32,857	34,258
17 Asia	1,911	1,865	1,550	1,902	2,245	2,465	3,370
18 Africa	655	507	548	899	1,056	1,276	1,351
19 All other[2]	173	179	172	267	315	625	690

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

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Billions of dollars, end of period

Area or country	1978[2]	1979	1980		1981				1982		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.p
1 **Total**	**20.3**	**24.7**	**339.3**	**352.0**	**372.1**	**382.8**	**399.8**	**412.3**	**411.8**	**421.9**	**433.4**
2 G-10 countries and Switzerland	12.2	12.3	158.8	162.1	168.5	168.3	172.2	173.9	172.2	171.1	173.4
3 Belgium-Luxembourg	.8	.8	13.6	13.0	13.6	13.8	14.1	13.3	13.1	13.9	13.5
4 France	.7	1.2	13.9	14.1	14.5	14.7	16.0	15.3	15.8	16.3	15.7
5 Germany	3.1	3.3	12.9	12.1	13.3	12.1	12.7	12.9	12.5	12.7	12.2
6 Italy	.7	.7	7.2	8.2	7.7	8.4	8.6	9.8	8.9	8.8	9.7
7 Netherlands	.5	1.1	4.4	4.4	4.6	4.2	3.7	4.0	4.0	4.1	3.8
8 Sweden	.5	.5	2.8	2.9	3.2	3.1	3.4	3.7	4.0	3.9	4.7
9 Switzerland	.2	.1	3.4	5.0	5.1	5.2	5.1	5.5	5.3	5.1	5.0
10 United Kingdom	8.9	8.2	66.7	67.4	68.5	67.0	68.8	69.1	68.8	67.1	68.8
11 Canada	2.0	1.3	7.7	8.4	8.9	10.8	11.8	11.0	11.4	10.9	10.7
12 Japan	.3	1.3	26.1	26.5	29.1	28.9	28.0	29.4	28.4	28.4	29.2
13 Other developed countries	.4	.4	20.6	21.6	23.5	24.8	26.4	28.4	30.4	31.7	32.7
14 Austria	.1	.0	1.8	1.9	1.8	2.1	2.2	1.9	2.1	2.1	2.0
15 Denmark	.2	.1	2.2	2.3	2.4	2.3	2.5	2.3	2.5	2.6	2.5
16 Finland	.3	.2	1.2	1.4	1.4	1.3	1.4	1.7	1.6	1.6	1.8
17 Greece	.6	.7	2.6	2.8	2.7	3.0	2.9	2.8	2.8	2.5	2.5
18 Norway	.3	.3	2.4	2.6	2.8	2.8	3.0	3.1	3.2	3.2	3.4
19 Portugal	.2	.3	.7	.6	.6	.8	1.0	1.1	1.1	1.5	1.6
20 Spain	.9	.9	4.2	4.4	5.5	5.7	5.8	6.6	7.1	7.2	7.7
21 Turkey	.3	.1	1.3	1.5	1.5	1.4	1.5	1.4	1.5	1.4	1.5
22 Other Western Europe	2.1	2.4	1.7	1.7	1.8	1.8	1.9	2.1	2.2	2.2	2.1
23 South Africa	.6	.3	1.2	1.1	1.5	1.9	2.5	2.8	3.2	3.4	3.6
24 Australia	.6	.5	1.2	1.3	1.5	1.7	1.9	2.5	3.1	4.0	4.0
25 OPEC countries[3]	1.1	.3	21.4	22.7	21.7	22.2	23.5	24.4	24.8	25.4	27.2
26 Ecuador	.6	.7	1.9	2.1	2.0	2.0	2.1	2.2	2.3	2.3	2.3
27 Venezuela	2.1	2.2	8.5	9.1	8.3	8.8	9.2	9.6	9.4	9.4	10.2
28 Indonesia	.1	.1	1.9	1.8	2.1	2.1	2.5	2.5	2.7	2.7	2.9
29 Middle East countries	4.2	3.5	6.7	6.9	6.7	6.8	7.1	7.6	8.2	8.6	9.1
30 African countries	.3	.3	2.4	2.8	2.6	2.6	2.6	2.5	2.2	2.3	2.7
31 Non-OPEC developing countries	14.6	16.7	73.0	77.4	82.2	84.8	90.2	95.8	94.8	100.2	104.3
Latin America											
32 Argentina	1.0	1.7	7.6	7.9	9.5	8.5	9.3	9.3	9.4	9.0	9.2
33 Brazil	2.7	2.4	15.8	16.2	17.0	17.5	17.7	19.0	19.0	20.4	22.4
34 Chile	.7	.8	3.2	3.7	4.0	4.8	5.5	5.8	5.7	6.0	6.2
35 Colombia	.9	1.1	2.4	2.6	2.4	2.5	2.5	2.6	2.2	2.5	2.8
36 Mexico	3.2	3.5	14.4	15.9	17.0	18.2	20.0	21.5	22.5	24.2	25.1
37 Peru	.8	.4	1.5	1.8	1.8	1.7	1.8	2.0	1.8	2.3	2.6
38 Other Latin America	1.3	1.4	3.9	3.9	4.7	3.8	4.2	4.1	4.1	3.9	4.5
Asia											
China											
39 Mainland	.0	.0	.1	.2	.2	.2	.2	.2	.2	.3	.2
40 Taiwan	.9	1.1	4.1	4.2	4.4	4.6	5.1	5.1	5.1	5.0	4.9
41 India	.0	.1	.2	.3	.3	.3	.3	.3	.5	.5	.5
42 Israel	.6	.6	1.1	1.5	1.3	1.8	1.5	2.0	1.6	2.1	1.9
43 Korea (South)	1.5	2.6	7.3	7.1	7.7	8.8	8.6	9.4	8.6	8.9	9.4
44 Malaysia	.1	.2	1.1	1.1	1.2	1.4	1.4	1.7	1.7	1.9	1.8
45 Philippines	.1	.6	4.8	5.1	4.8	5.1	5.6	6.0	5.8	6.2	6.0
46 Thailand	.6	.8	1.5	1.6	1.6	1.5	1.4	1.5	1.3	1.3	1.3
47 Other Asia	.1	.3	.5	.6	.5	.7	.8	1.0	1.0	1.2	1.3
Africa											
48 Egypt	.1	.1	.6	.8	.8	.7	1.0	1.1	1.3	1.3	1.3
49 Morocco	.1	.1	.6	.7	.6	.5	.7	.7	.7	.7	.8
50 Zaire	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2	.0
51 Other Africa[4]	.2	.3	2.1	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.3
52 Eastern Europe	1.2	1.7	7.3	7.4	7.7	7.7	7.7	7.7	7.0	6.4	6.4
53 U.S.S.R.	.3	.3	.5	.4	.4	.5	.4	.6	.4	.4	.3
54 Yugoslavia	.3	.6	2.1	2.3	2.4	2.5	2.5	2.5	2.4	2.3	2.2
55 Other	.5	.9	4.7	4.6	4.8	4.8	4.7	4.7	4.2	3.7	3.8
56 Offshore banking centers	23.4	30.9	44.6	47.0	53.7	59.3	61.7	63.6	64.4	69.5	69.7
57 Bahamas	11.9	13.6	13.2	13.7	15.5	17.9	21.3	18.9	19.7	22.9	20.2
58 Bermuda	.1	.2	.6	.6	.7	.7	.8	.7	.7	.7	.8
59 Cayman Islands and other British West Indies	.6	4.6	10.1	10.6	11.9	12.6	12.1	12.6	11.5	11.6	13.0
60 Netherlands Antilles	.1	.3	1.3	2.1	2.3	2.4	2.2	3.2	3.2	3.0	3.3
61 Panama[5]	2.9	4.9	5.6	5.4	6.5	6.9	6.7	7.5	7.0	7.1	7.7
62 Lebanon	.0	.0	.2	.2	.2	.2	.2	.2	.2	.2	.1
63 Hong Kong	3.8	3.2	7.5	8.1	8.4	10.3	10.3	11.8	12.8	14.3	14.9
64 Singapore	3.8	4.2	5.6	5.9	7.3	8.1	8.0	8.6	9.2	9.6	9.7
65 Others[6]	.4	.5	.4	.3	.9	.3	.1	.1	.1	.1	.0
66 Miscellaneous and unallocated[7]	.3	.4	13.7	14.0	14.9	15.7	18.2	18.7	18.2	18.2	19.8

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

2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).

3. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

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

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

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	1981		1982	
				Sept.	Dec.	Mar.	June
1 **Total**	**17,383**	**22,125**	**22,001**	**23,347**	**22,001**	**21,711**	**20,496**
2 Payable in dollars	14,288	18,394	18,367	20,218	18,367	19,026	17,821
3 Payable in foreign currencies	3,095	3,731	3,635	3,129	3,635	2,685	2,675
By type							
4 Financial liabilities	7,476	11,282	11,723	12,894	11,723	11,930	9,670
5 Payable in dollars	5,192	8,494	9,130	10,592	9,130	10,043	7,774
6 Payable in foreign currencies	2,284	2,788	2,593	2,302	2,593	1,887	1,896
7 Commercial liabilities	9,906	10,843	10,278	10,453	10,278	9,782	10,826
8 Trade payables	4,591	4,940	4,647	4,364	4,647	4,022	4,967
9 Advance receipts and other liabilities	5,315	5,903	5,631	6,089	5,631	5,760	5,859
10 Payable in dollars	9,095	9,900	9,237	9,626	9,237	8,983	10,047
11 Payable in foreign currencies	811	943	1,041	827	1,041	798	779
By area or country							
Financial liabilities							
12 Europe	4,649	6,467	6,667	7,824	6,667	7,584	5,795
13 Belgium-Luxembourg	322	465	431	482	431	534	499
14 France	175	327	636	846	636	856	531
15 Germany	497	582	491	430	491	503	439
16 Netherlands	829	681	738	664	738	735	503
17 Switzerland	170	354	715	465	715	707	661
18 United Kingdom	2,477	3,923	3,531	4,773	3,531	4,143	3,027
19 Canada	532	964	958	977	958	914	758
20 Latin America and Caribbean	1,483	3,103	3,114	3,247	3,114	2.968	2,605
21 Bahamas	375	964	1,279	1,019	1,279	1,095	1,003
22 Bermuda	81	1	7	6	7	6	7
23 Brazil	18	23	22	20	22	27	24
24 British West Indies	514	1,452	1,045	1,395	1,045	1,123	858
25 Mexico	121	99	102	107	102	67	83
26 Venezuela	72	81	98	90	98	97	100
27 Asia	804	723	957	814	957	450	498
28 Japan	726	644	792	696	792	293	340
29 Middle East oil-exporting countries[2]	31	38	47	30	47	63	66
30 Africa	4	11	3	3	3	2	3
31 Oil-exporting countries[3]	1	1	0	1	0	0	0
32 All other[4]	4	15	24	29	24	12	11
Commercial liabilities							
33 Europe	3,707	4,402	3,771	3,961	3,771	3,422	3,661
34 Belgium-Luxembourg	137	90	67	78	67	50	47
35 France	467	582	573	575	573	504	657
36 Germany	545	679	545	590	545	473	457
37 Netherlands	227	219	221	238	221	232	247
38 Switzerland	316	499	424	569	424	400	412
39 United Kingdom	1,077	1,209	884	925	884	824	849
40 Canada	924	876	870	834	870	884	1,116
41 Latin America	1,323	1,259	986	1,087	986	804	1,399
42 Bahamas	69	8	2	3	2	22	20
43 Bermuda	32	75	67	113	67	71	102
44 Brazil	203	111	67	61	67	83	62
45 British West Indies	21	35	2	11	2	27	1
46 Mexico	257	326	293	345	293	210	727
47 Venezuela	301	319	276	273	276	194	219
48 Asia	2,991	3,034	3,285	3,221	3,285	3,404	3,286
49 Japan	583	802	1,094	775	1,094	1,090	1,060
50 Middle East oil-exporting countries[2]	1,014	890	910	881	910	998	954
51 Africa	728	817	703	757	703	664	733
52 Oil-exporting countries[3]	384	517	344	355	344	247	340
53 All other[4]	233	456	664	593	664	604	630

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

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

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	1981		1982	
				Sept.	Dec.	Mar.	June
1 **Total**	**31,375**	**34,743**	**35,790**	**34,544**	**35,790**	**30,080**	**30,386**
2 Payable in dollars	28,183	31,803	32,206	31,541	32,206	27,474	27,921
3 Payable in foreign currencies	3,193	2,940	3,584	3,003	3,584	2,606	2,465
By type							
4 Financial claims	18,484	20,057	20,906	19,586	20,906	17,658	18,368
5 Deposits	12,847	14,220	14,694	13,775	14,694	12,590	13,463
6 Payable in dollars	11,931	13,445	14,080	13,048	14,080	12,133	13,112
7 Payable in foreign currencies	916	775	614	727	614	457	351
8 Other financial claims	5,637	5,837	6,212	5,811	6,212	5,068	4,905
9 Payable in dollars	3,810	4,154	3,758	4,116	3,758	3,439	3,348
10 Payable in foreign currencies	1,826	1,683	2,454	1,695	2,454	1,629	1,557
11 Commercial claims	12,892	14,686	14,884	14,959	14,884	12,422	12,019
12 Trade receivables	12,188	13,953	13,944	14,048	13,944	11,462	10,960
13 Advance payments and other claims	704	733	940	911	940	960	1,058
14 Payable in dollars	12,441	14,203	14,368	14,377	14,368	11,902	11,461
15 Payable in foreign currencies	450	483	516	582	516	520	557
By area or country							
Financial claims							
16 Europe	6,191	6,179	4,592	4,846	4,592	4,511	4,624
17 Belgium-Luxembourg	32	195	43	26	43	16	13
18 France	177	337	325	348	325	422	418
19 Germany	409	230	244	320	244	197	190
20 Netherlands	53	51	50	68	50	79	81
21 Switzerland	73	59	87	100	87	53	63
22 United Kingdom	5,111	4,992	3,505	3,659	3,505	3,502	3,577
23 Canada	4,997	5,064	6,624	6,032	6,624	4,891	4,381
24 Latin America and Caribbean	6,293	7,823	8,589	7,747	8,589	7,377	8,243
25 Bahamas	2,765	3,479	3,902	3,262	3,902	3,482	3,792
26 Bermuda	30	135	18	15	18	27	42
27 Brazil	163	96	30	66	30	49	76
28 British West Indies	2,011	2,755	3,500	3,313	3,500	2,797	3,487
29 Mexico	157	208	313	283	313	281	274
30 Venezuela	143	137	148	143	148	130	134
31 Asia	706	722	882	623	882	680	870
32 Japan	199	189	363	111	363	267	397
33 Middle East oil-exporting countries[2]	16	20	37	29	37	36	33
34 Africa	253	238	168	222	168	164	156
35 Oil-exporting countries[3]	49	26	46	41	46	43	41
36 All other[4]	44	32	51	116	51	34	94
Commercial claims							
37 Europe	4,909	5,512	5,329	5,347	5,329	4,375	4,241
38 Belgium-Luxembourg	202	233	234	220	234	245	209
39 France	727	1,129	776	767	776	696	634
40 Germany	589	591	554	580	554	452	391
41 Netherlands	298	318	303	308	303	227	296
42 Switzerland	272	353	427	404	427	354	383
43 United Kingdom	901	928	967	1,032	967	1,060	893
44 Canada	859	914	967	1,017	967	939	707
45 Latin America and Caribbean	2,879	3,765	3,464	3,726	3,464	2,905	2,763
46 Bahamas	21	21	12	18	12	80	30
47 Bermuda	197	108	223	241	223	212	226
48 Brazil	645	861	668	726	668	417	419
49 British West Indies	16	34	12	13	12	23	14
50 Mexico	708	1,101	1,020	983	1,020	761	748
51 Venezuela	343	410	422	454	422	396	381
52 Asia	3,451	3,522	3,914	3,700	3,914	3,152	3,297
53 Japan	1,177	1,052	1,244	1,129	1,244	1,158	1,211
54 Middle East oil-exporting countries[2]	765	825	901	829	901	757	793
55 Africa	554	655	750	717	750	587	597
56 Oil-exporting countries[3]	133	156	152	154	152	142	132
57 All other[4]	240	318	459	451	459	463	413

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

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1980	1981	1982 Jan.– Oct.	1982 Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	40,298	40,672	30,643	2,359	2,622	2,166	2,707	3,183	4,463	5,966
2 Foreign sales	34,870	34,844	28,031	2,101	2,186	1,863	2,695	2,650	4,630	5,660
3 **Net purchases, or sales (−)**	**5,427**	**5,827**	**2,613**	**258**	**436**	**303**	**12**	**532**	**−167**	**306**
4 **Foreign countries**	**5,409**	**5,803**	**2,562**	**252**	**429**	**299**	**6**	**530**	**−170**	**296**
5 Europe	3,116	3,662	1,876	167	306	158	303	272	−262	190
6 France	492	900	−179	33	−48	−25	0	−7	−45	−30
7 Germany	169	−22	170	29	43	11	21	−12	−42	47
8 Netherlands	−328	42	−59	−9	36	23	0	12	−61	−102
9 Switzerland	310	288	−541	−66	6	−85	−34	−53	−137	−118
10 United Kingdom	2,528	2,235	2,584	176	279	225	309	366	73	449
11 Canada	887	783	8	0	−10	2	−36	73	116	5
12 Latin America and Caribbean	148	−30	141	53	22	25	−69	121	−153	142
13 Middle East[1]	1,206	1,140	515	61	104	73	−137	101	137	−98
14 Other Asia	16	287	−78	−40	−21	39	−57	−43	−15	22
15 Africa	−1	7	−3	0	1	−3	1	1	1	0
16 Other countries	38	−46	103	12	27	6	0	5	6	35
17 **Nonmonetary international and regional organizations**	**18**	**24**	**50**	**6**	**6**	**4**	**6**	**2**	**3**	**10**
BONDS[2]										
18 Foreign purchases	15,425	17,290	17,197	2,217	1,929	1,483	1,738	1,513	2,098	2,737
19 Foreign sales	9,964	12,247	15,692	1,485	1,199	1,153	1,630	1,760	2,312	2,949
20 **Net purchases, or sales (−)**	**5,461**	**5,043**	**1,505**	**733**	**730**	**330**	**107**	**−247**	**−214**	**−212**
21 **Foreign countries**	**5,526**	**4,976**	**1,533**	**674**	**690**	**356**	**72**	**−111**	**−178**	**−253**
22 Europe	1,576	1,356	2,007	540	704	244	187	−27	−349	379
23 France	129	11	124	20	46	23	5	−18	23	−16
24 Germany	212	848	2,067	396	500	115	256	106	87	190
25 Netherlands	−65	70	35	14	11	5	−3	0	−10	−2
26 Switzerland	54	108	130	46	48	12	−22	32	−24	−4
27 United Kingdom	1,257	181	−418	59	91	67	−63	−109	−450	189
28 Canada	135	−12	20	46	23	21	1	4	5	−152
29 Latin America and Caribbean	185	132	140	−8	15	61	18	18	20	−15
30 Middle East[1]	3,499	3,465	−572	126	−112	22	−68	−78	193	−435
31 Other Asia	117	44	−51	−18	61	9	−66	−31	−52	−30
32 Africa	5	−1	−19	−13	0	0	0	0	0	0
33 Other countries	10	−7	8	1	0	−1	0	2	5	0
34 **Nonmonetary international and regional organizations**	**−65**	**66**	**−27**	**59**	**40**	**−26**	**35**	**−136**	**−36**	**41**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−2,136	−140	−309	−63	−115	79	44	11	−164	−311
36 Foreign purchases	7,893	9,262	5,449	385	486	619	452	532	547	701
37 Foreign sales	10,029	9,402	5,758	448	601	540	409	520	711	1,012
38 Bonds, net purchases, or sales (−)	−1,000	−5,446	−5,375	−40	461	−762	−614	−1,353	−996	−1,295
39 Foreign purchases	17,084	17,549	24,237	2,255	2,755	2,033	2,293	3,279	3,258	3,058
40 Foreign sales	18,084	22,995	29,611	2,295	2,294	2,795	2,907	4,632	4,255	4,353
41 **Net purchases, or sales (−), of stocks and bonds**	**−3,136**	**−5,586**	**−5,684**	**−103**	**346**	**−684**	**−571**	**−1,342**	**−1,160**	**−1,606**
42 **Foreign countries**	**−4,013**	**−4,574**	**−4,474**	**−38**	**126**	**−305**	**−578**	**−1,144**	**−653**	**−1,214**
43 Europe	−1,108	−687	−1,239	−127	−40	−425	−21	−128	−184	−520
44 Canada	−1,948	−3,698	−2,174	120	76	−81	−265	−678	−272	−179
45 Latin America and Caribbean	87	69	424	202	144	76	3	49	−44	−234
46 Asia	−1,147	−295	−1,090	−215	−53	127	−303	−433	261	−284
47 Africa	24	−53	−17	−17	−1	0	3	17	1	0
48 Other countries	79	90	−379	0	−1	−2	6	29	−416	3
49 **Nonmonetary international and regional organizations**	**876**	**−1,012**	**−1,210**	**−65**	**219**	**−379**	**7**	**−198**	**−507**	**−392**

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

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

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

Millions of dollars

Country or area	1980	1981	1982 Jan.–Oct.	1982 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**57,549**	**70,201**	....	**77,268**	**77,836**	**78,199**	**79,615**	**80,437**	**82,099**	**83,776**
2 Foreign countries[2]	52,961	64,530	....	71,925	72,950	73,005	75,343	76,717	78,386	79,143
3 Europe[2]	24,468	23,976	....	26,393	26,021	25,738	26,442	27,717	28,790	28,983
4 Belgium-Luxembourg	77	543	....	709	340	152	155	576	551	834
5 Germany[2]	12,327	11,861	....	13,231	12,974	13,022	13,535	13,959	14,528	14,501
6 Netherlands	1,884	1,955	....	2,139	2,152	2,176	2,137	2,302	2,333	2,315
7 Sweden	595	643	....	662	655	652	650	644	640	650
8 Switzerland[2]	1,485	846	....	1,157	1,134	1,039	1,016	1,100	1,234	1,266
9 United Kingdom	7,323	6,709	....	6,737	6,811	6,674	6,922	7,124	7,345	7,210
10 Other Western Europe	777	1,419	....	1,757	1,954	2,023	2,028	2,012	2,160	2,207
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	449	514	....	473	506	410	446	353	434	488
13 Latin America and Caribbean	999	736	....	886	938	910	848	1,166	1,207	1,089
14 Venezuela	292	286	....	306	296	253	229	222	221	204
15 Other Latin America and Caribbean	285	319	....	383	437	432	402	611	774	660
16 Netherlands Antilles	421	131	....	196	204	224	217	333	211	225
17 Asia	26,112	38,671	....	43,750	45,060	45,516	47,179	47,165	47,734	48,344
18 Japan	9,479	10,780	....	11,381	11,396	11,137	11,289	11,247	11,394	11,380
19 Africa	919	631	....	403	405	405	405	305	180	180
20 All other	14	2	....	22	21	26	23	12	41	60
21 Nonmonetary international and regional organizations	4,588	5,671	....	5,343	4,886	5,194	4,272	3,720	3,713	4,633
22 International	4,548	5,637	....	5,278	4,822	5,123	4,167	3,629	3,519	4,378
23 Latin American regional	36	1	....	−4	−4	−4	−4	−4	−4	−4
	Transactions (net purchases, or sales (−) during period)									
24 **Total**[2]	**6,066**	**12,652**	**13,575**	**1,474**	**568**	**362**	**1,416**	**822**	**1,663**	**1,677**
25 Foreign countries[2]	6,906	11,568	14,613	1,674	1,025	54	2,338	1,374	1,669	757
26 Official institutions	3,865	11,694	12,452	812	1,474	318	2,792	367	1,580	611
27 Other foreign[2]	3,040	−127	2,161	862	−448	−264	−454	1,007	90	146
28 Nonmonetary international and regional organizations	−843	1,085	−1,038	−200	−457	309	−922	−553	−8	920
MEMO: Oil-exporting countries										
29 Middle East[3]	7,672	11,156	7,593	906	907	924	1,313	257	226	198
30 Africa[4]	327	−289	−452	2	2	0	0	−100	−125	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Nov. 30, 1982: Percent	Month effective	Country	Rate on Nov. 30, 1982: Percent	Month effective	Country	Rate on Nov. 30, 1982: Percent	Month effective
Austria	5.75	Oct. 1982	France[1]	12.75	Nov. 1982	Norway	9.0	Nov. 1979
Belgium	11.5	Nov. 1982	Germany, Fed. Rep. of	6.0	Oct. 1982	Switzerland	5.0	Aug. 1982
Brazil	49.0	Mar. 1981	Italy	18.0	Aug. 1981	United Kingdom[2]	....	....
Canada	10.97	Nov. 1982	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	10.0	Nov. 1980	Netherlands	5.5	Nov. 1982			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1979	1980	1981	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.
1 Eurodollars	11.96	14.00	16.79	14.53	15.45	14.37	11.57	11.74	10.43	9.77
2 United Kingdom	13.60	16.59	13.86	13.31	12.96	12.35	11.08	10.84	9.74	9.30
3 Canada	11.91	13.12	18.84	15.46	16.84	16.23	14.76	13.57	12.14	11.08
4 Germany	6.64	9.45	12.05	9.12	9.22	9.41	8.94	8.13	7.55	7.24
5 Switzerland	2.04	5.79	9.15	3.80	5.39	4.32	4.07	3.97	3.66	3.76
6 Netherlands	9.33	10.60	11.52	8.62	8.75	8.95	8.66	7.85	7.09	6.36
7 France	9.44	12.18	15.28	16.17	15.67	14.64	14.43	14.09	13.51	12.98
8 Italy	11.85	17.50	19.98	20.59	20.51	20.18	19.52	18.56	18.57	19.05
9 Belgium	10.48	14.06	15.28	15.00	15.38	15.22	14.00	13.06	12.75	12.50
10 Japan	6.10	11.45	7.58	6.80	7.14	7.15	7.14	7.19	6.97	6.98

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1979	1980	1981	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.
1 Argentina/peso	n.a.	n.a.	n.a.	15025.00	19671.43	21172.73	25961.90	29487.50	39200.00
2 Australia/dollar[1]	111.77	114.00	114.95	103.23	101.09	97.83	95.820	94.35	94.27
3 Austria/schilling	13.387	12.945	15.948	17.114	17.342	17.431	17.597	17.797	17.947
4 Belgium/franc	29.342	29.237	37.194	6.183	47.029	47.483	48.300	49.103	49.600
5 Brazil/cruzeiro	n.a.	n.a.	92.374	167.70	177.97	188.25	201.73	215.34	228.51
6 Canada/dollar	1.1603	1.1693	1.1990	1.2756	1.2699	1.2452	1.2348	1.2301	1.2262
7 Chile/peso	n.a.	n.a.	n.a.	43.373	47.228	54.941	62.643	66.770	69.050
8 China, P.R./yuan	n.a.	n.a.	1.7031	1.9014	1.9300	1.9432	1.9567	1.9887	2.0002
9 Colombia/peso	n.a.	n.a.	n.a.	63.318	65.539	65.179	65.921	66.856	68.168
10 Denmark/krone	5.2622	5.6345	7.1350	8.3481	8.5402	8.6482	8.8038	8.9192	8.9595
11 Finland/markka	3.8886	3.7206	4.3128	4.6763	4.7278	4.7515	4.8014	5.3480	5.5263
12 France/franc	4.2566	4.2250	5.4396	6.5785	6.8560	6.9285	7.0649	7.1557	7.2152
13 Germany/deutsche mark	1.8342	1.8175	2.2631	2.4292	2.4662	2.4813	2.5055	2.5320	2.5543
14 Greece/drachma	n.a.	n.a.	n.a.	67.795	69.434	70.165	70.946	71.948	72.889
15 Hong Kong/dollar	n.a.	n.a.	5.5678	5.8669	5.9025	6.0598	6.1253	6.6038	6.6724
16 India/rupee	8.1555	7.8866	8.6807	9.4668	9.5633	9.5741	9.6495	9.7005	9.7968
17 Indonesia/rupiah	n.a.	n.a.	n.a.	654.98	659.18	662.11	662.75	670.31	680.92
18 Iran/rial	n.a.	n.a.	79.324	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Ireland/pound[1]	204.65	205.77	161.32	141.92	139.48	138.54	136.53	134.35	132.91
20 Israel/shekel	n.a.	n.a.	n.a.	23.179	25.320	26.940	28.922	29.860	31.344
21 Italy/lira	831.10	856.20	1138.60	1358.43	1382.26	1392.60	1411.19	1439.94	1468.84
22 Japan/yen	219.02	226.63	220.63	251.20	255.03	259.04	263.29	271.61	264.09
23 Malaysia/ringgit	2.1721	2.1767	2.3048	2.3392	2.3554	2.3528	2.3610	2.3688	2.3647
24 Mexico/peso	22.816	22.968	24.547	47.716	48.594	90.187	101.86	108.83	130.61
25 Netherlands/guilder	2.0072	1.9875	2.4998	2.6848	2.7239	2.7295	2.7444	2.7608	2.7861
26 New Zealand/dollar[1]	102.23	97.34	86.848	74.951	73.990	73.217	72.419	71.431	71.092
27 Norway/krone	5.0650	4.9381	5.7430	6.1869	6.3557	6.6785	6.8999	7.1735	7.2397
28 Peru/sol	n.a.	n.a.	n.a.	656.11	693.56	730.97	772.08	819.14	878.66
29 Philippines/peso	n.a.	n.a.	7.8113	8.4511	8.4802	8.5142	8.6521	8.7760	8.8733
30 Portugal/escudo	48.953	50.082	61.739	78.477	84.514	85.914	87.702	89.652	91.911
31 Singapore/dollar	n.a.	n.a.	2.1053	2.1379	2.1464	2.1594	2.1671	2.1984	2.2123
32 South Africa/rand[1]	118.72	128.54	114.77	89.57	87.20	86.77	86.830	86.20	87.77
33 South Korea/won	n.a.	n.a.	n.a.	738.30	743.06	744.45	743.61	743.65	745.60
34 Spain/peseta	67.158	71.758	92.396	109.215	111.57	112.079	113.049	115.20	119.09
35 Sri Lanka/rupee	15.570	16.167	18.967	20.750	20.895	20.895	20.918	20.898	21.009
36 Sweden/krona	4.2892	4.2309	5.0659	6.0244	6.1159	6.1441	6.2313	7.1543	7.5095
37 Switzerland/franc	1.6643	1.6772	1.9674	2.0789	2.0960	2.1119	2.1418	2.1736	2.1931
38 Thailand/baht	n.a.	n.a.	21.731	23.000	23.000	23.000	23.000	23.000	23.000
39 United Kingdom/pound[1]	212.24	232.58	202.43	175.63	173.54	172.50	171.20	169.62	163.21
40 Venezuela/bolivar	n.a.	n.a.	4.2781	4.2953	4.2951	4.2981	4.3006	4.2976	4.2996
MEMO: United States/dollar[2]	88.09	87.39	102.94	116.97	118.91	119.63	120.93	123.16	124.27

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G–10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	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)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
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

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Anticipated schedule of release dates for periodic releases	June 1982	A76

SPECIAL TABLES

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THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30–31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

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Rates for subscribers outside the United States are as follows and include additional air mail costs:
Federal Reserve Regulatory Service, $225.00 per year.
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WELCOME TO THE FEDERAL RESERVE, December 1980.
PROCESSING BANK HOLDING COMPANY AND MERGER APPLICATIONS

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Series on the Structure of the Federal Reserve System
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Organization and Advisory Committees
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Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

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MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
COSTS, SCALE ECONOMIES, COMPETITION, AND PRODUCT MIX IN THE U.S. PAYMENTS MECHANISM, by David B. Humphrey. Apr. 1982. 18 pp.
DIVISIA MONETARY AGGREGATES: COMPILATION, DATA, AND HISTORICAL BEHAVIOR, by William A. Barnett and Paul A. Spindt. May 1982. 82 pp.
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INTEREST RATES AND TERMS ON CONSTRUCTION LOANS AT COMMERCIAL BANKS, by David F. Seiders. July 1982. 14 pp.
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FOREIGN SUBSIDIARIES OF U.S. BANKING ORGANIZATIONS, by James V. Houpt and Michael G. Martinson. Oct. 1982. 18 pp.
REDLINING: RESEARCH AND FEDERAL LEGISLATIVE RESPONSE, by Glenn B. Canner. Oct. 1982. 20 pp.

REPRINTS

Most of the articles reprinted do not exceed 12 pages.

Perspectives on Personal Saving. 8/80.
The Impact of Rising Oil Prices on the Major Foreign Industrial Countries. 10/80.
Federal Reserve and the Payments System: Upgrading Electronic Capabilities for the 1980s. 2/81.
Survey of Finance Companies, 1980. 5/81.
Bank Lending in Developing Countries. 9/81.
U.S. International Transactions in 1981. 4/82.
The Commercial Paper Market since the Mid-Seventies. 6/82.
Applying the Theory of Probable Future Competition. 9/82.
International Banking Facilities. 10/82.

Anticipated Schedule of Release Dates for Periodic Releases— Board of Governors of the Federal Reserve System[1]

Weekly Releases	*Approximate release days*	*Date or period to which data refer*
Aggregate Reserves of Depository Institutions and Monetary Base. H.3 (502) [1.22]	Monday	Week ended previous Wednesday
Actions of the Board; Applications and Reports. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	Friday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512) [3.28]	Monday	Week ended previous Friday
Money Stock Measures and Liquid Assets. H.6 (508) [1.21]	Friday	Week ended Wednesday of of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	Thursday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519) [1.35]	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.27, 1.28, 1.29, 1.291]	Friday	Wednesday, 1 week earlier
Weekly Report of Assets and Liabilities of International Banking Facilities. H.14 (518)	Monday	Wednesday, 2 weeks earlier
Weekly Summary of Reserves and Interest Rates. H.9 (511)	Friday	Week ended previous Wednesday; and week ended Wednesday of previous week

Monthly Releases

Capacity Utilization: Manufacturing and Materials. G.3 (402) [2.11]	Mid month	Previous month
Changes in Status of Banks and Branches. G.4.5 (404)	25th of month	Previous month
Commercial and Industrial Loans to U.S. Addressees Excluding Bankers' Acceptances and Commercial Paper by Industry. G.27 (429) [1.30]	2nd Monday of month	Last Wednesday of previous month
Consumer Installment Credit. G.19 (421) [1.56, 1.57]	5th working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.20]	25th of month	Previous month
Finance Companies. G.20 (422) [1.52, 1.53]	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405) [3.28]	1st of month	Previous month

1. Release dates are those anticipated or usually met. However, please note that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.
The BULLETIN table that reports these data is designated in brackets.

Monthly Releases—Continued	*Approximate release days*	*Date or period to which data refer*
Industrial Production. G.12.3 (414) [2.13]	Mid month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	20th of month	2nd month previous
Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	20th of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	20th of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Research Library—Recent Acquisitions. G.15 (417)	1st of month	Previous month
Selected Interest Rates. G.13 (415) [1.35]	3rd working day of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date

Quarterly Releases

Agricultural Finance Databook. E.15 (125)	End of March, June, September, and December	January, April, July, and October
Automobile Credit. E.4 (114)	4th of April, July, October, and January	Previous quarter
Finance Rates and Other Terms on Selected Types of Consumer Installment Credit Extended by Major Finance Companies. E.10 (120)	25th of January, April, July, and October	2nd month previous
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780) [1.58, 1.59]	15th of February, May, August, and November	Previous quarter
Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	15th of March, June, September, and December	Previous quarter
Survey of Terms of Bank Lending. E.2 (111) [1.34]	15th of March, June, September, and December	February, May, August, and November

Semiannual Releases

Domestic Offices, Commercial Bank Assets and Liabilities Consolidated Report of Condition. E.3.4 (113) [1.26, 1.27, 1.28]	May and November	End of previous December and June
Check Collection Services—Federal Reserve System. E.9 (119)	February and July	Previous 6 months
Country Exposure Lending Survey. E.16 (126)	May and November	End of previous December and June
List of OTC Margin Stocks. E.7 (117)	February, June and October	Release date

Annual Releases	*Approximate release days*	*Date or period to which data refer*
Aggregate Summaries of Annual Surveys of Security Credit Extension. C.2 (101)	February	End of previous June
Bank Holding Companies and Subsidiary Banks, (Domestic and Foreign). C.6 (105)	March	Previous year
Bank Holding Companies and Subsidiary Banks (Domestic only). C.5 (104)	March	Previous year

Index to Statistical Tables

References are to pages A3 through A68 although the prefix "A" is omitted in this index

Index to Volume 68

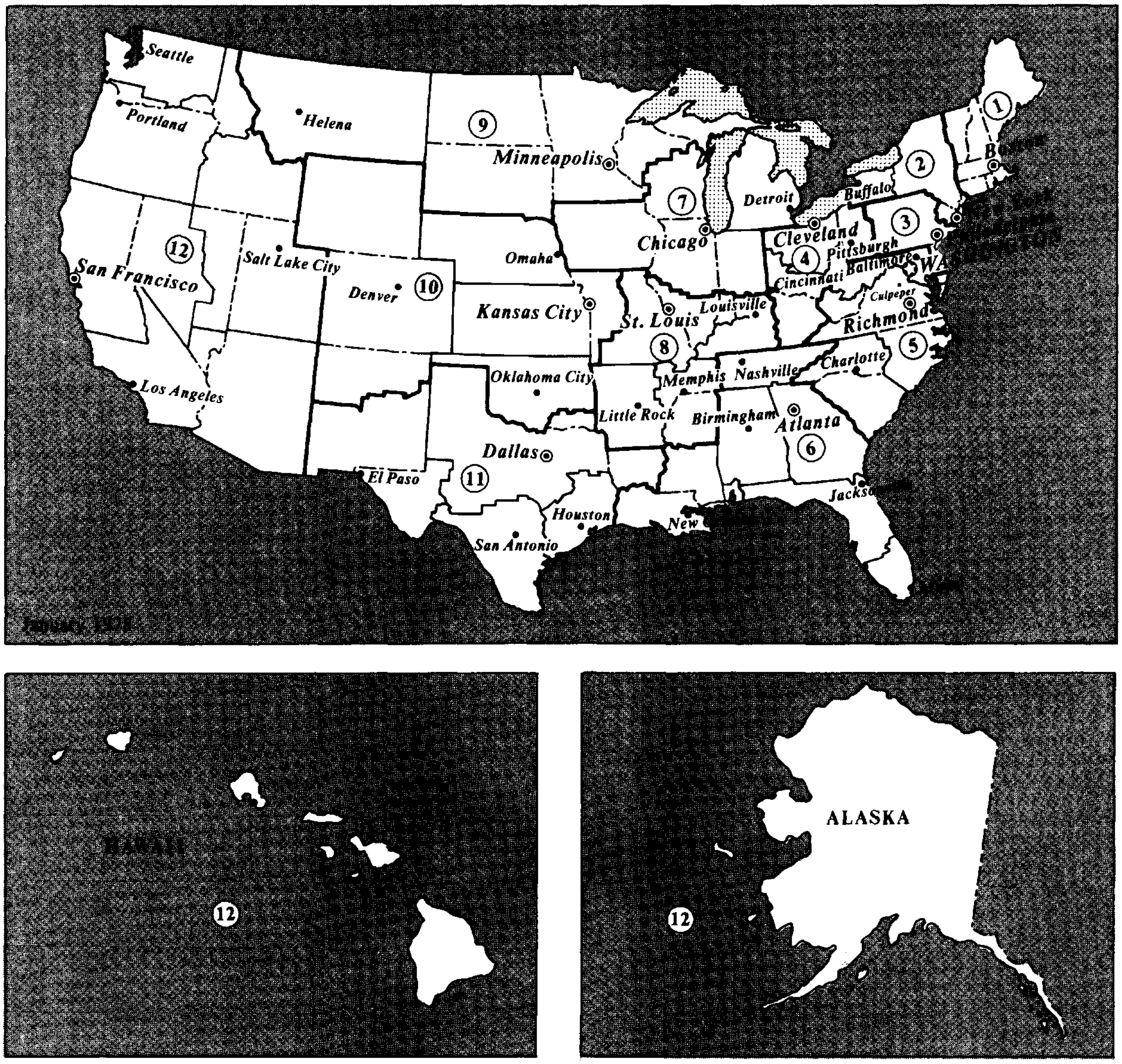
GUIDE TO PAGE REFERENCES IN MONTHLY ISSUES

Issue	*Text*	*Other ("A" pages)* *Total*	*Index to tables*	*Issue*	*Text*	*Other ("A" pages)* *Total*	*Index to tables*
January ...	1–76	1–88	86–87	July.......	393–442	1–88	86–87
February .	77–124	1–80	76–77	August....	443–526	1–78	76–77
March	125–206	1–80	76–77	September	527–564	1–78	76–77
April......	207–280	1–90	88–89	October...	565–680	1–88	86–87
May	281–326	1–78	76–77	November	681–724	1–78	76–77
June	327–392	1–82	79–80	December	725–802	1–96	79–80

(The "A" pages referred to in this index are in the December issue. For special tables published during 1982, see list on p. A69 of this issue.)

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

✪ Board of Governors of the Federal Reserve System

◉ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility

Publications of Interest

FEDERAL RESERVE REGULATORY SERVICE

To promote public understanding of its regulatory functions, the Board publishes the *Federal Reserve Regulatory Service,* a three-volume looseleaf service containing all Board regulations and related statutes, interpretations, policy statements, rulings, and staff opinions. For those with a more specialized interest in the Board's regulations, parts of this service are published separately as handbooks pertaining to monetary policy, securities credit, and consumer affairs.

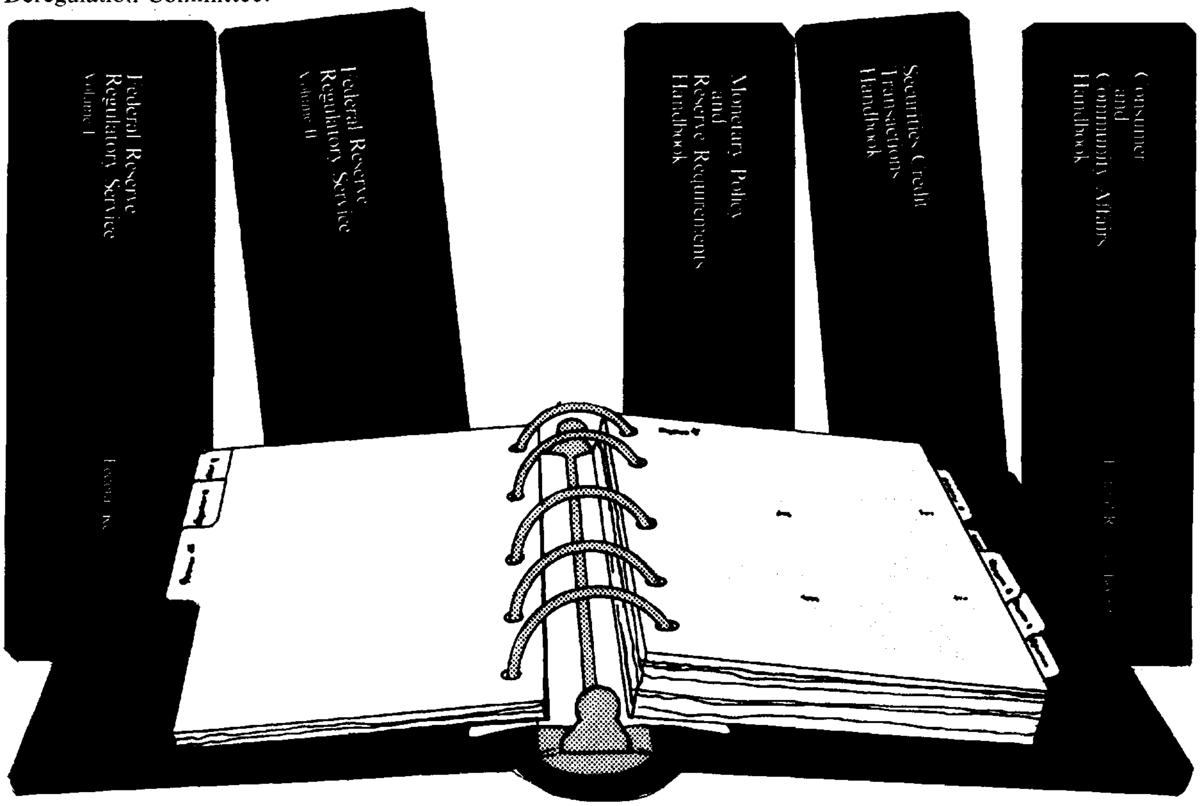
These publications are designed to help those who must frequently refer to the Board's regulatory materials. They are updated at least monthly, and each contains conversion tables, station indexes, and a subject index.

The *Monetary Policy and Reserve Requirements Handbook* contains Regulations A, D, and Q plus related materials. For convenient reference, it also contains the rules of the Depository Institutions Deregulation Committee.

The *Securities Credit Transactions Handbook* contains Regulations G, T, U, and X, dealing with extensions of credit for the purchase of securities, together with all related statutes, Board interpretations, rulings, and staff opinions. Also included is the Board's list of OTC margin stocks.

The *Consumer and Community Affairs Handbook* contains Regulations B, C, E, M, Z, AA, and BB and associated materials.

For domestic subscribers, the annual rate is $175 for the *Federal Reserve Regulatory Service* and $60 for each handbook. For subscribers outside the United States, the price including additional air mail costs is $225 for the *Service* and $75 for each *Handbook.* All subscription requests must be accompanied by a check or money order payable to Board of Governors of the Federal Reserve System. Orders should be addressed to Publications Services, Federal Reserve Board, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.



Publications of Interest

FEDERAL RESERVE CONSUMER CREDIT PUBLICATIONS

The Federal Reserve Board publishes a series of pamphlets covering individual credit laws and topics, as pictured below. The series includes such subjects as how the Equal Credit Opportunity Act protects women against discrimination in their credit dealings, how to use a credit card, and how to use Truth in Lending information to compare credit costs.

The Board also publishes the *Consumer Handbook to Credit Protection Laws*, a complete guide to consumer credit protections. This 44-page booklet explains how to use the credit laws to shop for credit, apply for it, keep up credit ratings, and complain about an unfair deal.

Protections offered by the Electronic Fund Transfer Act are explained in *Alice in Debitland*. This booklet offers tips for those using the new "paperless" systems for transferring money.

Copies of consumer publications are available free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Multiple copies for classroom use are also available free of charge.