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May 12, 1989

SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

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SUPPLEMENTAL NOTES

DOMESTIC NONFINANCIAL ECONOMY

Producer Prices

The producer price index for finished goods rose 0.4 percent in April. Finished energy prices rose 7.2 percent, led by a 13 percent jump in gasoline prices. Prices of finished foods fell 0.6 percent, reflecting declines in prices for eggs, pork, and fresh fruits and vegetables. Excluding food and energy, the finished goods price index was down 0.1 percent. Passenger car prices fell 2.8 percent, as a result of recent sales incentive programs; but prices of finished goods rose or grew slowly in a number of other categories as well, in both the consumer goods and capital equipment categories.

Prices of intermediate materials, excluding food and energy, were unchanged in April for the first time in more than two years. Prices of primary nonferrous metals fell nearly 8 percent, and prices of steel mill products were unchanged. However, prices were up sharply for some petroleum-based materials such as industrial chemicals and synthetic fibers.

Retail Sales

Total retail sales increased 0.4 percent in April, after holding even in March and declining 0.4 percent in February; sales excluding auto dealers and nonconsumer stores increased 0.2 percent in April--about the same pace as in the previous two months.¹ Several categories of nondurable goods

1. In translating the retail sales figures into the PCE estimates, the BEA now includes in its measure of "PCE control" the estimated value of non-gasoline sales at gasoline stations (calculated as the difference

(Footnote continues on next page)

stores reported large increases in April. Sales at general merchandise outlets moved up 1 percent last month, after holding about even in March. Spending at apparel stores is estimated to have increased 3-1/2 percent in April, about retracing the declines of the previous two months. Sales at gasoline stations posted a large increase in April for the third consecutive month; however, the bulk of recent increases in nominal sales at gasoline stations likely reflects increases in the pump price of gasoline. These large increases were largely offset, however, by sizable declines elsewhere, particularly at furniture stores and in the "other durable" and "other nondurable" goods categories of stores.

Retail Inventories

Inventory accumulation in retail trade, on a current-cost basis, moderated in March. Stocks, excluding those held by auto dealers, rose at a \$7-1/2 billion annual rate--somewhat below the pace over the past year. Inventories held by apparel and furniture stores were little changed in March, but general merchandisers posted another relatively large increase in stocks. With sales for these types of stores flat or down slightly in March, their inventory-sales ratios rose. Of the three groupings, only the ratio for apparel has moved close to its recent high in early 1988.

Crop Report

The initial USDA crop production estimates for 1989 suggest that production of winter wheat--the only major crop currently near harvest--is

(Footnote continued from previous page)
between retail sales at gasoline stations--taken from the Monthly Retail Trade report--and the value of gasoline sales--estimated from separate data provided by the Department of Energy). As a result, the implications of the Retail Trade report for the calculation of nominal PCE now can be summarized by the growth of total retail sales less sales at building material and supply stores and automotive dealerships.

likely to fall about 8 percent despite a 12 percent increase in acreage planted. The decline reflects the very dry weather in parts of Kansas. The agency's assessment of the current condition of the winter wheat crop was based on actual field samples. Estimates for other crops were based on a sample of planned acreage conducted in March and trend yields.

The drop in the production of winter wheat, taken alone, would reduce the BEA estimate of farm output in 1989 by roughly \$1/2 billion. However, the report also projected sharp increases in the output of other crops, including wheat planted in the spring, which usually accounts for roughly one-fifth of total wheat production. On balance, these current estimates are roughly in line with the estimate of crop production built into the staff forecast: Higher production of other crops roughly offsets the decline in winter wheat production.

Budget Agreement

House and Senate conferees on May 11 adopted a compromise congressional budget resolution, largely ratifying the earlier bipartisan budget agreement (shown in the table, which corrects an omission from the version on page II-A-2 of the Greenbook.) The budget resolution contains a deficit of \$99.7 billion, slightly higher than in the agreement, owing to smaller savings in Medicare costs.

RECENT CHANGES IN PRODUCER PRICES
(Percentage change; based on seasonally adjusted data)¹

	Relative Importance Dec. 1988	1987	1988	1988		1989	
				Q4	Q1	Mar.	Apr.
				-Annual rate-		-Monthly rate-	
Finished goods	100.0	2.2	4.0	3.0	10.2	.4	.4
Consumer foods	25.8	-.2	5.7	2.1	13.5	.8	-.6
Consumer energy	8.8	11.2	-3.6	1.4	39.2	.9	7.2
Other consumer goods	39.6	2.7	4.8	4.4	6.1	.4	-.1
Capital equipment	25.8	1.3	3.6	1.7	4.6	.2	-.1
Intermediate materials ²	94.8	5.5	5.4	4.5	9.1	.6	.4
Excluding energy	83.4	5.2	7.2	6.7	6.2	.4	.0
Crude food materials	43.8	1.8	14.2	-7.9	16.5	3.0	-2.8
Crude energy	36.9	10.7	-9.5	12.3	45.9	1.7	5.2
Other crude materials	19.3	22.6	7.5	12.5	10.9	2.0	-1.1

1. Changes are from final month of preceding period to final month of period indicated.

2. Excludes materials for food manufacturing and animal feeds.

RETAIL SALES
(Seasonally adjusted percentage change)

	1988		1989			
	Q3	Q4	Q1	Feb.	Mar.	Apr.
Total sales	1.3	2.2	.5	-.4	.0	.4
Previous estimate ¹				-.6	.1	
PCE control ²	1.9	1.41	1.7	.2	.3	.2
Furniture and appliances	-.8	2.6	4.4	.3	-.8	-1.2
Other durable goods	.7	-.9	2.9	.7	-.8	-2.5
Apparel	3.9	2.7	-.4	-2.9	-.5	3.6
Food	2.3	.9	2.5	1.0	.0	.7
General merchandise	1.4	3.4	1.0	-1.4	.1	1.0
Gasoline stations	1.2	-.3	1.5	1.8	2.4	2.2
Other nondurables	3.2	-.5	-1.2	2.3	2.5	-1.0

1. Based on incomplete sample counts approximately one month ago.

2. Total less auto dealers and nonconsumer stores.

CHANGES IN MANUFACTURING AND TRADE INVENTORIES
(Billions of dollars at annual rates;
based on seasonally adjusted data)

	1988		1989	1989		
	Q3	Q4	Q1	Jan.	Feb.	Mar.
Current-cost basis:						
Total	76.4	38.7	47.7	73.0	39.0	31.1
Total ex. auto	53.2	41.3	42.0	64.6	32.9	28.6
Manufacturing	23.3	25.5	27.0	39.5	19.2	22.3
Wholesale	19.2	5.4	5.6	17.4	.6	-1.3
Retail	33.9	7.8	15.1	16.1	19.2	10.1
Automotive	23.2	-2.6	5.7	8.4	6.1	2.5
Ex. auto	10.7	10.4	9.5	7.7	13.1	7.6
Constant-dollar basis:						
Total	25.5	26.3	--	43.0	3.7	--
Total ex. auto	16.8	18.8	--	26.4	-.6	--
Manufacturing	5.7	11.2	--	19.2	-5.6	--
Wholesale	8.1	2.2	--	6.5	-2.3	--
Retail	11.7	12.9	--	17.2	11.5	--
Automotive	8.7	7.5	--	16.6	4.3	--
Ex. auto	3.0	5.5	--	.6	7.2	--

INVENTORIES RELATIVE TO SALES¹
(Months supply; based on seasonally adjusted data)

	1988		1989	1989				
	Q3	Q4	Q1	Jan.	Feb.	Mar.		
	Range in ² preceding 12 months:							
	Low	High						
Current-cost basis:								
Total	1.48	1.52	1.52	1.50	1.50	1.48	1.50	1.51
Total ex. auto	1.46	1.50	1.49	1.48	1.47	1.46	1.47	1.48
Manufacturing	1.53	1.62	1.58	1.57	1.57	1.54	1.57	1.58
Wholesale	1.28	1.32	1.31	1.30	1.28	1.28	1.29	1.28
Retail	1.54	1.62	1.61	1.59	1.61	1.59	1.61	1.61
Automotive	1.66	2.01	1.98	1.88	1.98	1.93	1.98	2.00
Ex. auto	1.48	1.51	1.51	1.51	1.51	1.49	1.50	1.51
Constant-dollar basis:								
Total	1.50	1.52	1.52	1.52	--	1.51	1.53	--
Total ex. auto	1.48	1.51	1.50	1.49	--	1.48	1.49	--
Manufacturing	1.55	1.62	1.59	1.58	--	1.57	1.59	--
Wholesale	1.30	1.33	1.33	1.32	--	1.31	1.31	--
Retail	1.55	1.62	1.61	1.61	--	1.62	1.64	--
Automotive	1.70	2.03	1.93	1.94	--	2.03	2.08	--
Ex. auto	1.50	1.53	1.52	1.52	--	1.51	1.52	--

1. Ratio of end-of period inventories to average monthly sales for the period.

2. Highs and lows are specific to each series and are not necessarily coincidental. Range is for the 12-month period preceding the latest month for which data are available.

BUDGET PLANS FOR FY90
(Billions of dollars)

	Bush plan (Feb. 9)	Bipartisan agreement (OMB est.)	CBO estimates	
			Bipartisan agreement	Change from baseline
Receipts	1065.6	1065.7	1074.4	+5.8
Outlays, total ¹	1156.7	1168.7	1193.8	-22.2
Defense	300.3	299.2	299.2	-4.2
International	17.2	16.7 ²	16.7 ²	.0
Interest	173.3	173.2	181.0	-1.1
All other	<u>665.9</u>	<u>679.6</u>	<u>696.9</u>	<u>-16.9</u>
Deficit, before adj.	-91.1	-103.0	-119.4	+28.0
less: estimating adjustments ³	<u>n.a.</u>	<u>3.5</u>	<u>19.9</u>	n.a.
Deficit	<u>-91.4</u>	<u>-99.4</u>	<u>-99.4</u>	n.a.
Memo:				
Deficit, ex. asset sales	-94.8	-105.1	105.1	n.a.

n.a.--not applicable.

1. With asset sales.

2. Includes estimated effects of loan repayments; discretionary component of spending specified in agreement is \$17.0 billion.

3. As shown in the document releasing the agreement, the accepted deficit is the OMB estimate lowered by \$3.5 billion to incorporate slower defense spend-out rates; the net difference between this estimate and one using CBO's economic and technical assumptions is shown to be \$19.9 billion.

GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS AND PROCEDURES

A. Fiscal Year Targets

	1986	1987	1988	1989	1990	1991	1992	1993
	----- Billions of dollars -----							
Original target ¹	172	144	108	72	36	0	n.a.	n.a.
Amended law ²	n.a.	n.a.	144	136	100	64	28	0
Actual deficit	212	221	150	155	n.a.	n.a.	n.a.	n.a.

B. FY1990 Budget Procedures

- July 15: Office of Management and Budget issues its Mid-session Review of the FY1990 Budget, with new outlay and revenue estimates for FY1989 and the FY90-FY94 period. The updated economic and technical assumptions in this report will be used for subsequent OMB Gramm-Rudman reports.
- August 20: Congressional Budget Office issues an "advisory" report with updated budget estimates. The report is designed to provide a benchmark with which Congress and others may assess the forthcoming OMB compliance report.
- August 25: OMB issues an initial compliance report stating whether or not the FY1990 deficit will exceed \$110 billion (the \$100 billion target plus a \$10 billion margin for error). The budget estimate uses the economic and technical assumptions from the Mid-session Review, legislation enacted by August 15, and other special G-R-H rules. If it appears that the deficit limit is exceeded, then an initial sequestration order is also issued. The order specifies the across-the-board cuts in authority needed to reduce the deficit to the \$100 billion target. Congress has until October 10 to pass legislation that would reduce the deficit without a sequestration.
- October 10: CBO issues a revised advisory report.
- October 15: OMB issues a revised G-R-H compliance report taking account of legislation enacted through October 15. The economic and technical assumptions may not be changed. The final order canceling budgetary resources is issued, if the deficit exceeds the \$110 billion trigger.

1. The law allowed a \$10 billion "margin for error" in every year except 1991.
2. The law allows a \$10 billion "margin for error" in every year except 1993.

THE FINANCIAL ECONOMY

Monetary Aggregates

Incoming information showing unexpectedly large declines in the monetary aggregates late in April have led to sizable downward revisions to estimates of money growth for the month. These downward revisions were widespread across the liquid components of the aggregates and appeared related to higher-than-anticipated personal tax payments. Current estimates put the April growth rates of M2 and M3 at 1/2 percent and 2-3/4 percent, respectively, with M1 declining at a 5-1/4 percent rate.

MONETARY AGGREGATES
(based on seasonally adjusted data unless otherwise noted)

	1988 ¹	1988 Q4	1989 Q1	1989 Feb	1989 Mar	1989 Apr p	Growth Q4 88- Apr 89p
-----Percent change at annual rates-----							
1. M1	4.3	2.3	-0.4	1.7	-1.7	-5.2	-1.4
2. M2	5.2	3.6	1.9	1.6	3.8	0.6	1.9
3. M3	6.2	4.9	3.8	2.9	6.8	2.8	4.0
-----Percent change at annual rates-----							Levels bil. \$ Apr 89p
<u>Selected components</u>							
4. M1-A	2.5	1.7	-0.2	3.6	1.7	-6.2	504.6
5. Currency	8.1	6.6	7.0	5.1	7.3	1.7	215.9
6. Demand deposits	-1.2	-1.8	-5.5	3.4	-2.1	-12.2	281.4
7. Other checkable deposits	7.7	3.3	-0.7	-1.7	-7.7	-3.0	278.4
8. M2 minus M1 ²	5.5	4.1	2.7	1.6	5.7	2.6	2298.2
9. Overnight RPs and Eurodollars, NSA	-5.9	-9.2	15.7	-38.2	-22.8	-34.0	75.4
10. General purpose and broker/dealer money market mutual fund shares, NSA	7.4	9.5	21.2	28.8	44.1	17.3	260.2
11. Commercial banks	6.9	6.8	5.4	4.5	8.3	7.2	1006.7
12. Savings deposits, SA, plus MMDAs, NSA ³	1.4	-1.7	-8.4	-14.0	-9.2	-15.9	521.7
13. Small time deposits	14.7	18.0	22.4	26.6	28.6	33.1	485.0
14. Thrift institutions	4.6	0.3	-3.1	-5.1	-3.9	-2.9	959.1
15. Savings deposits, SA, plus MMDAs, NSA ³	-4.3	-8.6	-14.0	-20.6	-15.3	-32.5	362.3
16. Small time deposits	11.7	6.6	4.3	5.5	3.3	15.9	596.8
. M3 minus M2 ⁴	10.2	9.5	10.8	7.4	17.4	10.3	880.2
18. Large time deposits	11.0	11.3	12.6	15.9	15.4	19.1	567.6
19. At commercial banks, net ⁵	12.2	13.0	18.0	24.3	22.5	22.1	392.4
20. At thrift institutions	8.8	8.0	1.2	-2.1	0.0	12.5	175.2
21. Institution-only money market mutual fund shares, NSA	-0.8	10.9	10.6	4.0	-26.8	1.4	87.7
22. Term RPs, NSA	15.0	8.4	10.1	29.3	24.0	-4.5	132.0
23. Term Eurodollars, NSA	10.5	4.8	-3.9	-10.8	64.4	-42.7	100.4

-----Average monthly change in billions of dollars-----

MEMORANDA:⁶

24. Managed liabilities at commercial banks (25+26)	4.9	4.7	5.3	9.3	7.7	1.4	661.0
25. Large time deposits, gross	3.3	3.2	5.8	5.4	6.3	6.1	452.7
26. Nondeposit funds	1.6	1.5	-0.5	3.9	1.4	-4.7	208.3
27. Net due to related foreign institutions, SA	-0.4	-0.5	0.5	2.7	-2.5	-5.2	2.9
28. Other ⁷	2.0	2.0	-1.0	1.2	3.9	0.5	205.4
29. U.S. government deposits at commercial banks ⁸	0.0	0.5	-1.5	0.0	0.0	0.6	20.9

1. Amounts shown are from fourth quarter to fourth quarter.
 2. Nontransactions M2 is seasonally adjusted as a whole.
 3. Commercial bank savings deposits excluding MMDAs grew during March and April at rates of -10.7 percent and -19.1 percent, respectively. At thrift institutions, savings deposits excluding MMDAs grew during March and April at rates of -10.8 percent and -25.8 percent, respectively.
 4. The non-M2 component of M3 is seasonally adjusted as a whole.
 5. Net of large denomination time deposits held by money market mutual funds and thrift institutions.
 6. Dollar amounts shown under memoranda are calculated on an end-month-of-quarter basis.
 7. Consists of borrowing from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase, and other liabilities for borrowed money (including borrowing from the Federal Reserve and unaffiliated foreign banks, loan RPs and other minor items). Data are partially estimated.
 8. Consists of Treasury demand deposits and note balances at commercial banks.
- p - preliminary

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT¹
 (Percentage changes at annual rates, based on seasonally adjusted data)¹

	1987:Q4 to 1988:Q4	1988 Q4	1989				Levels bil.\$ Aprilp
			Q1	Feb.	Mar.	Aprilp	
----- Commercial Bank Credit -----							
1. Total loans and securities at banks	7.3	6.1	7.8	14.4	6.4	2.8	2460.6
.. Securities	4.7	5.0	2.0	4.6	13.5	-1.5	557.4
3. U.S. government securities	7.4	10.4	8.7	5.3	22.8	5.8	372.1
4. Other securities	.2	-5.1	-10.6	3.2	-4.5	-16.0	185.3
5. Total loans	8.1	6.4	9.5	17.3	4.4	4.0	1903.2
6. Business loans	6.3	4.0	9.9	23.8	-3.9	4.1	616.6
Security loans	-6.2	13.1	52.8	227.0	-30.0	-103.5	39.2
8. Real estate loans	13.4	11.0	12.4	12.7	12.6	16.3	694.7
9. Consumer loans	8.6	8.3	5.2	3.0	6.7	7.3	362.1
10. Other loans	.2	-5.9	-2.5	-.6	5.6	-21.6	190.6
----- Short- and Intermediate-Term Business Credit -----							
11. Business loans net of bankers acceptances	6.4	4.1	10.3	24.5	-3.3	4.3	614.2
12. Loans at foreign branches ²	30.3	11.4	51.9	28.7	168.2	-9.8	24.2
13. Sum of lines 11 & 12	7.1	4.4	11.7	24.5	2.3	3.8	633.3
14. Commercial paper issued by nonfinancial firms	15.6	50.0	37.5	19.9	31.6	45.6	117.5
15. Sum of lines 13 & 14	8.2	10.3	15.5	23.8	6.8	10.1	755.9
16. Bankers acceptances: U.S. trade related ^{3,4}	-6.8	11.0	16.7	28.3	6.9	n.a.	34.9 ⁵
17. Line 15 plus bankers acceptances: U.S. trade related	7.4	10.3	15.5	24.0	6.8	n.a.	784.5 ⁵
18. Finance company loans to business ³	12.3	12.1	8.0	4.1	17.9	n.a.	238.8 ⁵
19. Total short- and intermediate- term business credit (sum of lines 17 & 18)	8.5	10.8	13.7	19.3	9.3	n.a.	1023.3 ⁵

1. Average of Wednesdays.

2. Loans at foreign branches are loans made to U.S. firms by foreign branches of domestically chartered banks.

3. Based on average of data for current and preceding ends of month.

4. Consists of acceptances that finance U.S. imports, U.S. exports, and domestic shipment and storage of goods.

5. March data.

p--preliminary.

n.a.--not available

SELECTED FINANCIAL MARKET QUOTATIONS 1/
(percent)

	1987		1988		1989		Change from:	
	2/ Oct 16		Feb lows		FOMC Mar 28	May 11	Feb 88 lows	FOMC Mar 28
Short-term rates								
Federal funds 3/	7.59		6.38		9.85	9.84	3.46	-0.01
Treasury bills 4/								
3-month	6.93		5.59		9.07	8.42	2.83	-0.65
6-month	7.58		5.77		9.12	8.44	2.67	-0.68
1-year	7.74		6.10		8.99	8.37	2.27	-0.62
Commercial paper								
1-month	7.94		6.41		10.00	9.68	3.27	-0.32
3-month	8.65		6.45		10.08	9.62	3.17	-0.46
Large negotiable CD's 4/								
1-month	7.92		6.44		10.00	9.73	3.29	-0.27
3-month	8.90		6.49		10.21	9.77	3.28	-0.44
6-month	9.12		6.55		10.60	9.83	3.28	-0.77
Eurodollar deposits 5/								
1-month	8.00		6.44		10.06	9.81	3.37	-0.25
3-month	9.06		6.50		10.31	9.88	3.38	-0.43
Bank prime rate	9.25		8.50		11.50	11.50	3.00	0.00
Intermediate- and long-term rates								
U.S. Treasury (constant maturity)								
3-year	9.52		7.28		9.80	9.11	1.83	-0.69
10-year	10.23		8.11		9.41	9.10	0.99	-0.31
30-year	10.24		8.32		9.20	9.07	0.75	-0.13
Municipal revenue 6/ (Bond Buyer index)	9.59		7.76		7.95	7.64	-0.12	-0.31
Corporate—A utility Recently offered	11.50		9.63		10.40	10.36	0.73	-0.04
Home mortgage rates 7/								
Fixed-rate	11.58		9.84		11.22	10.97	1.13	-0.25
ARM, 1-year	8.45		7.59		9.30	9.36	1.77	0.06
	1987		1988		1989		Percent change from:	
	Record highs	Lows			FOMC Mar 28	May 11	Record highs	FOMC Mar 28
Stock prices								
Dow-Jones Industrial	2722.42		1738.74		2275.54	2382.88	-12.47	4.72
NYSE Composite	187.99		125.91		163.88	171.71	-8.66	4.78
AMEX Composite	365.01		231.90		325.45	345.62	-5.31	6.20
NASDAQ (OTC)	455.26		291.88		402.60	430.63	-5.41	6.96

1/ One-day quotes except as noted.

2/ Last business day prior to stock market decline on Monday Oct. 19, 1987.

3/ Average for two-week reserve maintenance period closest to date shown except Feb. low which is the average to the statement week ended Feb. 10, 1988. Last observation is average to date for maintenance period ending May 17, 1989.

4/ Secondary market.

5/ Bid rates for Eurodollar deposits at 11 a.m. London time.

6/ Based on one-day Thursday quotes and futures-market index changes.

7/ Quotes for week ending Friday closest to date shown.

SUMMARY OF U.S. INTERNATIONAL TRANSACTIONS
(Billions of dollars)

	1987	1988	1988				1989	1989		
	Year	Year	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.
<u>Private Capital</u>										
Banks										
1. Change in net foreign positions of banking offices in the U.S. (+ = inflow)	47.5	23.0	-1.8	16.5	-1.1	9.4	-4.8	-15.7	5.1	5.9
Securities										
2. Private securities transactions, net ¹	36.4	15.3	-2.2	10.9	5.7	0.9	5.8	0.6	3.2	2.0
a) foreign net purchases (+) of U.S. corporate bonds	26.4	26.9	2.6	8.9	6.4	9.0	8.7	1.5	4.6	2.6
b) foreign net purchases (+) of U.S. corporate stocks	16.8	0.4	*	1.1	1.3	2.0	0.1	0.2	-0.3	0.1
c) U.S. net purchases (-) of foreign securities	-6.9	-12.0	-4.9	1.0	-2.0	6.1	-3.0	-1.1	-1.1	-0.8
3. Foreign net purchases (+) of U.S. Treasury obligations	-7.3	20.1	6.0	5.6	3.5	5.4	8.9	2.2	4.7	1.9
<u>Official Capital</u>										
4. Changes in foreign official reserves assets in U.S. (+ = increase)	47.7	40.1	25.0	6.4	-2.0	10.8	7.3	2.0	2.3	3.0
a) By area										
G-10 countries (incl. Switz.)	38.8	15.5	17.7	-0.8	-6.8	5.3	0.3	-1.8	0.3	1.7
OPEC	-8.9	-3.4	-1.5	-1.7	-0.8	0.7	6.7	0.4	3.8	2.5
All other countries	17.8	28.0	8.8	8.9	5.6	4.8	0.3	3.4	-1.8	-1.3
b) By type										
U.S. Treasury securities ²	43.2	41.7	27.7	5.9	-3.8	11.9	4.6	-3.2	4.0	3.8
Other ²	4.5	-1.6	-2.8	0.6	1.8	-1.1	2.7	5.2	-1.7	-0.8
5. Changes in U.S. official reserve assets (+ = decrease)	9.1	-3.6	1.5	*	-7.4	2.3	-4.0	-1.9	-0.5	-1.7
<u>Other transactions</u> (Quarterly data)										
6. U.S. direct investment (-) abroad ⁴	-44.5	-20.4	-6.5	0.5	-5.2	9.2	n.a.	n.a.	n.a.	n.a.
7. Foreign direct investment (+) in U.S. ⁴	42.0	42.2	7.3	13.1	8.4	3.4	n.a.	n.a.	n.a.	n.a.
8. Other capital flows (+ = inflow) ^{3,4}	4.6	2.1	3.3	-6.6	7.0	2.1	n.a.	n.a.	n.a.	n.a.
9. U.S. current account balance ⁴	-154.0	-135.3	-37.0	-33.8	-32.6	1.9	n.a.	n.a.	n.a.	n.a.
10. Statistical discrepancy ⁴	18.5	16.5	4.4	-12.6	23.7	1.0	n.a.	n.a.	n.a.	n.a.

MEMO:
U.S. merchandise trade balance -- part of line 9 (Balance of payments basis, seasonally adjusted) -160.3 -126.5 -35.2 -30.2 29.2 32.0 n.a. n.a. n.a. n.a.

1. These data have not been adjusted to exclude commissions on securities transactions and, therefore, do not match exactly the data on U.S. international transactions as published by the Department of Commerce. Line 2a includes all U.S. bonds other than Treasury obligations.
2. Includes deposits in banks, commercial paper, acceptances, borrowing under repurchase agreements, and other securities.
3. Includes U.S. government assets other than official reserves, transactions by nonbanking concerns, and other banking and financial transactions not shown elsewhere. In addition, it includes amounts resulting from adjustments to the data made by Department of Commerce and revisions to the data in lines 1 through 5 since publication of the quarterly data in the Survey of Current Business.
4. Includes seasonal adjustment for quarterly data.
*--Less than \$50 million.
NOTE: Details may not add to total because of rounding.