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Household Sector Borrowing and the Burden of Debt

Glenn B. Canner, Arthur B. Kennickell, and Charles A. Luckett, of the Board's Division of Research and Statistics, prepared this article. Wayne C. Cook and Todd W. King provided research assistance.

The household sector incurred substantial amounts of home mortgage and consumer installment debt during the economic expansion of 1983–89. Household debts grew considerably faster than income, and aggregate debt outstanding relative to disposable personal income rose from 56 percent to 78 percent, which at that time was a record high. During the next three years, a time of recession and subdued recovery, debt accumulation slowed sharply. It began to pick up again in 1993 and by year-end 1994 had climbed to 81 percent of disposable income. At that point, home mortgage debt outstanding stood at $3.15 trillion and consumer installment credit exceeded $900 billion.[1]

The earlier buildup of debt and the recent resurgence have prompted questions about the financial strength of the household sector—its vulnerability to economic slowdowns and its ability to sustain spending levels that support economic growth. Aggregate statistics, such as measures of the household sector's loan-payment performance and balance sheet ratios, shed some light on these issues. Their usefulness is limited, however, because they provide no information on how debt is distributed among households that differ economically and demographically and how these distributions change over time. To enhance the interpretation of the aggregate debt statistics, this article draws on data on the debt obligations and characteristics of individual households at various points from 1983 to 1992, obtained through the Federal Reserve Board's periodic Survey of Consumer Finances.

The aggregate data show that after the surge of debt accumulation from 1983 to 1989 had elevated some indicators of debt payment problems, the household sector's financial condition began to strengthen: Ratios of scheduled debt payments to household income declined after 1989, and delinquency rates on mortgage and consumer debt dropped markedly. The household survey data, collected in 1983, 1989, and 1992, generally show the same broad trends. They also indicate that debt is concentrated among higher-income households and those with greater net worth and that between 1989 and 1992, the share of debt owed by households with high ratios of debt payments to income declined sharply. The surveys further suggest that for many households with high ratios, the condition is transitory: Most households with high payments-to-income ratios appear to reduce them over time.

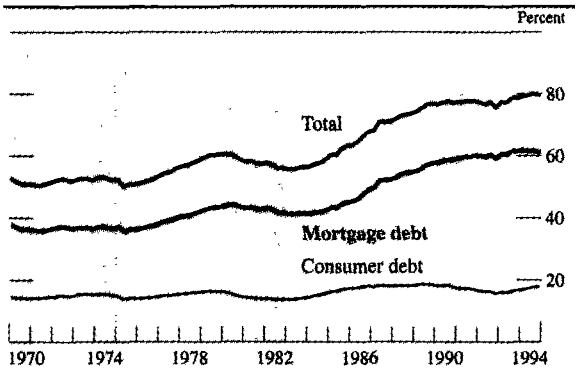
AGGREGATE STATISTICS

Appraising the size and growth of household indebtedness is difficult without reference to other economic aggregates. The ratio of the stock of debt to disposable personal income, for example, is a common measure that serves to "rescale" debt relative to one indicator of the resources available to households for debt management (chart 1).

The aggregate debt-to-income ratio has several analytical limitations, however. For instance, it has serious shortcomings as an indicator of the drain on current income imposed by debt obligations, as discussed below. Also, by taking account of only debt and income, it excludes information on asset holdings, which also affect the ability of households to service debt. In addition, the debt-to-income ratio provides no direct indication of actual

1. The composition of the debt aggregates as well as the household survey data discussed in this article are described in the appendix.

1. Household debt as a proportion of disposable personal income, by type of debt, 1970–94



NOTE. In this and subsequent charts, shading indicates periods of recession as defined by the National Bureau of Economic Research.

loan-payment performance.[2] Examination of other aggregate measures is essential to a better understanding of the household sector's financial situation. Three such measures are discussed below.

Debt-Service Burden

Because debt maturities generally range beyond several months—often to five years for automobile loans and to as long as thirty or even forty years for home mortgages—a relatively small portion of the stock of debt is payable within a one-year period. As maturities for specific types of loans change over time or the composition of debt by maturity class shifts, the near-term payments associated with a given level of the debt-to-income ratio will vary as well. Also, fluctuations over time in the average interest rate payable on the stock of debt can greatly affect the degree of burden implied by that debt. Thus, the amount of interest and principal due annually relative to income would be a better measure of the burden of debt payments than is the stock of debt relative to income. Unfortunately, no comprehensive data series on debt-service payments is available, necessitating reliance on rough estimates that can be derived from available data on debt stocks, interest rates, and loan maturities.

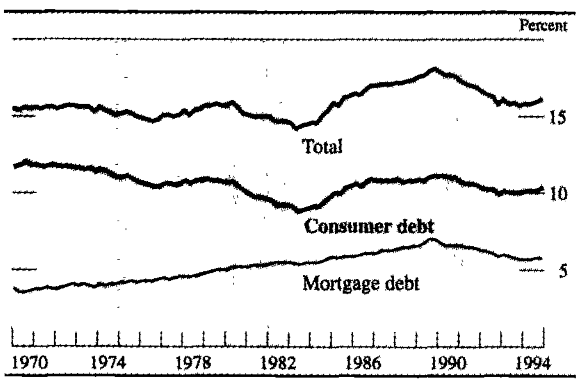
One such estimate—a measure of required debt-service payments relative to disposable personal income developed at the Federal Reserve Bank of New York—is regularly updated by staff at the Federal Reserve Board. The measure targets scheduled rather than actual payments and includes both interest and principal. Payments for consumer and mortgage debt are calculated separately and then combined into a total measure.[3]

The ratio of scheduled total debt-service payments to disposable personal income (chart 2) gives a picture of household debt burden somewhat different from that suggested by the ratio of the stock of debt relative to disposable personal income. Both measures rose substantially during

2. Moreover, because the widely used measure of disposable personal income constructed by the Department of Commerce includes income not directly available to households—employer contributions to pension plans, for example—and because it excludes other income received—payments from pension plans, for example—changes in the ratio may sometimes reflect movements in income that seem unrelated to the ability of households to service their debts in the short run.

3. For both consumer and mortgage debt, the first step in estimating scheduled payments is to generate historical quarterly estimates of gross loan originations. From data on interest rates and average maturities for loans made in each quarter, schedules are derived of payments flowing from loan originations in each quarter that are due in subsequent quarters. Total scheduled payments for any one quarter are then obtained by summing across the appropriate segments of the scheduled payment streams associated with each previous quarter. A necessary adjustment is to alter the scheduled payment streams to reflect estimated loan prepayments, by subtracting the amount of prepaid loans from the initial loan volume for its quarter of origination and then recalculating the stream of scheduled payments associated with that quarter. As new data on loan volume, interest rates, and maturities become available each quarter, estimates of scheduled payments for the current quarter are made. For a detailed description of the methodology, see Lynn Paquette, "Estimating Household Debt Service Payments," Federal Reserve Bank of New York, *Quarterly Review* (Summer 1986), pp. 12–23.

2. Scheduled household debt-service payments as a proportion of disposable personal income, by type of debt, 1970–94



the 1983–89 expansion, but the payments-to-income ratio dropped back over the next three years to a level in 1992 well below its high point in 1989.

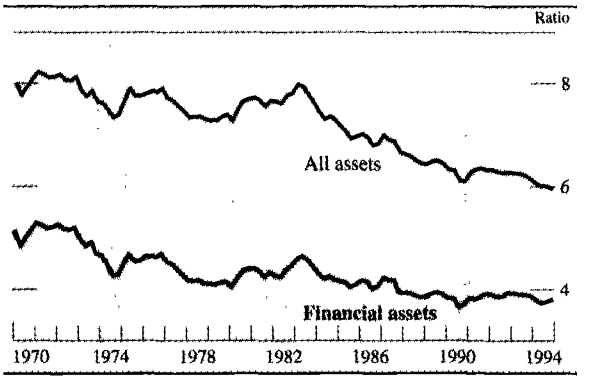
Although outstanding debt has risen relative to income since 1992, the debt payments-to-income ratio has changed very little. One reason for the recent stability is that the average interest rate on the stock of debt has continued to decline, offsetting the effect of the recent more rapid growth in outstanding debt. Even though interest rates on newly originated loans rose through most of last year, rates on many new loans were still below the average rate on existing loans being paid down, so the replacement of old debt by new debt had the effect of lowering the average rate paid. In the consumer credit market, rate increases for new lending have lagged increases in interest rates generally, partly reflecting aggressive marketing efforts in auto loans and credit cards. In the mortgage market, homebuyers last year opted more frequently for adjustable rate mortgages (ARMs), on which initial rates were typically well below those on fixed rate mortgages, thus helping to hold down the average rate on the stock of mortgage debt even as rates on originations of both types of mortgage were rising.

Assets and Net Worth

Looking at the assets held by the household sector also helps clarify the sector's financial situation. Much of the sector's debt is used for investment in physical assets (mainly homes) or, to a lesser extent, for direct investment in financial assets. Debt also supports financial investments indirectly, as many households that use debt to make major purchases could instead draw down financial assets if they so chose. When households accumulate assets alongside debt, the burden of that debt is mitigated to the extent that the assets can be readily liquidated to retire some or all of the debt.[4]

4. Not all assets, particularly tangible assets such as homes, or even some financial assets, can be easily liquidated. Funds in retirement accounts, for example, are generally not available for use without substantial penalty. Likewise, the selling of assets that would establish taxable capital gains would be disadvantageous, in effect reducing the liquidity of such assets. In any case, including them in measures of available assets at their full market value would overstate (by the amount of the tax liability) the degree of debt coverage they afford.

3. Ratio of household assets to debt, by type of assets, 1970–94



As household debt surged in the mid-1980s, asset holdings increased sharply as well. The household sector as a whole has considerably more assets than debt, and although debt grew at a faster rate than assets from 1983 through 1989, the dollar increase in assets was larger. As a result, the net worth (assets less debt) of the household sector grew significantly. Financial net worth (that is, excluding tangible assets) nearly doubled from the end of 1982 through 1989 as assets increased from \$7.3 trillion to \$13.8 trillion and liabilities rose from \$1.6 trillion to \$3.5 trillion. Households became somewhat more leveraged in the process: Financial assets were about four and one-half times as large as household debt at the start of the period and slightly less than four times as large at the end of the period (chart 3). With the market value of real estate and other tangible assets added in (about \$5.3 trillion at the end of 1982 and \$8.7 trillion at the end of 1989), the pattern remained the same: Net worth recorded a large dollar increase even as the amount of assets per dollar of debt declined.

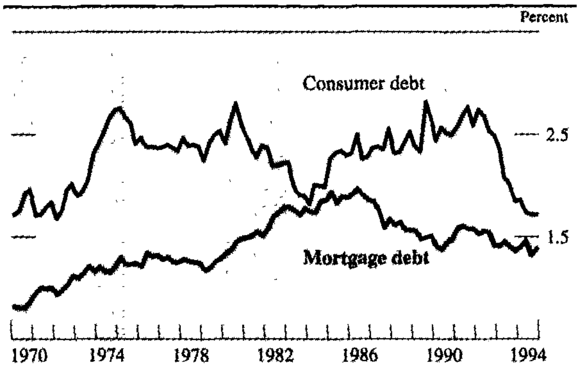
During the 1990–91 recession and the next few quarters, the increase in total debt was quite small. Asset growth also slowed, but it nonetheless was large enough to continue building net worth and to nudge the ratio of financial assets to debt up from its 1990 low. In 1994, the acceleration in the growth of debt pulled the assets-to-debt ratio back down again. On balance, the ratio changed little from 1989 to 1994 while net worth expanded \$3 trillion, or about 30 percent.

Loan-Payment Performance

Measures of loan-payment problems, such as delinquency and charge-off rates, are another means of evaluating the financial health of the household sector. Most such measures suggest that households had relatively fewer payment problems in 1994 than at virtually any other time in the past two decades. For example, the proportion of closed-end consumer loans past due thirty days or more, as reported by the American Bankers Association (ABA), had dropped to a twenty-two-year low of 1.7 percent by the third quarter of 1994, from a high of 2.8 percent three years earlier (chart 4). Delinquency rates for consumer credit derived from the Reports of Condition filed by commercial banks, available since 1983, indicate a comparable decline over the past several quarters. Home mortgages past due sixty days or more, tracked by the Mortgage Bankers Association, fell to a fifteen-year low in 1994.

The recent pattern of consumer loan delinquencies deviates from historical patterns. Within two years of the start of the economic expansion that began in 1983, the delinquency rate for consumer loans (ABA series) had begun to rise. The more extended decline in delinquency rates during the current economic expansion may be due partly to the much more gradual upturn in consumer spending and associated borrowing that occurred this time, as both borrowers and lenders were cautious about increasing consumer debt during the first several quarters of the recovery.[5]

4. Delinquency rates on consumer and mortgage debt, 1970–94



NOTE. Delinquency rates are calculated as the number of loans delinquent as a percentage of the number of loans outstanding. For consumer debt, delinquency is defined as past due thirty days or more; source, American Bankers Association. For mortgage debt, delinquency is defined as past due sixty days or more; source, Mortgage Bankers Association.

FINDINGS FROM THE SURVEY OF CONSUMER FINANCES

Aggregate statistics provide an overview of the household sector's financial position but leave unaddressed crucial questions about the distribution of assets and liabilities. Information on how

5. The recent resurgence of consumer debt growth—to a pace close to that at the high points of earlier credit expansions—contributed to the further decline in delinquency rates in 1994. The initial effect of rapid debt growth on delinquency rates is to push them down: Because loans typically do not become delinquent in their first few months, the proportion of delinquent loans tends to fall initially when the number of loans and amount of debt outstanding grow rapidly.

1. Distribution of U.S. households, by selected characteristics, 1983, 1989, and 1992[1]
Percent

Characteristic	1983	1989	1992
Income (1992 dollars)			
Less than 10,000	15.2	16.9	17.6
10,000–19,999	19.9	19.0	19.6
20,000–29,999	17.9	15.9	15.3
30,000–49,999	23.8	21.7	20.8
50,000–99,999	18.6	19.6	19.3
100,000–249,999	3.8	5.8	6.1
250,000 or more	.7	1.1	1.3
Total	100	100	100
Net worth (1992 dollars)			
Zero or less	8.1	11.4	10.0
1–9,999	20.3	17.5	16.8
10,000–24,999	9.6	9.6	10.8
25,000–49,999	12.4	10.7	11.6
50,000–99,999	17.7	14.9	14.1
100,000–499,999	26.1	29.1	27.7
500,000 or more	5.9	6.7	9.0
Total	100	100	100
Age of head (years)			
Less than 35	30.6	27.2	25.9
35–44	19.5	23.4	22.7
45–54	15.5	14.4	16.2
55–64	15.0	13.9	13.1
65–74	12.2	12.0	12.7
75 or more	7.2	9.0	9.4
Total	100	100	100
Housing status			
Owner	63.4	63.8	63.8
Renter or other	36.6	36.2	36.2
Total	100	100	100
Race or ethnicity of head			
Non-Hispanic white	82.3	75.1	77.9
Nonwhite or Hispanic	17.7	24.9	22.1
Total	100	100	100

1. In this and subsequent tables, components may not sum to totals because of rounding. Data in all tables are from the Survey of Consumer Finances.

broadly or narrowly household debt is distributed across various income and asset groups helps in assessing the burden of debt within the sector. The Survey of Consumer Finances, a nationally representative survey of households, makes it possible to examine such questions. The 1983 and 1992 surveys provide a snapshot of household debt distribution at the early stage of two different economic expansions, and the 1989 survey provides a view at the late stage of an expansion.[6] For purposes of comparison, the distribution of all households (regardless of debt status) by income and other characteristics, for each of these years, is shown in table 1.

6. For a more detailed discussion of the types of debts held by households and the amounts owed on such debts, see Arthur B. Kennickell and Martha Starr-McCluer, "Changes in Family Finances from 1989 to 1992: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 80 (October 1994), pp. 861–82.

Incidence of Debt

Most U.S. households have some type of debt, and the proportion with debt has increased since 1983 (table 2). Nearly all the increase took place between 1983 and 1989: The proportion of households with debt of any type increased from 70 percent to 73 percent between 1983 and 1989 but changed little between 1989 and 1992.

Although debt is widely held among the population at large, the proportion of households with debt differs markedly by household financial and demographic characteristics, and in some cases these proportions have changed over time. Lower-income households are much less likely than middle- and upper-income households to have debt of any type: In 1992, fewer than half of households with incomes below $10,000 had debt, compared with more than four-fifths of those with incomes above $30,000. Nevertheless, the differences among income groups were less pronounced in

2. Proportion of all households having debt, by selected household characteristics and type of debt, 1983, 1989, and 1992
Percent

Household characteristic	1983		1989		1992	
	Consumer debt	Any type of debt	Consumer debt	Any type of debt	Consumer debt	Any type of debt
All households	**62.5**	**70.0**	**65.0**	**73.0**	**64.4**	**73.3**
Income (1992 dollars)						
Less than 10,000	36.3	40.3	42.1	45.2	44.5	47.5
10,000–19,999	48.5	53.4	50.3	54.2	61.5	65.6
20,000–29,999	66.0	72.4	68.9	77.7	72.2	79.6
30,000–49,999	74.2	82.7	76.8	84.4	75.5	83.1
50,000–99,999	78.5	89.6	81.2	92.9	69.7	84.6
100,000–249,999	71.7	85.0	71.7	90.4	59.7	85.7
250,000 or more	59.2	77.9	58.7	85.8	50.0	82.0
Net worth (1992 dollars)						
Zero or less	63.7	63.7	64.4	64.4	70.8	71.1
1–9,999	58.0	59.7	59.5	61.4	64.2	65.2
10,000–24,999	67.3	73.5	75.4	78.1	77.6	80.0
25,000–49,999	68.8	75.3	73.8	79.3	69.8	75.9
50,000–99,999	65.7	73.3	69.4	79.2	67.6	75.1
100,000–499,999	60.8	73.7	62.3	76.0	59.1	74.5
500,000 or more	52.3	69.9	53.2	73.4	45.8	73.0
Age of head (years)						
Less than 35	73.9	79.2	76.3	79.7	76.6	82.1
35–44	79.1	87.2	81.0	89.5	77.0	86.5
45–54	71.1	81.1	75.2	85.8	69.3	85.8
55–64	57.0	67.9	57.9	72.3	59.3	69.2
65–74	31.6	38.4	39.4	49.5	43.3	51.9
75 or more	13.7	17.8	18.5	21.9	27.3	30.2
Housing status						
Owner	64.3	75.5	67.0	79.1	64.7	78.1
Renter or other	59.2	60.3	61.6	62.2	63.9	64.9
Race or ethnicity of head						
Non-Hispanic white	62.9	71.1	65.9	74.5	64.2	74.2
Nonwhite or Hispanic	60.6	64.7	62.4	68.5	65.1	70.2

1992 than they were in 1989. Although the overall proportion of households with debt changed little from 1989 to 1992, the proportion with incomes above $30,000 that had debt fell whereas the proportion with incomes below that level that had debt rose.

The use of debt by households is closely linked to their stage in the life cycle. At different stages, a household's current income and desired expenditures may not match. Most households headed by younger individuals, for example, have incomes below their long-term average, yet many such families must bear the costs of housing, child-rearing, or their own higher education. These households often bridge the temporary gap between current income and desired expenditures by borrowing. In contrast, many households near or in retirement have accumulated savings and have eliminated or sharply reduced their debt obligations. Although their incomes tend to decline after retirement, these households can often finance expenditures in excess of their income by drawing on savings rather than by borrowing. The surveys show that most households headed by younger or middle-aged individuals have debt but that the proportion having debt begins to fall off sharply after age fifty-four. The incidence of indebtedness among older households has trended upward since 1983, however, with sizable increases from survey to survey in the proportion of those older than sixty-four having debt.

As might be expected, homeowners are more likely than renters to have debt. Virtually all the difference is attributable to the holding of mortgage debt by homeowners; the proportions of owners and renters with consumer debt are quite close. The differences in the proportions of households with debt grouped by racial or ethnic characteristics of the head of household are relatively small: In 1992, the proportion for non-Hispanic whites exceeded the proportion for nonwhites and Hispanics by 4 percentage points.[7]

Amount of Debt

The rise in the incidence of debt among households has been accompanied by an increase, in real terms, in the amounts owed (table 3).[8] In 1983, the median amount owed by households with debt was $15,200. By 1989, the median amount owed had risen 16 percent, to $17,600. Between 1989 and 1992, the median amount owed remained about the same. The composition of that debt did change, however: The median amount owed on consumer debt decreased, whereas mortgage obligations increased. The shift in the composition of debt reflected the decline in the use of consumer credit associated with reduced outlays for durable goods during the 1990–91 recession; it may also have reflected some shift toward reliance on home equity credit (classified as mortgage debt) in place of traditional consumer loan instruments, especially among higher-income households.[9]

As with the incidence of debt, the amounts owed vary with household characteristics. In particular, the median amounts of debt owed by higher-income households and those with greater net worth far exceed the median amounts owed by lower-income households and those with less net worth. For example, in 1992, indebted households with incomes below $30,000 typically owed less than $10,000 but those with incomes above $100,000 typically owed more than $100,000. Nearly all the larger debt burdens of higher-income households are attributable to their mortgage obligations; differences across income groups in the median amounts of consumer debt owed are relatively small. Changes over the period in the median debt of the various income and wealth groups were mixed.

Although the proportions of non-Hispanic white households and nonwhite or Hispanic households with debt do not differ greatly, the differences in the median amounts owed by these two groups are comparatively large. In 1992, the median amount

7. In the 1983 survey, race was based on the survey interviewer's observation, whereas in later surveys the respondent reported his or her own race, the procedure routinely followed by the Census Bureau. Although the 1989 and 1992 surveys match external estimates, the 1983 data understate the proportion of nonwhites and Hispanics. Because of this difference, comparisons between 1983 and later survey results based on race classifications should be made with caution.

8. All dollar figures from the Surveys of Consumer Finances have been adjusted to 1992 dollars using the consumer price index for all urban consumers.

9. For a discussion of the growth and characteristics of home equity debt, see Glenn B. Canner, Thomas A. Durkin, and Charles A. Luckett, "Home Equity Lending: Evidence from Recent Surveys," *Federal Reserve Bulletin*, vol. 80 (July 1994), pp. 571–83.

3. Median amount of debt owed by households with debt, by selected household characteristics and type of debt, 1983, 1989, and 1992
Thousands of 1992 dollars

Household characteristic	1983		1989		1992	
	Consumer debt	All types of debt	Consumer debt	All types of debt	Consumer debt	All types of debt
All households with debt	**3.4**	**15.2**	**5.5**	**17.6**	**4.4**	**17.6**
Income (1992 dollars)						
Less than 10,000	.9	1.7	1.0	1.5	1.4	2.0
10,000–19,999	1.7	3.5	3.0	4.8	2.1	4.0
20,000–29,999	2.5	8.3	4.0	9.8	4.0	10.0
30,000–49,999	4.2	16.4	6.4	22.8	6.0	25.1
50,000–99,999	6.3	42.2	9.2	49.3	7.2	57.2
100,000–249,999	12.7	84.0	12.3	118.0	10.2	121.0
250,000 or more	35.2	140.8	13.4	184.3	10.0	157.0
Net worth (1992 dollars)						
Zero or less	3.7	3.8	5.7	7.3	7.1	7.2
1–9,999	1.7	2.1	2.3	2.5	2.2	2.5
10,000–24,999	2.8	8.9	5.7	9.7	3.4	12.8
25,000–49,999	3.9	21.4	4.4	19.1	3.9	16.3
50,000–99,999	3.6	22.2	5.7	30.2	4.6	26.9
100,000–499,999	4.8	32.2	7.6	38.1	5.2	36.2
500,000 or more	7.7	67.6	11.1	98.1	8.7	90.0
Age of head (years)						
Less than 35	3.2	9.4	5.1	12.7	4.7	10.2
35–44	4.2	28.7	7.9	37.4	5.4	33.3
45–54	4.4	18.7	7.5	26.5	5.1	30.9
55–64	2.5	11.5	3.5	12.1	4.2	20.8
65–74	1.1	6.0	1.5	5.6	1.9	5.6
75 or more	.5	1.4	1.0	2.4	.8	2.3
Housing status						
Owner	4.4	28.9	6.9	37.5	5.0	38.0
Renter or other	2.2	2.5	3.4	3.5	3.4	3.7
Race or ethnicity of head						
Non-Hispanic white	3.6	17.8	6.1	22.1	5.0	21.1
Nonwhite or Hispanic	2.5	6.3	3.2	8.0	2.9	7.6

of consumer debt owed by non-Hispanic white households with debt was nearly twice the median amount owed by nonwhite or Hispanic households, and the amount of total debt owed was nearly three times as large. The larger gap in total debt compared with consumer debt reflects the higher incidence of homeownership and mortgage debt among non-Hispanic white households and their ownership of generally more expensive homes.

Share of Debt

Survey data on the incidence and median amounts of debt held by households with different characteristics provide perspective on how broadly or narrowly household debt is distributed. Estimates of the shares of outstanding debt owed by households of different types, and of changes in those shares over time, provide additional information on the distribution of debt and some indication of whether debt obligations are shifting among household groups better or less able to service such debt.

Most of the debt of the household sector is owed by upper-income households, by households with greater net worths, by households headed by younger or middle-aged individuals, and by homeowners (table 4). In 1992, two-thirds of the debt was owed by households with incomes above $50,000 (chart 5); a similar proportion was owed by households with net worths exceeding $100,000. Nearly 80 percent of the debt was owed by households headed by individuals younger than fifty-five, and homeowners owed 93 percent of all household debt. In each case the proportion far exceeds the share of all households in the group (see table 1). For example, upper-income households (incomes of $50,000 or more) accounted for only 27 percent of all households in 1992 though they owed two-thirds of the debt, about the same as their share of income.

4. Distribution of debt among households with selected characteristics, by type of debt, 1983, 1989, and 1992
Percent

Household characteristic	1983		1989		1992	
	Consumer debt	All types of debt	Consumer debt	All types of debt	Consumer debt	All types of debt
Income (1992 dollars)						
Less than 10,000	3.3	2.1	3.1	1.6	5.1	2.2
10,000–19,999	7.6	5.1	6.9	3.5	12.2	4.7
20,000–29,999	12.2	9.1	10.6	6.8	14.6	7.7
30,000–49,999	18.9	21.0	25.7	18.1	24.2	19.3
50,000–99,999	26.4	37.0	31.3	32.1	25.2	32.6
100,000–249,999	17.7	17.0	13.8	23.8	12.9	22.9
250,000 or more	13.9	8.8	8.6	14.0	5.7	10.6
Total	100	100	100	100	100	100
Net worth (1992 dollars)						
Zero or less	7.8	2.0	13.5	4.6	14.4	3.3
1–9,999	9.3	4.1	6.2	2.8	9.7	3.0
10,000–24,999	6.1	5.5	8.0	4.4	10.0	6.8
25,000–49,999	9.8	11.0	9.5	7.3	8.8	7.9
50,000–99,999	12.7	16.1	14.1	13.5	13.5	11.9
100,000–499,999	27.0	35.1	29.9	34.7	25.6	36.1
500,000 or more	27.4	26.2	18.7	32.7	18.0	31.0
Total	100	100	100	100	100	100
Age of head (years)						
Less than 35	24.6	25.6	26.7	21.8	28.0	20.5
35–44	28.2	32.3	32.9	36.6	29.4	32.5
45–54	17.4	21.0	21.1	23.1	18.9	26.4
55–64	20.2	15.2	11.8	13.8	13.3	12.5
65–74	5.6	4.4	6.1	3.9	7.8	6.4
75 or more	4.0	1.4	1.3	.7	2.6	1.7
Total	100	100	100	100	100	100
Housing status						
Owner	77.9	92.9	78.4	94.2	72.4	93.3
Renter or other	22.1	7.1	21.6	5.8	27.6	6.7
Total	100	100	100	100	100	100
Race or ethnicity of head						
Non-Hispanic white	88.9	91.5	81.8	82.9	83.6	86.1
Nonwhite or Hispanic	11.1	8.5	18.2	17.1	16.4	13.9
Total	100	100	100	100	100	100

Consumer debt is spread much more evenly across the population than is total debt (table 4). In 1992, households with incomes above $50,000 and those with net worths above $100,000 each held 44 percent of the consumer debt; homeowners had 72 percent of the consumer debt, a few percentage points above their proportion in the population.

The share of total debt held by upper-income households increased rather sharply between 1983 and 1989, from 63 percent to 70 percent, but then fell back some in 1992, to 66 percent. The decrease in share between 1989 and 1992 reflects a large decline in the upper-income group's share of consumer debt. In contrast, the share of total debt held by households with high net worth increased between 1983 and 1989 but changed little between 1989 and 1992.

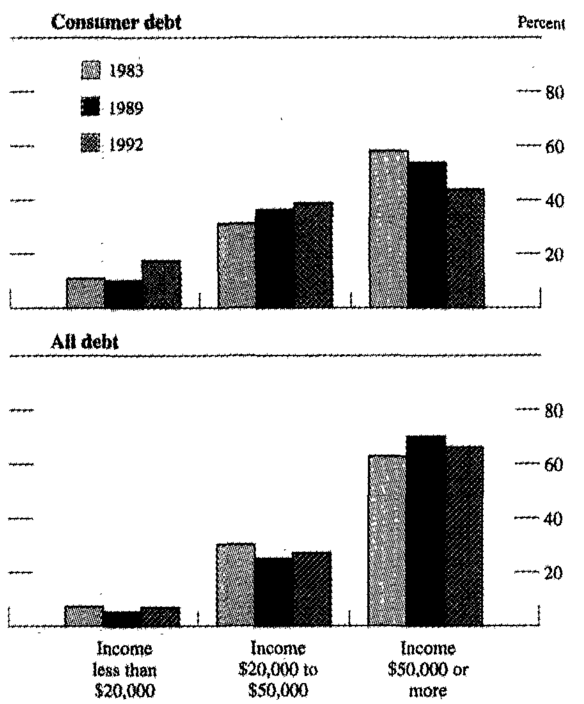
Ability to Repay Debt Obligations

The burden of debt on households is reflected in measures of their ability to repay their loans. This ability can be evaluated indirectly—by examining various ratios of payment obligations to income, changes in those ratios over time, and characteristics of households with high ratios—and more directly—by looking at actual difficulty in handling debt payments.

Ratios of Debt Payments to Income

Scheduled payment obligations were estimated from information provided by survey respondents. Ratios relating debt payments to income were then calculated for each household, for each income and demographic group, and for all households.

5. Distribution of debt among households grouped by income, 1983, 1989, and 1992



5. Median ratio of debt payments to income for households with debt, by selected household characteristics, 1983, 1989, and 1992

Percent

Household characteristic	1983	1989	1992
All households with debt	**11.8**	**15.2**	**15.4**
Income (1992 dollars)			
Less than 10,000	10.1	13.4	11.6
10,000–19,999	11.8	15.7	14.7
20,000–29,999	12.3	14.5	15.3
30,000–49,999	11.8	15.7	17.1
50,000–99,999	11.8	15.8	16.2
100,000-249,999	9.0	13.8	14.9
250,000 or more	5.1	6.2	6.2
Net worth (1992 dollars)			
Zero or less	7.4	9.0	9.3
1–9,999	8.2	10.0	8.8
10,000–24,999	12.1	16.1	17.2
25,000–49,999	14.7	18.1	18.2
50,000–99,999	13.7	18.4	18.0
100,000–499,999	11.9	15.7	16.2
500,000 or more	10.4	16.9	15.7
Age of head (years)			
Less than 35	12.4	15.0	15.2
35–44	13.4	17.4	18.1
45–54	11.7	16.4	16.5
55–64	8.7	12.4	14.2
65–74	7.4	11.6	9.7
75 or more	3.8	8.5	2.6
Housing status			
Owner	13.9	18.9	19.2
Renter or other	6.5	7.3	6.3
Race or ethnicity of head			
Non-Hispanic white	11.8	15.1	15.9
Nonwhite or Hispanic	11.8	15.3	12.7

Median Ratios. For most groups of households with debt, the median debt payments-to-income ratio falls within a fairly narrow range, although households at the extremes of the income, net worth, and age distributions tend to have lower ratios (table 5). For example, the median debt payments-to-income ratio tends to increase with income for households with moderate incomes and then to decline for the upper-income categories, a pattern that has been fairly consistent over time. A similar relationship holds for households grouped by net worth. Older households have much lower debt payments-to-income ratios than do younger households, a finding that mirrors the incidence of debt and median amounts owed by age category. Reflecting their mortgage obligations, homeowners have substantially higher debt payments-to-income ratios than do renters.[10]

The three surveys show that the median debt payments-to-income ratio for indebted households as a group increased markedly between 1983 and 1989 but changed little between 1989 and 1992. The median ratio for each income and demographic group examined increased from 1983 to 1989. The changes between 1989 and 1992 were far less consistent. For example, the ratio increased for households with incomes above $20,000 but fell for lower-income households; changes for households grouped by net worth show no consistent pattern.

Group Ratios. Summing the debt payments owed by all households and dividing by the combined income of all households (including those with no debt) gives a ratio that is conceptually comparable to the aggregate payments-to-income ratio. Although the level of the survey-based ratio for households as a group is lower than the ratio based on aggregate data, in part because of differences in definitions, the trend evident in the survey data follows the aggregate pattern very closely: a sharp

10. Renters, of course, have monthly rental payments that may be comparable in size to the mortgage payments of households with similar age and income characteristics. However, mortgage and rent payments are not entirely comparable because mortgage payments include an investment component.

6. Distribution of income among all households, and ratio of total debt payments to income of all households, by selected household characteristics, 1983, 1989, and 1992
Percent

Household characteristic	Distribution of income			Ratio of debt payments to income[1]		
	1983	1989	1992	1983	1989	1992
All households	**100**	**100**	**100**	**11.5**	**16.5**	**15.1**
Income (1992 dollars)						
Less than 10,000	2.5	2.2	2.4	10.9	15.2	16.0
10,000–19,999	7.6	6.1	6.5	9.4	12.0	14.8
20,000–29,999	11.4	8.8	8.5	11.0	15.8	15.6
30,000–49,999	23.8	18.4	18.1	11.4	16.9	20.4
50,000–99,999	31.8	28.7	29.2	12.8	17.7	15.9
100,000–249,999	13.7	18.0	20.2	11.9	20.5	14.0
250,000 or more	9.3	17.9	15.2	8.7	12.5	8.9
Total	100	100	100	...	...	...
Net worth (1992 dollars)						
Zero or less	3.1	4.1	4.0	9.5	18.2	12.7
1–9,999	10.2	7.3	7.5	7.6	9.1	10.3
10,000–24,999	6.4	5.7	6.9	11.3	14.9	16.6
25,000–49,999	10.0	7.2	7.7	13.7	18.4	16.8
50,000–99,999	15.6	12.5	10.5	12.5	17.9	18.6
100,000–499,999	33.4	34.7	34.2	11.7	16.6	15.8
500,000 or more	21.3	28.6	29.3	11.4	17.4	13.9
Total	100	100	100	...	...	...
Age of head (years)						
Less than 35	23.6	19.4	19.5	13.4	18.9	17.4
35–44	23.9	29.0	26.5	14.9	18.9	17.1
45–54	19.4	22.4	22.4	12.8	18.1	17.6
55–64	18.2	14.7	16.2	9.1	17.3	13.7
65–74	10.9	9.3	9.8	4.2	7.1	8.7
75 or more	4.0	5.2	5.7	2.9	2.6	3.6
Total	100	100	100	...	...	...
Housing status						
Owner	77.4	80.4	78.0	13.1	18.5	17.5
Renter or other	22.6	19.6	22.0	5.9	8.5	6.8
Total	100	100	100	...	...	...
Race or ethnicity of head						
Non-Hispanic white	88.7	85.7	85.5	11.5	16.0	15.1
Nonwhite or Hispanic	11.3	14.3	14.5	11.1	19.6	15.4
Total	100	100	100	...	...	...

1. For each group, ratio is calculated as total debt payments for group divided by total income for group, including households with no debt.

rise over the economic expansion between 1983 and 1989 and a decline between 1989 and 1992 (table 6).

A similar debt payments-to-income ratio was calculated for each of the income groups and demographic groups: For each group, debt payments owed by all households in the group were summed and that total was divided by total income of all households in the group (including those with no debt).[11] These group debt payments-to-income ratios show few consistent patterns. Between 1983 and 1989, debt payments relative to income rose for each income group. Between 1989 and 1992, in contrast, the ratio declined some for higher-income households but continued to rise slightly for lower-income households, a difference reflecting mainly an increased proportion of lower-income households having debt. The declines for the higher-earning households may partly reflect a shift among these groups toward use of home equity and other mortgage loans: The generally longer maturities and lower interest rates on mortgage debt would, other things equal, lower the amount of scheduled payments due within a one-year period, thereby lowering the ratio. Comparing across income groups, no consistent relationship between a group's income level and its debt payments-to-income ratio is apparent, except that the highest income group had a notably lower ratio.

11. The ratio for all households can be calculated from these separate group ratios of debt payments to income by weighting each group's ratio by its share of all household income. Thus, the shares of income, also given in table 6, can be used to gauge the importance of each group in determining the overall ratio.

7. Distribution of debt and assets among households grouped by ratio of debt payments to income, by type of debt, 1983, 1989, and 1992

Percent

Year and type of holding	No debt	Ratio of consumer debt payments to income (percent)			
		Below 10	10–30	Above 30	Total
1983					
Consumer debt	.0	44.3	39.7	16.0	100
Financial assets	49.8	42.3	6.5	1.4	100
All assets	40.0	47.2	10.8	1.9	100
MEMO: Distribution of households	37.5	45.0	15.1	2.4	100
1989					
Consumer debt	.0	44.5	41.5	14.1	100
Financial assets	51.2	40.3	6.5	2.0	100
All assets	39.4	46.4	11.2	3.1	100
MEMO: Distribution of households	35.0	41.5	19.6	3.9	100
1992					
Consumer debt	.0	54.8	36.4	8.9	100
Financial assets	55.6	37.3	5.2	1.7	100
All assets	46.2	43.6	7.7	2.5	100
MEMO: Distribution of households	35.6	44.0	16.7	3.7	100
	No debt	Ratio of total debt payments to income (percent)			
		Below 10	10–40	Above 40	Total
1983					
Total debt	.0	14.3	62.6	23.1	100
Financial assets	35.0	40.6	21.3	3.0	100
All assets	24.5	31.8	35.0	8.7	100
MEMO: Distribution of households	30.0	31.5	33.9	4.6	100
1989					
Total debt	.0	9.5	59.6	30.9	100
Financial assets	33.2	33.1	28.1	5.6	100
All assets	20.1	26.5	38.2	15.2	100
MEMO: Distribution of households	27.0	24.6	40.4	8.0	100
1992					
Total debt	.0	9.7	63.8	26.4	100
Financial assets	33.9	27.4	32.2	6.5	100
All assets	22.7	23.8	40.0	13.5	100
MEMO: Distribution of households	26.7	26.4	38.6	8.3	100

Share of Debt Owed by High-Ratio Households. The overall exposure of households to debt-payment problems can be assessed by looking at how much of the sector's debt is borne by households with high debt payments-to-income ratios and the extent to which such households hold assets that could be drawn upon to supplement income in meeting debt-service requirements. Table 7 presents debt and asset distributions for households with different debt payments-to-income ratios, for both consumer debt and total debt. Households are classified as having no debt, a low debt payments-to-income ratio (less than 10 percent), a moderate ratio, or a high ratio (more than 30 percent for consumer debt and more than 40 percent for total debt). The category boundaries are somewhat arbitrary but roughly correspond to industry guidelines for extending credit.

In the 1983 survey, households with high ratios of consumer debt payments to income accounted for about 16 percent of all such debt covered in the survey. In 1989, such heavily burdened households held only 14 percent of the consumer debt, suggesting that the buildup of consumer debt during the mid- to late 1980s was spread somewhat more broadly over households with low to mid-range payments-to-income ratios. In the 1992 survey, the proportion of all consumer debt owed by the highly indebted households fell further, to 9 percent. Although the shares of debt held by these heavily burdened households are relatively small, at the same time these households also apparently had relatively few assets to support their obligations: All three surveys indicate that these households held 2 percent or less of all financial assets and about 3 percent or less of total assets. More than

90 percent of all financial assets were held by households that had no consumer debt or had low debt payments relative to income.

Changes from survey to survey in the proportion of households with high total debt payments-to-income ratios differed somewhat from the findings for consumer debt. The proportion of households with high ratios for total debt rose between 1983 and 1989, from 23 percent to 31 percent, and then dropped back in 1992, to 26 percent. These households held about 7 percent of the sector's financial assets in 1992 and roughly 14 percent of total assets.

Characteristics of High-Ratio Households. The implications of high debt payments-to-income ratios can also be explored by looking at the characteristics of households with high ratios (table 8). The bulk of the households with high ratios in the 1992 survey were in the low- to moderate-income groups. Seventy-four percent of the households with high consumer-debt ratios, and 50 percent of the households with high total-debt ratios, had incomes below $20,000; in the population as a whole, 37 percent of the households had income below that level in 1992 (table 1).

To follow up questions about household income level in the 1992 survey, each respondent was asked whether the income level reported was unusually high, unusually low, or about normal. Forty-two percent of households with high consumer debt payments-to-income ratios, and nearly 36 percent of households with high total debt payments-to-income ratios, described themselves as having income that was unusually low relative to their "normal" income. Thus, the situation of a substantial portion of the households with high debt-payments ratios might be viewed as transitory, with temporarily low income likely to return to a normal level.

Large proportions of the high-ratio households had total assets of equal or greater value than their debts (nearly 80 percent for consumer debt and more than 90 percent for total debt); for many households, the major asset was a home. In contrast, only 21 percent of the households with high ratios for consumer debt and 14 percent of those with high ratios for total debt had financial assets of equal or greater value than their debts. Thus, generally, the households most heavily indebted relative to their income apparently did not have big cushions of financial assets to help meet their debt-service payments. On the other hand, the proportions of high-ratio households that had missed a scheduled payment within the preceding twelve months—23 percent for consumer debt and 22 percent for total debt—did not differ greatly from the proportions of all debtors making late payments, as discussed later.

8. Selected characteristics of households with high ratios of debt payments to income, 1992

Percent

Household characteristic	High ratio of consumer debt payments to income[1]	High ratio of total debt payments to income[2]
Income (1992 dollars)		
Less than 10,000	41.3	25.2
10,000–19,999	32.4	24.6
20,000–29,999	10.2	14.2
30,000–49,999	13.9	21.8
50,000–99,999	2.1	10.9
100,000–249,999	*	2.7
250,000 or more	*	.5
Total	100	100
Age of head (years)		
Less than 35	44.6	27.8
35–44	18.7	28.0
45–54	10.7	18.7
55–64	11.7	15.1
65–74	9.2	6.9
75 or more	5.0	3.4
Total	100	100
Other		
Income unusually low[3]	41.6	35.6
Unemployed in 1992	8.5	6.5
Total assets at least as large as debts	79.9	92.0
Financial assets at least as large as debts	20.9	14.3
Made at least one late payment on debt in past 12 months		
Thirty days or more late	23.1	21.9
Sixty days or more late	7.0	10.3

1. Debt payments more than 30 percent of income.
2. Debt payments more than 40 percent of income.
3. Relative to "normal," as characterized by survey respondents.
* Five or fewer survey respondents.

Changes in Payment Burdens for Individual Households

Examining the behavior of the same set of households over time can give an indication of the degree of permanence of high payment ratios among individual households. Such information is available from the 1989 survey, which included a group of

9. Changes in households' ratios of total debt payments to income from 1983 to 1989[1]

Percent distribution

1983 group	1989 group				
	No debt	Ratio of payments to income (percent)			All households
		1–9	10–40	40 or more	
No debt	65.6	20.4	11.1	3.0	100
Ratio of payments to income (percent)					
1–9	19.5	29.6	44.4	6.5	100
10–40	8.8	24.5	57.0	9.7	100
40 or more	16.8	15.7	45.9	21.6	100
All households	**27.0**	**24.9**	**40.6**	**7.5**	**100**

1. Based on information from households that participated in both the 1983 and the 1989 Survey of Consumer Finances. Includes only households headed by individuals at least twenty-eight years old in 1989.

households that had participated in the 1983 survey (table 9).[12]

A large majority of the households that had no debt in 1983 still had no debt in 1989. Among the 1983 debtors, however, there was considerable shifting in their payments-to-income ratios. For instance, of the households that had high ratios in 1983, only 22 percent were still in that category in 1989. About 46 percent of the group had shifted into the moderate-ratio group, and almost 17 percent were completely out of debt. Just under 10 percent of the households that were moderately indebted in 1983 had moved into the heavily indebted category by 1989, and a small proportion of those with no debt in 1983 had high ratios in 1989. On the whole, the picture presented by the "transition matrix" of table 9 is one of considerable change over time in the composition of the group with relatively heavy debt burdens.

Late-Payment Measures

Another indicator of the burden that debt payment places on households is their record of making payments on time. Respondents were asked if they had failed to meet a scheduled loan payment during the preceding twelve months (table 10). (In 1989 and 1992, respondents were also asked if they had fallen behind on any payment sixty days or more.)[13]

Not surprisingly, the proportion of households reporting late payments varies over the business cycle. The proportion rose from 17 percent in 1983, the initial year of a recovery from recession, to 21 percent in 1989, near the end of a long economic expansion that saw a substantial increase in household debt. As many consumers cut back on spending and borrowing in the early 1990s—and as lenders tightened credit standards and wrote off bad debts—household financial positions improved, leading to a lower incidence of late payments in 1992. Only 15 percent of the indebted households in the 1992 survey had missed a payment at least once during the preceding twelve months, a period marking the early stage of an economic recovery. It is notable that the proportion of late-paying households was lower in 1992 than in 1983 even though the surveys were conducted at roughly equivalent points in the business cycle. Although the difference between the proportions of late payers is not particularly large—2 percentage points—it nevertheless suggests that households were in at least as good financial shape emerging

12. For a discussion of procedures used to compare results from surveys of the same households over time, see Arthur B. Kennickell and Douglas A. McManus, "Multiple Imputation of the 1983 and 1989 Waves of the SCF," *The 1994 Proceedings of the Section on Survey Research Methods*, American Statistical Association (forthcoming).

13. This measure of late-payment experience differs conceptually from the aggregate delinquency rate statistics in some respects. Whereas the delinquency rates reflect only current-period late payments for only a specific type of loan, the survey-based measure reflects any instance of late payment over a period of time for any loan a household has. A household with several loans that missed only one payment on one loan is counted as a "late payer," even if all loans were paid up at the time of the survey. Given these criteria, it is neither surprising nor inconsistent with aggregate delinquency rate data that the proportions of households with late payments from the survey are much higher than the rates from the various delinquency-rate series.

10. Proportion of households with debt making at least one late payment during the preceding twelve months, by selected household characteristics, 1983, 1989, and 1992

Percent

Household characteristic	1983	1989	1992
All households with debt	**17.3**	**21.4**	**15.3**
Income (1992 dollars)			
Less than 10,000	23.3	32.4	18.2
10,000–19,999	23.2	29.4	20.5
20,000–29,999	19.8	20.5	17.7
30,000–49,999	16.9	18.2	16.1
50,000–99,999	12.9	20.0	10.1
100,000–249,999	5.0	11.3	5.7
250,000 or more	4.1	2.7	14.6
Net worth (1992 dollars)			
Zero or less	36.9	39.1	35.8
1–9,999	25.4	25.8	20.1
10,000–24,999	21.4	28.6	16.4
25,000–49,999	23.0	24.2	13.9
50,000–99,999	14.6	22.5	12.1
100,000–499,999	7.7	12.1	10.0
500,000 or more	3.0	8.9	7.5
Age of head (years)			
Less than 35	23.9	29.9	20.3
35–44	19.4	23.2	18.8
45–54	14.4	16.5	13.6
55–64	8.2	16.1	11.1
65–74	6.5	9.4	2.6
75 or more	*	*	4.4
Housing status			
Owner	14.6	18.8	11.8
Renter or other	23.4	27.3	22.8
Race or ethnicity of head			
Non-Hispanic white	14.5	17.6	13.4
Nonwhite or Hispanic	31.8	33.8	22.3

* Fewer than five survey respondents.

from the most recent recession as they had been just after the 1981–82 recession. This finding appears consistent with the fifteen- and twenty-year lows observed in the aggregate delinquency rates discussed earlier.[14]

Regardless of the year surveyed, larger proportions of lower- and middle-income households had missed a scheduled payment. The smallest changes across the three surveys were for the middle groups—income between $20,000 and $50,000—for which the proportions of late payers fluctuated only about 2 percentage points from survey to survey. The two lowest income groups showed a very high incidence of late payment in 1989 but a sharply lower incidence in 1992, with drops of 14 and 9 percentage points. One striking finding was a significant jump between 1989 and 1992 in the proportion of the highest-income households that missed a payment. Corporate restructuring that eliminated some high-level management positions and the price weakness in many key real estate markets may help account for the group's worsened payment record in 1992.[15]

Households with little net worth recorded the highest incidence of failure to meet a payment, and in each survey the proportion tended to decline as net worth increased; all groups showed declines between 1989 and 1992. Younger households consistently showed a higher rate of late payments than older households, but all age groups reported fairly substantial drop-offs in 1992. Nonwhite and Hispanic households had a higher incidence of missed payments than did non-Hispanic white households, but they also showed more improvement from 1989 to 1992.

Summary and Conclusions

Household sector debt grew substantially during the 1983–89 economic expansion, slowed markedly over the next two years, then began to climb again in 1992 as the economy recovered from recession. Various aggregate measures of household financial positions suggest that the sector emerged from this ten-year cycle of expansion, recession, and recovery on relatively sound footing. Asset holdings had also surged over the period, increasing the sector's net worth. Estimates of households' scheduled debt-service payments relative to disposable personal income had risen to a peak in 1989; the ratio was significantly lower by 1992. Likewise, loan delinquency rates by 1992 had fallen sharply from earlier cyclical peaks and, in fact, continued to decline through 1994.

Data collected from individual households in 1983, 1989, and 1992 generally confirm the observations drawn from the aggregate statistics. At the

14. Although both the aggregate and survey-based measures of delinquency rates paint a fairly positive picture of the financial health of the household sector, the number of personal bankruptcies has risen sharply over most of the period studied here, tending to lower delinquency rates by debt write-offs rather than by debt repayments. Since 1992, the number of personal bankruptcies has been falling, but it is still high compared with the number in the mid-1980s. For a discussion of some causes and effects of personal bankruptcies see Charles A. Luckett, "Personal Bankruptcies," *Federal Reserve Bulletin*, vol. 74 (September 1988), pp. 591–603.

15. Although median home prices did not change much between 1989 and 1992, prices of the most expensive homes fell precipitously in many localities.

all-household level, the surveys show a pattern of rise and subsequent decline over 1983–92 in ratios of debt-service payments to income and indicate that the incidence of late payments on loans was lower in 1992 than in the other survey years.

The distributions of debt and debt payments among households grouped by various economic and demographic characteristics add further perspective on household sector finances. Although the picture is not unambiguously positive, the overall thrust of the evidence from the disaggregated data is that much of the sector's debt is owed by households that have ample resources to service it. Households with high income and substantial net worth account for the bulk of the debt. For some households, required debt payments indeed loom large relative to their income, but between 1989 and 1992 the share of debt owed by these households fell significantly. For many heavily indebted households, the condition apparently is transitory. For instance, most households that had high ratios of debt payments to income in 1983 had substantially reduced their payment burdens by 1989. Many of the households with high ratios in 1992 reported that their income for the year was atypically low. Although most high-ratio households had debts exceeding their financial assets, the proportion of late payers in that group did not differ greatly from the proportion in the population of debtors at large.

TECHNICAL APPENDIX

The analysis in this article is based on information from three major sources: aggregate data from institutional sources; cross-section survey data from the 1983, 1989, and 1992 waves of the Survey of Consumer Finances; and survey data from a panel of respondents to both the 1983 and 1989 waves of the survey. This appendix provides some background on these sources and discusses some of the conceptual differences in what each measures.

Aggregate Data

The aggregate data on the debt of the household sector (that is, all individuals in the economy) derive mainly from the reports of commercial banks and other depository institutions and finance companies. These data are published regularly in statistical releases and as part of the Federal Reserve's flow of funds accounts. In this framework, mortgage debt secured by one- to four-family homes is attributed to the household sector. Such mortgages include both primary home-purchase mortgages and all junior-lien debt, such as borrowing against home equity lines of credit. Consumer debt has two components: consumer installment credit, which covers most nonmortgage loans to consumers repayable in two or more payments, including automobile loans, credit card debt, personal cash loans, and sales finance contracts; and noninstallment consumer credit, mostly very short term credit such as bridge loans sometimes used to facilitate real estate or other transactions. (The amount of noninstallment credit carried by the household sector is relatively small, about $50 billion.)

Survey of Consumer Finances

Since 1983, the Survey of Consumer Finances, a survey of the finances of U.S. households, has been conducted every three years by the Board of Governors of the Federal Reserve System, with the cooperation of the Statistics of Income group at the Internal Revenue Service.[16] Data from the 1986 survey are not cited in this article because they are not strictly comparable to the other cross-sections.[17] The design of the 1983, 1989, and 1992 surveys has been discussed in detail in previous issues of the *Federal Reserve Bulletin.*[18]

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16. The Survey of Consumer Finances has been conducted periodically over the past fifty years—annually through 1971, again in 1977, and triennially since 1983.

17. For information on changes in household debt using 1986 survey data, see Robert B. Avery, Gregory E. Elliehausen, and Arthur B. Kennickell, "Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances," *Federal Reserve Bulletin*, vol. 73 (October 1987), pp. 761–78.

18. See Kennickell and Starr-McCluer, "Changes in Family Finances from 1989 to 1992"; Arthur Kennickell and Janice Shack-Marquez, "Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 78 (January 1992), pp. 1–18; and Robert B. Avery and Gregory E. Elliehausen, "Financial Characteristics of High-Income Families," *Federal Reserve Bulletin*, vol. 72 (March 1986), pp. 163–77.

The design of the 1989 sample was particularly complex. The survey provided both cross-sectional information on 3,143 households and longitudinal information on a sample of 1,497 households that participated in the 1983 survey.[19] The longitudinal part of the survey oversampled households headed by individuals more than forty-five years old and households whose residences had not changed since 1983; no attempt was made to obtain a longitudinal interview with households headed by individuals younger than twenty-two in 1983. Because this group of young households excludes a large number of young people who were in college or the military in 1983 or who were living with their parents or in related living arrangements, it is not representative of independent households headed by individuals younger than twenty-eight in 1989.

The survey-based measures of debt are broadly similar to the aggregate measures, but they differ in important ways. The surveys obtain information about types of debt not included in the aggregates, such as loans from individuals or borrowing against 401(k) accounts. Payments data are obtained directly from survey respondents rather than depository institutions; for credit card debt and some other types of loans for which fixed payments are not regularly scheduled, payments were estimated using prevailing market interest rates or rates reported by respondents. In addition, the survey income figures are measures of total cash income before taxes for the full calendar year preceding the survey, whereas the aggregate data include some noncash income as well, for example, employer contributions to pension plans.

For consistency with the terminology commonly used with the aggregate data, the word *household* is used throughout the discussion of the survey data even though past reports on the surveys have used the term *family*. In this article, *household* is used with the same intent as the earlier term to refer to the primary economic unit (PEU) within each of the dwelling units that were included in the sample. The PEU is defined as the economically dominant single individual or pair of individuals (who may be married or living as partners) and all other individuals who are financially dependent on that person or those persons. The term *head* used in this article is an artifact of the organization of the data and implies no judgment about the structure of households. The head is taken to be the central person in a PEU, the male in a mixed-sex core couple, or the older person in a same-sex core couple. □

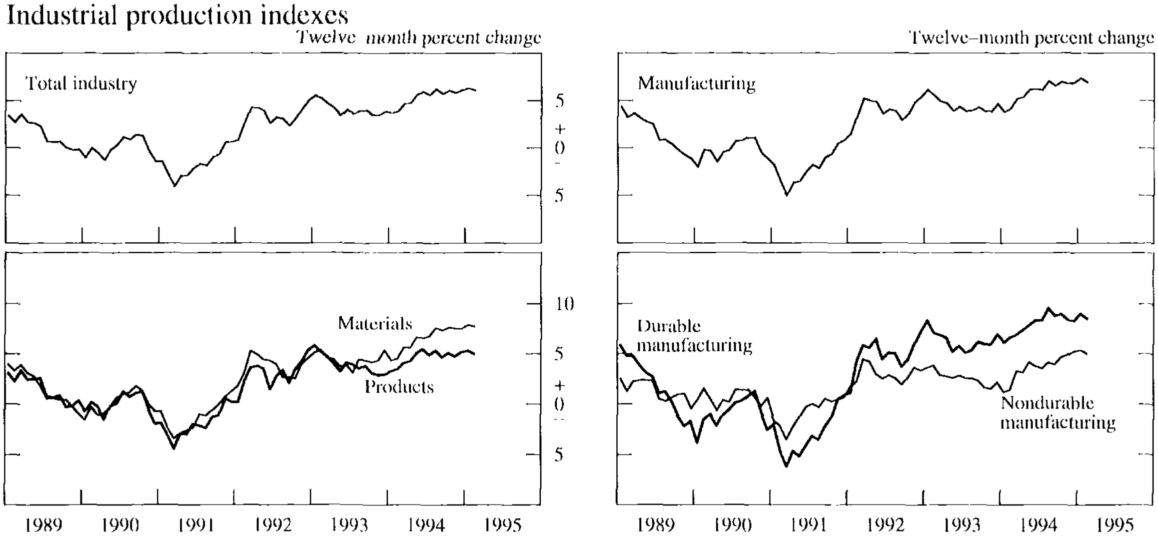
19. More detailed information on the longitudinal part of the sample is available in Kennickell and McManus, "Multiple Imputation of the 1983 and 1989 Waves of the SCF." The data, along with further technical documentation, are available from the National Technical Information Service, Federal Computer Products, 5285 Port Royal Road, Springfield, VA 22161, (703) 487–4763.

Industrial Production and Capacity Utilization for February 1995

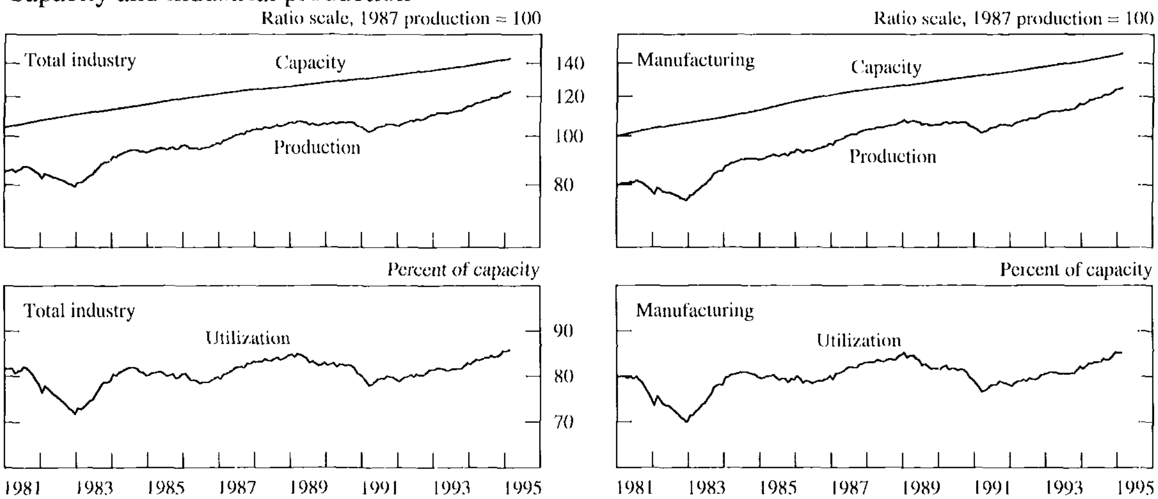
Released for publication March 15

Industrial production rose 0.5 percent in February; the January increase was revised down, to 0.2 percent, and the December increase was revised up, to 1.1 percent. Output at utilities continued its rebound with a gain of 2½ percent as temperatures returned to about normal in February. Manufacturing output increased 0.4 percent; this gain followed a downwardly revised gain of 0.2 percent in Janu-

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, February. Capacity is an index of potential industrial production.

Industrial production and capacity utilization, February 1995

Category	Industrial production, index, 1987 = 100: 1994 Nov.[r]	1994 Dec.[r]	1995 Jan.[r]	1995 Feb.[p]	Percentage change: 1994[1] Nov.[r]	1994[1] Dec.[r]	1995[1] Jan.[r]	1995[1] Feb.[p]	Feb. 1994 to Feb. 1995
Total	**120.3**	**121.7**	**122.0**	**122.6**	**.7**	**1.1**	**.2**	**.5**	**6.1**
Previous estimate	120.4	121.4	121.9	...	.8	.9	.4	...	...
Major market groups									
Products, total[2]	117.5	118.7	119.1	119.7	.5	1.0	.4	.4	5.0
Consumer goods	113.9	115.2	115.3	115.9	.8	1.2	.1	.5	3.1
Business equipment	151.0	153.1	154.7	155.2	.1	1.3	1.0	.4	9.3
Construction supplies	109.8	111.6	112.2	112.3	.0	1.7	.6	.1	9.4
Materials	124.6	126.3	126.3	127.2	.9	1.4	.0	.7	7.7
Major industry groups									
Manufacturing	122.6	124.1	124.3	124.8	.9	1.2	.2	.4	6.9
Durable	129.1	131.3	131.9	132.5	.9	1.7	.5	.5	8.5
Nondurable	115.4	116.2	115.9	116.3	1.0	.7	−.2	.3	5.0
Mining	98.3	100.1	100.0	100.2	−.9	1.9	−.1	.1	.7
Utilities	116.5	115.8	117.3	120.3	−.6	−.6	1.3	2.6	.6

Category	Capacity utilization, percent: Average, 1967–94	Low, 1982	High, 1988–89	1994 Feb.	1994 Nov.[r]	1994 Dec.[r]	1995 Jan.[r]	1995 Feb.[p]	MEMO Capacity, percentage change, Feb. 1994 to Feb. 1995
Total	**82.0**	**71.8**	**84.9**	**83.2**	**84.8**	**85.5**	**85.5**	**85.7**	**2.9**
Previous estimate	...	...	...	...	84.8	85.4	85.5	...	...
Manufacturing	81.3	70.0	85.2	82.2	84.4	85.2	85.1	85.1	3.3
Advanced processing	80.7	71.4	83.5	80.7	82.4	83.0	83.2	83.3	3.7
Primary processing	82.5	66.8	89.0	86.1	89.5	90.7	89.9	89.8	2.2
Mining	87.4	80.6	86.5	89.3	88.2	89.8	89.7	89.9	.0
Utilities	86.7	76.2	92.6	88.9	85.8	85.2	86.2	88.3	1.3

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
1. Change from preceding month.
2. Contains components in addition to those shown.
r Revised.
p Preliminary.

ary and advances that averaged 0.9 percent per month in the final quarter of last year. Industrial production in February was 122.6 percent of its 1987 average and was 6.1 percent higher than in February 1994. Capacity utilization increased 0.2 percentage point, to 85.7 percent, its highest level since October 1979.

When analyzed by market group, the data show that the output of consumer goods increased 0.5 percent. The production of consumer durables rose 0.1 percent; an increase in the production of consumer light trucks and selected replacement auto parts was largely offset by declines in the output of other consumer durables. The production of consumer nondurables, boosted by the sharp gain at residential utilities, increased 0.7 percent; the production of consumer chemical products and gasoline also rose.

The output of business equipment increased 0.4 percent in February and 9.3 percent over the past twelve months. Gains for February were evident in office and computing equipment, industrial equipment, and business light trucks. The output of defense and space equipment declined 0.6 percent; the cumulative drop over the past twelve months was 7.5 percent.

The output of construction supplies edged up, while that of business supplies rose 0.6 percent largely because of a strong gain in commercial electricity and gas sales. The production indexes for total materials and for durable goods materials rose 0.7 percent and 0.6 percent respectively. The output of nondurable goods materials increased 0.5 percent, and the output of energy materials increased 1.0 percent. Within durable materials, strong gains were again recorded in semiconductors and other computer parts. Within nondurables, the output of paper, chemicals, and textiles all increased.

When analyzed by industry group, the data show that manufacturing output rose 0.4 percent, to a level 6.9 percent higher than that of February 1994. The output in nondurable manufacturing increased 0.3 percent in February after a decline in January. Within nondurable manufacturing, gains were widespread; only the output of apparel products declined. Growth in durable manufacturing advanced another 0.5 percent; noticeable declines in the production of steel, lumber, and furniture and fixtures contrasted with increases in machinery and computer equipment, light trucks, and miscellaneous manufactures.

Factories operated again at 85.1 percent of capacity, just below the recent cyclical peak reached in January 1989. The utilization rate in the primary-processing industries edged down 0.1 percentage point, to 89.8 percent. Since November this rate has remained near 90 percent, the highest sustained level since 1973. Utilization for advanced-processing industries edged up 0.1 percentage point, to 83.3 percent, but remained 0.2 percentage point below the January 1989 high.

The output of utilities, which had fallen to a relatively low level in December, rose 1.3 percent in January and another 2.6 percent in February; the operating rate at utilities reached 88.3 percent, its highest level since the heat wave of last June. Operating rates at mines rose, with gains in metal mining and oil and gas well drilling. □

Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, February 22, 1995

I appreciate this opportunity to discuss the Federal Reserve's conduct of monetary policy. As required by law, we have already delivered to the Congress our formal report detailing the performance of the economy and the implementation of policy.[1] In my remarks this morning, I will summarize that discussion and expand further on some of the key factors bearing on monetary policy.

RECENT DEVELOPMENTS

Nineteen hundred and ninety-four was a good year for the U.S. economy. Economic growth quickened, with real gross domestic product expanding 4 percent over the four quarters of the year. In manufacturing, industrial production advanced nearly 6 percent. We now have enjoyed more than three years of relatively brisk advance in the nation's output of goods and services, and this economic progress has been shared by many Americans. Payrolls swelled 3½ million last year, and the unemployment rate closed 1994 at 5½ percent, more than 1 percentage point below its level one year ago. And workers were producing more on average: Output per hour in the nonfarm sector increased about 1½ percent over the four quarters of last year, suggesting some tilting up to the underlying trend of labor productivity that promises sustained and substantial benefits in the coming years.

The data that have been published in the first weeks of 1995 have offered some indications that the expansion may finally be slowing from its torrid and unsustainable pace of late 1994. Although hours of work lengthened in January, employment growth slowed from its average of recent quarters and the unemployment rate rose. Moreover, recent readings on retail sales suggest a more moderate rate of increase, and housing activity has shown some softness. Nonetheless, the economy has continued to grow, without seeming to develop the types of imbalances that in the past have undermined ongoing expansion.

Of crucial importance to the sustainability of the gains over the past few years, they have been achieved without a deterioration in the overall inflation rate. The consumer price index (CPI) rose 2.7 percent last year, the same as in 1993. Inflation at the retail level, as measured by the CPI, has been a bit less than 3 percent for three years running now—the first time that has occurred since the early 1960s. This is a signal accomplishment, for it marks a move toward a more stable economic environment in which households, businesses, and governmental units can plan with greater confidence and operate with greater efficiency.

As I have stated many times in congressional testimony, I believe firmly that a key ingredient in achieving the highest possible levels of productivity, real incomes, and living standards is the achievement of price stability. Thus, I see it as crucial that we extend the period of low inflation, hopefully returning it to a downward trend in the years ahead. The prospects in this regard are fundamentally good, but there are reasons for some concern, at least with respect to the nearer term. Those concerns relate primarily to the fact that resource utilization rates have already risen to high levels by recent historical standards. The current unemployment rate, for example, is only a bit above the average of the late 1980s, when wages and prices accelerated appreciably. The same holds true of the capacity utilization rate in the industrial sector.

Clearly, one factor in judging the inflationary risks in the economy is the potential for expansion

1. See "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, vol. 81 (March 1995), pp. 219–43.

of our productive capacity. If "potential GDP" is growing rapidly, actual output can also continue to grow rapidly without intensifying pressures on resources. In this regard, many commentators, myself included, have remarked that there might well be something of a more-than-cyclical character to the evident improvement of U.S. competitive capabilities in recent years. Our dominance in computer software, for example, has moved us back to a position of clear leadership in advanced technology after some faltering in the 1970s. But although most analysts have increased their estimates of U.S. long-term productivity growth, it is still too soon to judge whether that improvement is a few tenths of 1 percentage point annually or even more, perhaps moving us closer to the more vibrant pace that characterized the early post–World War II period. It is fair to note, however, that the fact that labor and factory utilization rates have risen as much as they have in the past year or so does argue that the rate of increase in potential is appreciably below the 4 percent growth rate of 1994.

Knowing in advance our true growth potential obviously would be useful in setting policy because history tells us that economies that strain labor force and capital stock limits tend to engender inflation instabilities that undermine growth. It is true, however, that, in modern economies, output levels may not be so rigidly constrained in the short run as they used to be when large segments of output were governed by facilities such as the old open-hearth steel furnaces that had rated capacities that could not be exceeded for long without breakdown. Rather, the appropriate analogy is a flexible ceiling that can be stretched when pressed; but as the degree of pressure increases, the extent of flexibility diminishes. It is possible for the economy to exceed "potential" for a time without adverse consequences by extending work hours, by deferring maintenance, and by forgoing longer-term improvements. Moreover, as world trade expands, access to foreign sources of supply augments, to a degree, the flexibility of domestic productive facilities for goods and some services.

Aggregative indicators, such as the unemployment rate and capacity utilization, may be suggestive of emerging inflation and asset price instabilities. But they cannot be determinative. Policymakers must monitor developments on an ongoing basis to gauge when economic potential actually is beginning to become strained—irrespective of where current unemployment rates or capacity utilization rates may lie. If we are endeavoring to fend off instability before it becomes debilitating to economic growth, direct evidence of the emerging process is essential. Consequently, one must look beyond broad indicators to assess the inflationary tendencies in the economy.

In this context, aggregate measures of pressure in labor and product markets do seem to be validated by finer statistical and anecdotal indications of tensions. In the manufacturing sector, for example, purchasing managers have been reporting slower supplier deliveries and increasing shortages of materials. Indeed, firms appear to have been building their inventories of materials in recent months so as to ensure that they will have adequate supplies on hand to meet their production schedules. These pressures have been mirrored in a sharp rise over the past year in the prices of raw materials and intermediate components. There are increasing reports that firms are considering marking up the prices of final goods to offset those increased costs. In that regard, January's core CPI posted its largest gain since October 1992, perhaps sounding a cautionary note. In the labor market, anecdotal reports of "shortages" of workers have become more common. To be sure, increased wages are a good thing if they can be achieved without commensurate acceleration in prices, but they are not beneficial if they are merely a part of a general pickup in inflation. A hopeful sign in this regard, however, is that to date the trends in the expansion of money have remained subdued, and aggregate credit is growing moderately. These developments do not suggest that the financial tender needed to support the ongoing inflation process is in place.

That kind of ongoing process would also be expected to involve a different expectational climate from what seems to prevail today. Despite the marked improvement in consumer confidence over all, the survey readings on consumers' views of whether jobs are easy to get fall far short of the previous cyclical peak in 1989. Moreover, there is some evidence that the number of people voluntarily leaving their jobs is currently subnormal. This suggests that deep-seated job insecurity has not fully dissipated despite strong job growth recently.

Some analysts attribute this phenomenon to workers' concerns about losing health insurance and, for some, pension coverage if they change jobs. Whatever the cause, the lingering sense of insecurity doubtless has been a factor damping wage growth and overall labor costs. Since the latter, on a consolidated basis, accounts for roughly two-thirds of overall costs in our economy, slower wage growth, combined with strong cyclical productivity growth, has restrained increases in unit labor costs and hence in prices of final goods and services.

However, as overall output growth of necessity slows in an environment of high-resource utilization, so will cyclical productivity growth. Moreover, if labor market tightness assuages job insecurity, pressures to raise wages might well intensify, and unit labor costs could accelerate. In the later stages of previous business cycles, declines in profit margins absorbed some of the increases in unit labor cost, but some were passed through into final goods prices and inflation picked up. Thus far in the current cycle, price increases have been muted, not only by subdued unit labor costs but also by a prevailing concern among firms that, despite capacity pressures, enough slack remains in the system to foster competitive inroads on those who try to price above the market. But this form of discipline may also become less effective if pressures on resources persist. Consequently, it may be that these pressures will lead to some deterioration in the price picture in the near term, but any such deterioration should be contained if the Federal Reserve remains vigilant.

POLICY ACTION AND FINANCIAL MARKETS

It was to preserve and to extend the gains associated with low and declining inflation—and to avoid the instabilities and imbalances attendant to rising inflation—that we began the process of tightening one year ago. Our view at the time was that the accommodative policy stance that we had adopted in earlier years to contain the effects of financial strains on borrowers and lenders was no longer appropriate once their balance sheets had been greatly strengthened. In these changed circumstances, absent policy action, pressures on capital and labor resources could build to the point where imbalances would emerge and costs and prices would begin to accelerate, jeopardizing the durability of the current expansion. In the event, the strength in demand and the potential for intensification of pressures on prices were even more substantial than envisioned when we started down that road. As we thought might be possible at this time last year, a significant upturn in inventory investment induced a stronger economy than was generally anticipated. Additional strains on capacity became increasingly evident in higher prices at early stages of production processes.

Moreover, in financial markets, the effects of the policy firmings were muted to an extent by an easing of terms and conditions on bank loans and by a drop in the foreign exchange value of the dollar. In these circumstances, the Federal Reserve needed to take further steps to head off potential instabilities that would threaten the economic expansion. Over the past year, including our most recent action, we have raised money market interest rates seven times, pulling the federal funds rate up 3 percentage points, to 6 percent. Four of these actions were associated with increases in the discount rate. The discount rate now stands at 5¼ percent, or 2¼ percentage points, higher than it was at the onset of tightening.

A stronger track for economic activity, higher credit demands, and a revival of inflation fears pushed up yields on securities with intermediate- to longer-term maturities from 1½ percentage points to 3 percentage points over the past year. Most of that rise was posted in the first three quarters of 1994. As Federal Reserve action—particularly the ¾ of 1 percentage point move in November—came to convince most market participants that policy would sufficiently restrain excess aggregate demand, those inflation fears and uncertainty premiums subsided a bit. This change in attitude, reinforced by signs of moderating demand, has helped to trim interest rates on long-term Treasuries and fixed rate mortgages more than ½ of 1 percentage point from their peaks in November.

The adjustment in financial markets to rising interest rates was not, by any means, smooth. At the beginning of this process of tightening, many members of the Federal Open Market Committee (FOMC) shared a concern that some market participants, made complacent by the relatively high and stable returns on long-term assets that had prevailed for a considerable stretch of time, had taken on substantial risk in their portfolios as they reached for yield—in some instances leveraging heavily. Taking account of this, our first three steps were small—with each translating into a ¼ of 1 percentage point rise in the federal funds rate—to allow market participants an extended opportunity to readjust their portfolios in light of rising short-term rates. As markets became accustomed to the new direction of short rates, the FOMC picked up the pace of firming. Measures of bond-price volatility, both actual and those inferred from options prices, moved higher when monetary policy first began to firm but rolled back much of that run-up as the year progressed.

Although securities markets were turbulent from time to time, in general, they remained quite resilient and performed their economic function of allocating credit quite well. Indeed, in some respects, credit has apparently been easier to get, likely in reflection of the improved assessment of financial prospects for borrowers and the larger capital cushions of many lenders. In many securities markets, quality spreads, when measured by the difference between rates on private and Treasury instruments of comparable maturities, have been quite thin. Commercial banks trimmed their own lending margins—effectively absorbing some of the rise in market interest rates before they got to borrowers—and exhibited a renewed aggressiveness in competing for loans. Bankers themselves reported to us further easing of terms and standards on business loans over the course of 1994 and into 1995. The pickup in total borrowing by nonfinancial businesses was focused primarily on bank loans and other shorter-term sources of funding. This shift toward shorter maturities, no doubt, importantly resulted from the substantial run-up in longer-term interest rates over the year, but there probably was some role played by banks' efforts to make more loans and interest income, especially as trading income declined.

Households also increased the pace of their borrowing. Double-digit annual growth of consumer credit helped to fund considerable outlays for durable goods, especially autos. This, too, may have been related, in part, to the eagerness of commercial banks to make consumer loans. And a wide menu of mortgage instruments gave homebuyers some flexibility in coping with the rise in interest rates. The increasing share of mortgage originations at flexible rates—often involving concessionary initial terms—and, perhaps, some easing of loan qualification standards permitted some buyers who otherwise would not have been able to obtain financing to go ahead with their home purchases. All told, improved access to credit provided important support to spending.

SOME RECENT LESSONS

Events of the past two months have taught us once again that the global nature of trade in goods, services, and financial instruments exerts an exacting discipline on the behavior of central banks. Technology has defeated distance by slashing the costs of gathering information and of transacting. Advances in computing and financial engineering during the past ten or fifteen years have enabled investors and speculators to choose among a wide array of investment instruments, allowing them to manage risks better and, when they choose, to exert their notions about future market movements forcefully through the use of leverage. The former, improved risk management, has done much to make markets more resilient, while the latter, easier recourse to leverage, may add to the volatility of financial prices at times.

These developments have freed up the flow of international capital, thus potentially improving the efficiency of the allocation of the world's resources and raising the world's living standards. They have also permitted markets to respond more quickly and with greater force to a country's macroeconomic policies. This puts a special burden on the Federal Reserve because the U.S. dollar is effectively the key reserve currency of the world trading system. In that role, we enjoy an increased demand for our financial instruments. However, this role also heightens the share of the demand for dollar assets that is related to more volatile portfolio motives. The new world of financial trading can punish policy misalignments with amazing alacrity. This is a lesson repeated time and again, taught most recently by the breakdown of the European Exchange Rate Mechanism in 1992 and the plunge in the exchange value of the peso over the past two months. In the process of pursuing their domestic objectives, central banks cannot be indifferent to the signals coming from international financial markets. Although markets can be harsh teachers at times, the constraints that they impose discipline our policy choices and remind us every day of our longer-run responsibilities.

While there are many policy considerations that arise as a consequence of the rapidly expanding global financial system, the most important is the necessity of maintaining stability in the prices of goods and services and confidence in domestic financial markets. Failure to do so is apt to exact far greater consequences as a result of cross-border capital movements than those which might have prevailed a generation ago.

THE ECONOMIC OUTLOOK

Looking ahead to the prospects for the U.S. economy, we must remember that the nation has entered 1995 with its resources stretched. We do not now have the substantial unused capacity that made possible the especially favorable macroeconomic outcomes of 1993 and 1994—rapid real growth and stable or declining inflation. As a result, the likely performance of the economy in 1995 almost surely will pale in comparison with that of the previous two years. The growth in output arguably must slow to a more sustainable pace, and resource utilization must settle in at its long-run potential to avoid inflationary instabilities. Inflation, itself, is unlikely to moderate further and may even tick up temporarily. But over all, the performance of the economy should still be good. We expect growth to continue and inflation to be contained.

The Federal Reserve, for its part, will be attempting to foster financial conditions that will extend that good performance through 1995 and beyond. Our policy actions will depend on an ongoing assessment of a number of forces acting on the economy. One is the effects of the rise in interest rates that has occurred over the past year. The effects of higher interest rates on spending are difficult to pinpoint with any precision because they occur with a lag and have a diffuse influence on the behavior of households and firms throughout the economy. Data rarely point in one direction, and the available information on spending fits this rule. As yet, the performance of the economy suggests a slowing in interest-sensitive spending, but the slowing is mostly concentrated in housing activity. Our reading of the historical record is that the cumulative effect of higher interest rates should lead to a significant deceleration in spending. But to date, the jury remains out on whether the slowing that is in train will be sufficient to contain inflation pressures.

That judgment also rests importantly on a reading of business cycle developments more generally—cycles that often relate to the interaction of physical stocks and flows. These dynamics are most clearly seen in inventory investment, which has always been an important swing factor in the postwar era. In 1994, the increase in inventory investment in real terms added almost 1 percentage point to growth of gross domestic product. It appears most unlikely that business people will wish to build their stocks at the pace they did in 1994. But whether their actions with respect to inventories will turn that "plus" for growth last year into a significant "minus" in 1995 remains to be seen.

Incoming information does not suggest that a substantial inventory correction is imminent. Standard inventory–sales ratios remain on the low side of historical experience; those ratios look even lower compared with historical experience if one subtracts wholesale and retail markups from the published inventory investment figures to get a better handle on the underlying physical units of stocks. Moreover, even if there were a swing in inventory investment, it would have a more muted effect on domestic production than the inventory cycles of just a few years ago. Rough estimates suggest that, currently, perhaps a quarter of the nominal value of all wholesale and retail stocks are imported, whereas the share was substantially less as recently as the late 1970s.

Similar stock–flow interactions should be at work in spending for consumer durables. Large increases in real outlays for consumer durables over the past three years, partly financed in recent quarters by unsustainably rapid growth in the volume of credit, may well have exhausted most of the pent-up demand that had accumulated when the economy was sluggish in the early 1990s.

In another area, actions of this Congress regarding the federal budget deficit will have important consequences for the economic outlook. A credible program of fiscal restraint that moves the government's finances to a sounder footing almost surely will find a favorable reception in financial markets. That market reaction, by itself, should serve as a source of stimulus that would help to offset, in whole or in part, the drag on spending that would otherwise be associated with reductions in federal outlays and transfers over time. It is also important to remember that a larger issue is at stake during these deliberations on the federal budget. Too much of the small pool of national saving goes toward funding the government, to the detriment of capital formation. By trimming the deficit, those resources will likely be put to more productive uses, leading to benefits in the form of improved living standards.

Federal Reserve policymakers had to weigh these factors and more in determining their individual forecasts. As is detailed in the semiannual Monetary Policy Report, the central tendency of the forecasts of the Board members and the Reserve Bank presidents was that real GDP would grow at a rate of 2 percent to 3 percent over the four quarters of 1995. This slowing from last year's unsustainable pace was viewed as sufficient to bring output growth more in line with that of its potential, helping to stabilize the unemployment rate in the range of the past few months, near 5½ percent. The governors and the Reserve Bank presidents forecast some edging up of consumer price inflation in 1995, with the central tendency of their forecasts bracketed by 3 percent and 3½ percent. If we are to do our part in helping the economy operate at its fullest potential over time, we need to remain watchful to ensure that this cyclical upswing in the inflation rate expected for 1995 does not become firmly entrenched.

MONETARY AND CREDIT AGGREGATES

In discussing these matters at its meeting earlier this month, the FOMC determined that the provisional ranges it had chosen for the monetary aggregates and domestic nonfinancial debt in July 1994 remained consistent with its current outlook for economic activity and prices. Moreover, these ranges conform to the projected deceleration in nominal income that is associated with our efforts to contain inflation and keep the economy on a sustainable path. The 1 percent to 5 percent range for M2 provides a reasonable benchmark for longer-run growth of this aggregate that could be expected if the behavior of its velocity was to return to its historical pattern under conditions of price stability. This would not be true for M3, however, which historically has grown faster than M2, but which has been depressed in recent years by a number of factors, including the difficult financial adjustment of banks and thrift institutions. If the broader aggregate M3 returns to its previous alignment, its range of 0 percent to 4 percent would have to be adjusted upward. At 3 percent to 7 percent, the monitoring range for the growth of total domestic nonfinancial debt is centered on the actual growth of that aggregate over the past three years but is 1 percentage point lower than the monitoring range in 1994. While the performance of the monetary and debt aggregates compared with these ranges will continue to inform the FOMC's deliberations, the uncertainties about the behavior of their velocities will necessitate careful interpretation of their behavior and a watchful eye toward a wide variety of other financial and nonfinancial indicators.

INFORMATION RELEASE

One final point: To make our policy intent as transparent as possible to market participants without losing our flexibility or undermining our deliberative process, at its latest meeting, the FOMC decided to preserve the greater openness of its policymaking that it established last year. To that end, all decisions to change reserve market conditions will be announced in a press release on the same day that the decision is made.

The debate surrounding each policy decision will be reported, as is currently the practice, in comprehensive minutes of the meeting that are released on the Friday after the next regularly scheduled meeting of the FOMC. For students of monetary policymaking, those minutes will be supplemented by lightly edited transcripts of the discussion at each FOMC meeting. Transcripts for an entire year will be released with a five-year lag. Continuing our current practice, the raw transcripts will be circulated to each participant shortly after an FOMC meeting to verify his or her comments, and only changes that clarify meaning, say to correct grammar or transcription errors, will be permitted. A limited amount of material will be redacted from these transcripts before they are released, primarily to protect the confidentiality of foreign and domestic sources of intelligence that would dry up if their information were made public. A complete, unredacted version of the transcripts of each FOMC meeting will be turned over to the National Archives and Records Administration after thirty years have elapsed, as required by law.

After careful consideration, the FOMC believed that these steps, which essentially formalize the procedures that we have been using over the past year, strike the appropriate balance between making our decisions and deliberations accessible as soon as feasible and retaining flexibility in policymaking, while preserving an unfettered deliberative process.

CHALLENGES AHEAD

I and my colleagues appreciate the time and the attention that the members of this committee devote to oversight of monetary policy. Our shared goal—the largest possible advance in living standards in the United States over time—can be best achieved if our actions ultimately allow concerns about the variability of the purchasing power of money to recede into the background. Price stability enables households and firms to have the greatest freedom possible to do what they do best—to produce, invest, and consume efficiently.

But the best path to that long-run goal is not now, and probably never will be, obvious. Policymaking is an uncertain enterprise. Monetary policy actions work slowly and incrementally by affecting the decisions of millions of households and businesses. And we adjust policy step by step as new information becomes available on the effects of previous actions and on the economic background against which policy will be operating. No individual step is ever likely to be decisive in pushing the economy or prices one way or another—there is no monetary policy "straw that broke the camel's back." The cumulative effects of many policy actions may be substantial, but the historical record suggests that any given change in rates will have about the same effect as a previous change of the same size.

Because the effects of monetary policy are felt only slowly and with a lag, policy will have a better chance of contributing to meeting the nation's macroeconomic objectives if we look forward as we act—however indistinct our view of the road ahead. Thus, over the past year we have firmed policy to head off inflation pressures not yet evident in the data. Similarly, there may come a time when we hold our policy stance unchanged, or even ease, despite adverse price data, should we see signs that underlying forces are acting ultimately to reduce inflation pressures. Events will rarely unfold exactly as we foresee them, and we need to be flexible—to be willing to adjust our stance as the weight of new information suggests it is no longer appropriate. That flexibility applies to the particular stance of policy—not its objectives. We vary short-term interest rates to further the goals set for us in the Federal Reserve Act, namely promoting over time "maximum employment, stable prices, and moderate long-term interest rates."

Achieving those goals has become increasingly more complex in the nearly two decades since they were put into the Federal Reserve Act, as a consequence of technology-driven changes in financial markets in the United States and around the world. Suppressing inflationary instabilities—a necessary condition of achieving our shared goals—requires not only containing prevalent price pressures but also diffusing unsustainable asset price perturbations before they become systemic. These are formidable challenges, which will confront policy—both fiscal and monetary—in the years ahead. It is, of course, unrealistic to assume that we can eliminate the business cycle, human nature being what it is. But containing inflation, and thereby damping economic fluctuations, is a reasonable goal. We at the Federal Reserve look forward to working with the Administration and the Congress in meeting our common challenges. □

Chairman Greenspan presented identical testimony before the Subcommittee on Domestic and International Monetary Policy of the Committee on Banking and Financial Services, U.S. House of Representatives, February 23, 1995.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking and Financial Services, U.S. House of Representatives, February 28, 1995

I am pleased to be here today to present the views of the Board of Governors of the Federal Reserve System on expanding permissible affiliations between banks and other financial services providers. The bills being introduced in this Congress, such as the newly revised "Financial Services Competitiveness Act of 1995," introduced by Chairman Leach, would continue the modernization of our financial system begun with last year's passage of the landmark interstate banking legislation. The Leach bill would authorize the affiliation of banks and securities firms as well as permit banks to have affiliates engaged in most other financial activities.

Before I present the Board's views, however, I first want to commend Chairman Leach for his leadership in recognizing the importance of congressional action in this area and for acting promptly to bring his bill before the committee for its consideration. The new Leach bill would reform outdated statutory prohibitions established for a financial system that no longer exists. It thus provides the Congress with the opportunity to make the financial system more competitive and more responsive to consumer needs, all within a framework that would maintain the safety and soundness of insured depository institutions. The Board believes that modern global financial markets call for permitting financial organizations to operate over a wider range of activities. The approach contained in the new Leach bill would be a major step, providing realistic reform, and thus has the strong support of the Board of Governors of the Federal Reserve System.

There is, I think, general agreement on the forces shaping our evolving financial system—forces that require that we modernize our statutory framework for financial institutions and markets. The most profound is, of course, technology: the rapid growth of computers and telecommunications. Their spread has lowered the cost and broadened the scope of financial services, making possible new product development that would have been inconceivable a short time ago and, in the process, challenging the institutional and market boundaries that in an earlier day seemed so well defined. Technological innovation has accelerated the second major trend, financial globalization, that has been in process for at least three decades. Both developments have expanded cross-border asset holdings, trading, and credit flows, and, in response, both securities firms and U.S. and foreign banks have increased their cross-border locations. Foreign offices of U.S. banking organizations have for some time been permitted, within limits, to meet the competitive pressures of the local markets in which they operate by conducting activities not permitted to them at home. In the evolving international environment, these offshore activities have included global securities underwriting and dealing, through subsidiaries, an activity in which U.S. banking organizations have been among the world leaders, despite limitations on their authority to distribute securities in the United States.

Such a response to competition abroad is an example of the third major trend reshaping financial markets—market innovation—which has been as much a reaction to technological change and globalization as an independent factor. These developments make it virtually impossible to maintain some of the rules and regulations established for a different economic environment. As a result, there is broad agreement that statutes governing the activities of banking organizations increasingly form an inconsistent patchwork.

For example, under federal standards, banking organizations may act as agents in private placements of securities and, in fact, have done so quite successfully, accounting recently for one-third of all corporate bonds and one-seventh of all equity privately placed. Banking organizations may also act as brokers of securities and as investment advisers for individuals and mutual funds. For many years, they have acted as major dealers in U.S. government and municipal general obligation bonds. Banking organizations are also the leading innovators and dealers in derivatives, and banking organizations operate futures commission merchants as holding company subsidiaries. As just noted, banking organizations underwrite and deal in securities abroad, and, since 1987, banking organizations with the necessary infrastructure may apply for limited underwriting and dealing of securities through special bank holding company subsidiaries under a Federal Reserve Board interpretation of section 20 of the Glass–Steagall Act.

In a pattern that is reminiscent of interstate branching developments, the states for some time have been removing restrictions on the activities of state-chartered banks. The Federal Deposit Insurance Corporation, as required by the Federal Deposit Insurance Corporation Improvement Act, reviews such activities but has not rejected an application to exercise any of these powers from adequately or well-capitalized banks. According to the Conference of State Bank Supervisors, in 1993, seventeen states—including several large ones—had authorized banks to engage in securities underwriting and dealing, with about half requiring such activity in an affiliate. At the federal level, the Office of the Comptroller of the Currency has proposed a process to allow national bank subsidiaries to conduct activities not permitted for the bank.

And so it goes on. Technological change, globalization, and regulatory erosion will eventually make it impossible to sustain outdated restrictions, and these forces will be supplemented by piecemeal revisions to federal regulation and sweeping changes in state laws. That is what we are here today to discuss—the need to remove outdated restrictions and to rationalize our system for delivering financial services. I might note that in this regard the United States is behind the rest of the industrial world. Virtually all the other Group of Ten nations now permit banking organizations to affiliate with securities firms and with insurance and other financial entities. We are among the last who have not statutorily adjusted our system. That might be acceptable, or even desirable, if there was a good reason to do so. We do not think there is such a reason to retain the status quo.

Let me be clear that the Board's position in favor of expanding the permissible range of affiliations for banking organizations is not a reflection of a concern for banks, their management, or their stockholders. U.S. bank management has been quite creative—indeed has led others—in developing and using both technology and the globalization of financial markets for profitable innovations that have greatly benefited their customers. Rather, the Board's support for the expansion of permissible activities reflects the desirability of removing outdated restrictions that serve no useful purpose, that decrease economic efficiency, and that, as a result, limit choices and options for the consumer of financial services. Such statutory prohibitions result in higher costs and lower quality services for the public and should be removed. That their removal would permit banking organizations to compete more effectively in their natural markets is an important and desirable by-product, but not the major objective, which ought to be a more efficient financial system providing better services to the public. Removal of such prohibitions moves us closer to such a system.

Indeed, the Board urges that, as you consider the reforms before you, the focus not be on which set of financial institutions should be permitted to take on a new activity or which would, as a result, get a new competitor. All are doing similar things now and are now in competition with each other, offering similar products. Securities firms have for some time offered checking-like accounts linked to mutual funds, their affiliates routinely extend significant credit directly to businesses, and they are becoming increasingly important in the syndicated loan market. Banking organizations are already conducting a securities business. While indicative of the need for reform, which institution has leaped some earlier restraint is not the issue. The Board believes that the focus should be as follows: Do the proposed bills promote a financial system that makes the maximum contribution to the growth and stability of the U.S. economy? Are existing restraints serving a useful purpose? Do they increase the compatibility of our laws and regulations with the changing technological and global market realities to ensure that these goals are achieved? Are they consistent with increased alternatives and convenience for the public at a manageable risk to the bank insurance fund?

Banking organizations are in a particularly good position to provide underwriting and other financial services to investors. They are knowledgeable about the institutional structure of the market and skilled at evaluating risk. Moreover, for centuries, banks' special expertise has been to accumulate borrower-specific information that they can use to make credit judgments that issue-specific lenders and investors cannot make. Overcoming such information asymmetries has been the value added of banking on the credit side. Indeed, it would appear that most companies want to deal with a full-service provider that can handle their entire range of financing needs. This preference for "one-stop shopping" is easy to understand. Starting a new financial relationship is costly for companies and, by extension, for the economy as a whole. It takes considerable time and effort for a company to convey to an outsider a deep understanding of its financial situation. This process, however, can be short-circuited by allowing the company to rely on a single organization for loans, strategic advice, the underwriting of its debt and equity securities, and other financial services. As evidence that there are economies from this sharing of information, most of the section 20 underwriting has been for companies that had a prior relationship with the banking organization.

Our discussions with section 20 officials suggest that the economic benefits of "one-stop shopping" are probably greatest for small and medium-sized firms. These firms, as a rule, do not attract the interest of major investment banks, and regional brokerage houses do not provide the full range of financial services these companies require. Rather, their primary financial relationship is with the commercial bank where they borrow and obtain their services. Thus, from the firm's perspective, it makes sense to leverage this relationship when the time comes to access the capital markets for financing. It is thus reasonable to anticipate that if securities activities are authorized for bank affiliates, banking organizations, especially regional and smaller banking organizations, would use their information base to facilitate securities offerings by smaller, regional firms, as well as local municipal revenue bond issues. Many of these banking organizations cannot engage in such activities now because they do not have a sufficient base of eligible securities business revenue to take advantage of the section 20 option that limits their ineligible revenues to 10 percent of the total. Investment banking services are now available for some of these smaller issues, but at a relatively high cost. Section 20 subsidiaries at regional banks indicate that they are eager to expand their investment banking services to small and moderate-sized companies. These section 20 subsidiaries view such firms as underserved in the current market environment and see an opportunity to provide a greater range of services at lower prices than those now prevailing.

I should also note that almost all bank holding companies that have set up section 20 subsidiaries believe that the diversification of revenues will result in lower risks for the organization. While the empirical literature is inconclusive, and the section 20s themselves have not been around very long, and have operated under significant restrictions, it seems likely that some bank holding companies could achieve risk reduction through diversification of their financial services.

To be sure, with the benefits comes some risk, but I read the evidence as saying that the risks in securities underwriting and dealing are manageable. Underwriting is a deals-oriented, purchase and rapid resale, mark-to-market business in which losses, if any, are quickly cut as the firm moves to the next deal. Since the enactment of the securities acts—with their focus on investor protection—the broker–dealer regulator, the Securities and Exchange Commission (SEC), is quick to liquidate a firm with insufficient capital relative to the market value of its assets, constraining the size of any disturbance to the market or affiliates. The SEC now applies such supervision to section 20 affiliates, and it would do so to securities affiliates under the revised Leach bill and similar bills introduced so far in this Congress. Section 20 affiliates have operated during a period in which sharp swings have occurred in world financial markets, but they still were able to manage their risk exposures well with no measurable risks to their parent or affiliated banks. Indeed, to limit the exposure of the safety net, the supervisors have insisted that securities affiliates have risk management and control systems that assure that risk can be managed and contained. As would be the case with the new Competitiveness Act, the Federal Reserve has required that such an infrastructure exist before individual section 20 affiliates are authorized and that organizations engaging in these activities through nonbank affiliates have bank subsidiaries with strong capital positions.

The Leach bill continues the holding company framework, which we believe is important to limit the direct risk of securities activities to banks and the safety net. The Board is of the view that the risks from securities and most other financial activities are manageable using the holding company framework proposed in that bill. But there is another risk: the risk of transference to nonbank affiliates of the subsidy implicit in the federal safety net—deposit insurance, the discount window, and access to Fedwire—with the attendant moral hazard. The Board believes that the holding company structure creates the best framework for limiting the transference of that subsidy. We recognize that foreign subsidiaries of U.S. banks have managed such activities for years virtually without significant incident. Nonetheless, we have concluded that the further the separation from the bank the better the insulation. We are concerned that conducting these activities without limit in subsidiaries of U.S. banks does not create sufficient distance from the bank. Moreover, even though the risks of underwriting and dealing are manageable, any losses in a securities subsidiary of a bank would—under generally accepted accounting principles—be consolidated into the bank's position, an entity protected by the safety net.

An additional safeguard to protect the bank from any risk from wider financial activities, and to limit the transference of the safety net subsidy to such activities, is the adoption of prudential limitations through firewalls and rules that prohibit or limit certain bank and affiliate transactions. However, it would be folly to establish prohibitions and firewalls that would eliminate the economic synergy between banks and their affiliates. The revised Leach bill retains reasonable firewalls and other prudential limitations but provides the Board with the authority to adjust them up or down. Such flexibility is highly desirable because it permits the rules to adjust in reflection of both changing market realities and experience.

The Leach bill attempts to accommodate the merchant banking business currently conducted by independent securities firms. Both bank holding companies with section 20 subsidiaries and independent securities firms engage in securities underwriting and dealing activities. However, independent securities firms also directly provide equity capital to a wide variety of companies without any intention to manage or operate them. The Leach bill would permit securities firms that acquire commercial banks, as well as securities firms acquired by bank holding companies, to engage in all of these activities—underwriting and dealing in securities, as well as merchant and investment banking through equity investment in any business without becoming involved in the day-to-day operations of that business. These powers are crucial to permit securities firms to remain competitive domestically and internationally. Under the bill, the Board could establish rules to ensure that these activities do not pose significant risks to banks affiliated with securities firms or serve as a "back door" to the commingling of banking and commerce.

Some are concerned that an umbrella supervisor is incompatible with a financial services holding company with an increasing number of subsidiaries that would be unregulated if they were independent. The Board too is concerned that, if bank-like regulation were applied to an expanded range of activities, the market would believe that the government is as responsible for their operations as it is for banks. This subtle transference of the appearance of safety-net support to financial affiliates of banks creates a kind of moral hazard that is corrosive and potentially dangerous.

Nonetheless, it is crucial to understand that both the public and management now think—and will continue to think—of bank holding companies (and financial services holding companies if authorized) as one integrated unit, especially if they enjoy the economic synergies that is the purpose of the reform proposals. Moreover, experience and the new computer technology are already adding centralized risk management to the existing centralized policy development for bank holding companies. The purpose of the umbrella supervisor is to have an overview of the risks in the organization so that *the risks to the bank* can be evaluated and, if needed, addressed by supervisors. The umbrella supervisor, it seems to us, becomes more crucial, not less, as the risk management and policy control moves from the bank to the parent.

Balancing the supervisory needs of the bank regulators with concerns about the extension of bank-like supervision and regulation is not easy. In an effort to eliminate unnecessary regulatory constraints and burdens, the Leach bill would require that the banking agencies rely on examination reports and other information collected by functional regulators. In addition, it would require that the banking agencies defer to the SEC in interpretations and enforcement of the federal securities laws. The revised bill goes further and eliminates the current application procedure for holding company acquisitions by well-capitalized and well-managed banking organizations whose proposed nonbank acquisitions or de novo entry are both authorized and pass some reasonable test of scale. Your revised bill also streamlines the process for evaluating the permissibility of new financial activities. These are extremely important modifications both for existing bank holding companies and for securities firms that wish to affiliate with banks. Such provisions would greatly enhance the "two-way street" provisions by eliminating unnecessary regulatory burden and red tape. We believe that this concept could also quite usefully be extended to bank acquisition proposals.

The Board is also committed to continuing to develop supervisory and examination policies that appropriately reduce unnecessary burdens on organizations with bank subsidiaries that are well capitalized and well managed. But we must not lose sight, and the Leach bill does not, that the umbrella supervisor must still be permitted to monitor both the financial condition of the organization and the potential transfer of risks to the insured depository affiliates. Moreover, we reiterate our concerns of last year that, however any restructuring is addressed, the Federal Reserve's capability to monitor large banking organizations to respond effectively to systemic crisis not be impaired.

You asked for the Board's views on combining commerce and banking. While the Board supports wider permissible affiliations between banks and other financial services companies, it does not believe that, at this time, banks should be affiliated with commercial and industrial firms. The Board believes that in a free market economy there is a presumption of free entry into any business—including banking—although safeguards are required when public monies are at risk. However, the Board believes it would be prudent to delay enacting the authority to link commerce and banking until we have gained some actual experience with wider financial ownership of, and wider activities for, banking organizations. We should reflect carefully on such a basic change in our institutional framework because it is a step that would be difficult to reverse.

Your invitation letter also asked about experience with banking and commerce abroad. Our review of the industrial countries with internationally important banking sectors suggests that all seven (the non-U.S. Group of Seven plus Switzerland) permit limited ownership of banks by commercial firms and some ownership of commercial firms by banks. In practice, despite the legal permissibility, banking–commerce ties are limited. In none of the seven countries are any of the largest banks owned by commercial firms. Banking and commerce affiliations are much more commonly in the form of banks' holding sizable equity stakes in commercial firms, rather than vice versa. Only in Germany is bank control of commercial firms commonplace, and in that country a banking license is required to engage in any one of a number of credit services that are performed in the United States and in other countries by *nonbank* financial institutions. In Japan, banks' equity holdings are substantial relative to bank capital, but, just as in the case of U.S. bank holding companies, a bank in Japan may not hold more than 5 percent of another company's shares.

There are two main benefits from bank ownership of commercial firms. One benefit is that such arrangements reduce the information costs associated with long-term projects, so that ex ante profitable long-term projects are more likely to be funded. A second benefit is that adding equities to the mix of instruments in a bank's portfolio increases the potential for portfolio diversification. However, foreign experience demonstrates that there are costs from bank ownership of commercial firms. Banking–commerce ties may induce banks to continue to finance a project beyond the point at which it is prudent to do so. In addition, equity holdings increase the sensitivity of bank capital to equity market volatility, as has been the case in Japan, thus exposing banks to additional risk. A third cost, illustrated by Germany, is the tendency for capital markets—especially equity markets—to be less fully developed under a system of bank-dominated financing.

Over the past three decades, deposit protection schemes have been established in all seven countries to avoid runs by depositors at small banks. Financial problems at larger banks are normally dealt with by cooperative efforts of commercial banks and governments. I should note that all these countries impose restrictions on banking–commerce ties to limit the risks resulting from such ties. As I noted, the risks associated with commercial firm control of banks appear to be limited by permitting commercial firms to control only small banks. In addition, all the countries except Japan limit the risks associated with bank ownership of commercial firms by limiting banks' total equity holdings to a fraction of bank capital. Even with these limits, recent losses stemming from bank affiliations with commercial firms, most notably at Metallgesellschaft in Germany and Credit Lyonnais in France, have sparked public debate in these countries about the advisability of banking–commerce ties.

In the United States, the public debate continues to focus on wider affiliations between banks and other financial firms. On more than one occasion, bills to permit at least securities affiliates were approved by the banking committees in both houses, as well as by the full Senate on several occasions. In the meantime, technological change, globalization, and market innovations have continued. In such a context, modernization of our financial system should be of high priority to better serve the U.S. public. Consequently, the Board believes it is timely, desirable, and prudent to authorize wider affiliations between banks and other financial service providers; the approach contained in the revised Leach bill would be a major step in the modernization of our financial system, which sadly now operates under increasingly outdated restrictions and prohibitions. □

Announcements

Publication of Eighth Edition of Purposes and Functions

The Federal Reserve Board on March 2, 1995, announced publication of a revised and updated paperback book that explains the structure and operations of the Federal Reserve System.

This eighth edition of *Purposes and Functions* has been redesigned to appeal to a general audience and can supplement college-level classroom texts on the Federal Reserve's role in monetary policy and the global economy.

The purpose of the book, first published in 1939, is to explain the structure, responsibilities, and operating techniques of the Federal Reserve System. The new edition reflects changes since the seventh edition was published in 1984—changes in monetary and regulatory policies, in laws governing the Federal Reserve, and in the financial system. Several appendixes have been added to enhance the book's usefulness including a listing and brief explanation of Federal Reserve regulations, a glossary of terms, and a list of additional publications.

Copies of *Purposes and Functions* may be obtained from any of the twelve Federal Reserve Banks or from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Modification of the Increase Scheduled for the Daylight Overdraft Fee

The Federal Reserve Board announced on March 2, 1995, that it had modified the increase in the daylight overdraft fee, scheduled to become effective April 13, 1995. As a result of the Board's action, average intraday overdrafts in accounts with Reserve Banks above a capital-based deductible will be charged a fee of 15 basis points, based on the current ten-hour standard Fedwire operating day. The fee had been scheduled to increase to 20 basis points. At the same time, the Board announced that it would evaluate the desirability of any further increases in the daylight overdraft fee two years after the implementation of the 15-basis-point fee.

The Board's actions take into account the potential for further improvements in settlement practices and reductions in payment system risk as well as concerns about the possible effects of further rapid fee increases. The Board's actions also recognize that sizable reductions in daylight overdrafts have already been achieved with a fee of 10 basis points.

Publication of a New Index for the Legal Developments Section of the Federal Reserve Bulletin

Beginning with this issue of the *Bulletin,* the Legal Developments section will carry in the January, April, July, and October issues a quarterly index to orders issued or actions taken by the Board of Governors. The index will list the applicant, the merged or acquired bank or approved activity, the date of approval, and the *Bulletin* volume and page number of the discussion in Legal Developments for all Board actions or orders. The index will be cumulative, with the one in the January issue covering the preceding year. The index for the actions taken from October through December 1994 begins on page 398 of this issue.

Revisions to the Money Stock Data

Measures of the money stock were revised in February of this year as a result of the annual benchmark and seasonal factor review. Data in tables 1.10 and 1.21 in the statistical appendix to the

Bulletin reflect these changes beginning with this issue.

Data for the monetary aggregates were benchmarked using data from Call Reports through September 1994 and other sources. The benchmark and seasonal review did not affect the annual growth rates of M2 over 1994. However, they lowered the 1994 growth rate of M1 by 0.1 percentage point and raised the 1994 growth rate of M3 by 0.2 percentage point.

The benchmark incorporated historical data for a number of money market mutual funds that began reporting for the first time during 1994, raising the levels of M2 and M3 by amounts that cumulate to $15 billion and $22 billion respectively by late 1994. The benchmark also incorporated new estimates of large time deposits held by banks. (This item is one of several that are subtracted from gross large time deposits to measure the quantity of such time deposits held by the nonbank public.) As a result of the new estimates, this large time deposit netting item revised upward over the past thirteen years, by as much as $14 billion in the mid-1980s, thereby reducing the level of M3 by the same amount.

The benchmark also incorporated new estimates of money funds' holdings of both repurchase agreements and Eurodollars, which were netted out of the aggregates at both M2 and M3 levels. These revisions, which extended back to 1984, shifted up the level of M2 by as much as $5 billion and the level of M3 by as much as $8 billion over the past decade. The benchmark included other revisions as well, such as the incorporation of deposits data taken from the Call Reports of banks and thrift institutions that did not report on one of the more detailed deposits reports.

Seasonal factors for the monetary aggregates were revised using the benchmarked data through December 1994. As in the past few years, the X-11-ARIMA procedure was used to derive the monthly seasonal factors.

Overall, the revisions to seasonal factors slightly shifted the growth of M1 and M3—but not of M2—from the second half to the first half of 1994.

Complete historical data are available in printed form from the Money and Reserves Projection Section, Mail Stop 72, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3062. The historical data are also available on floppy diskette for a fee of $25 per diskette from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3245. Revised monthly historical data for M1, M2, M3, and total nonfinancial debt also are available from the Economic Bulletin Board of the U.S. Department of Commerce. Call (202) 482-1986 for information on how to gain access to the Economic Bulletin Board.

Tables on seasonal factors follow.

1. Monthly seasonal factors used to construct M1, M2, and M3, January 1994–March 1996

Year and month	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]		Nontransaction components	
				Total	Held at banks	In M2	In M3 only
1994—January	.9956	.9647	1.0132	1.0155	1.0211	.9987	1.0037
February	.9950	.9625	.9765	.9956	1.0020	1.0000	1.0042
March	.9956	.9632	.9769	1.0026	1.0062	1.0034	.9982
April	.9994	.9589	1.0027	1.0228	1.0243	1.0030	.9941
May	.9997	.9733	.9797	.9932	.9921	.9992	1.0029
June	1.0013	1.0192	.9898	.9966	.9950	1.0000	.9976
July	1.0055	1.0647	.9982	.9927	.9890	1.0001	.9922
August	1.0015	1.0735	.9911	.9889	.9874	.9997	1.0015
September	.9994	1.0538	.9952	.9921	.9914	.9977	.9972
October	.9988	1.0212	1.0088	.9902	.9869	.9991	.9972
November	1.0008	.9801	1.0219	.9982	.9941	1.0002	1.0089
December	1.0088	.9655	1.0473	1.0117	1.0102	.9991	1.0037
1995—January	.9951	.9652	1.0138	1.0161	1.0212	.9987	1.0045
February	.9951	.9620	.9763	.9956	1.0019	.9997	1.0034
March	.9968	.9627	.9760	1.0022	1.0064	1.0032	.9970
April	.9995	.9591	1.0020	1.0223	1.0241	1.0030	.9937
May	.9993	.9736	.9796	.9932	.9923	.9994	1.0028
June	1.0021	1.0192	.9892	.9964	.9950	1.0000	.9975
July	1.0052	1.0645	.9980	.9929	.9895	1.0002	.9920
August	1.0019	1.0735	.9910	.9888	.9874	.9998	1.0009
September	1.0002	1.0533	.9958	.9922	.9915	.9977	.9969
October	.9984	1.0207	1.0091	.9903	.9867	.9990	.9979
November	1.0016	.9808	1.0223	.9982	.9939	1.0002	1.0094
December	1.0095	.9658	1.0479	1.0119	1.0101	.9992	1.0043
1996—January	.9948	.9654	1.0139	1.0163	1.0212	.9988	1.0051
February	.9945	.9617	.9759	.9954	1.0018	.9995	1.0030
March	.9969	.9624	.9755	1.0021	1.0065	1.0030	.9962

1. Seasonally adjusted other checkable deposits at thrift institutions are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

2. Monthly seasonal factors for selected components of the monetary aggregates, January 1994–March 1996

Year and month	Deposits[1]			Money market mutual funds	
	Savings and MMDAs	Small-denomination time	Large-denomination time	In M2	In M3 only
1994—January	.9937	1.0010	.9943	1.0013	1.0307
February	.9943	1.0003	.9952	1.0129	1.0491
March	1.0005	.9995	.9942	1.0232	1.0106
April	1.0028	.9988	.9935	1.0213	.9925
May	1.0009	.9979	1.0077	1.0051	.9963
June	1.0030	.9990	1.0049	.9946	.9699
July	1.0026	1.0013	.9963	.9927	.9729
August	1.0017	1.0011	1.0046	.9925	.9936
September	.9999	1.0011	1.0039	.9839	.9789
October	1.0001	1.0012	1.0020	.9852	.9849
November	1.0028	.9994	1.0049	.9913	1.0112
December	.9984	.9991	.9990	.9951	1.0127
1995—January	.9938	1.0009	.9954	1.0018	1.0325
February	.9939	1.0003	.9950	1.0123	1.0465
March	1.0001	.9996	.9933	1.0228	1.0096
April	1.0025	.9989	.9931	1.0220	.9918
May	1.0008	.9981	1.0078	1.0063	.9951
June	1.0029	.9992	1.0046	.9947	.9690
July	1.0025	1.0013	.9958	.9929	.9730
August	1.0018	1.0010	1.0044	.9926	.9927
September	1.0002	1.0009	1.0038	.9834	.9786
October	1.0002	1.0011	1.0025	.9844	.9865
November	1.0030	.9994	1.0053	.9910	1.0121
December	.9986	.9990	.9990	.9951	1.0138
1996—January	.9938	1.0009	.9960	1.0025	1.0339
February	.9935	1.0005	.9951	1.0118	1.0450
March	.9998	.9997	.9928	1.0227	1.0088

1. These seasonal factors are applied to deposits data at both commercial banks and thrift institutions.

3. Weekly seasonal factors used to construct M1, M2, and M3, December 5, 1994–April 1, 1996

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]		Nontransaction components	
				Total	Held at banks	In M2	In M3 only
1994—December 5	.9998	.9619	1.0404	1.0158	1.0087	1.0011	.9996
12	1.0053	.9637	1.0377	1.0141	1.0100	1.0020	1.0128
19	1.0082	.9655	1.0447	1.0078	1.0081	.9981	1.0085
26	1.0195	.9673	1.0422	1.0024	1.0049	.9942	1.0043
1995—January 2	1.0065	.9691	1.0753	1.0163	1.0151	.9976	.9873
9	1.0034	.9678	1.0596	1.0476	1.0523	1.0017	.9930
16	.9972	.9660	1.0237	1.0289	1.0321	1.0008	1.0088
23	.9906	.9642	.9883	1.0049	1.0118	.9985	1.0071
30	.9855	.9624	.9687	.9811	.9897	.9969	1.0137
February 6	.9941	.9615	.9879	1.0104	1.0144	.9984	1.0034
13	.9972	.9618	.9792	.9999	1.0038	.9999	1.0073
20	.9963	.9621	.9743	.9892	.9971	1.0002	1.0019
27	.9920	.9625	.9634	.9822	.9912	.9998	1.0023
March 6	.9994	.9627	.9893	1.0144	1.0228	1.0018	.9941
13	.9997	.9627	.9834	1.0101	1.0123	1.0038	1.0005
20	.9966	.9627	.9708	.9991	1.0031	1.0029	1.0007
27	.9928	.9628	.9530	.9864	.9919	1.0027	.9972
April 3	.9965	.9628	.9979	1.0084	1.0072	1.0052	.9884
10	1.0062	.9611	1.0104	1.0380	1.0334	1.0080	.9915
17	1.0027	.9594	1.0200	1.0407	1.0392	1.0050	.9968
24	.9952	.9577	.9867	1.0184	1.0285	.9996	.9941
May 1	.9929	.9561	.9873	.9892	.9950	.9976	.9947
8	1.0045	.9611	.9888	1.0091	1.0067	.9984	.9993
15	.9998	.9689	.9905	.9978	.9946	.9997	1.0012
22	.9971	.9767	.9712	.9869	.9864	.9998	1.0034
29	.9981	.9845	.9618	.9774	.9794	.9994	1.0088
June 5	1.0029	.9938	1.0029	1.0143	1.0112	1.0017	1.0016
12	1.0056	1.0070	.9962	1.0109	1.0072	1.0038	1.0046
19	1.0012	1.0201	.9868	.9986	.9974	.9994	.9992
26	.9966	1.0331	.9637	.9707	.9728	.9971	.9932
July 3	1.0047	1.0461	1.0103	.9900	.9879	.9978	.9849
10	1.0132	1.0543	1.0218	1.0163	1.0100	1.0021	.9867
17	1.0061	1.0624	1.0077	.9968	.9924	1.0014	.9919
24	1.0021	1.0706	.9757	.9795	.9773	.9991	.9959
31	.9979	1.0787	.9783	.9766	.9754	.9991	.9967
August 7	1.0086	1.0800	1.0030	1.0083	1.0004	.9999	.9982
14	1.0050	1.0762	1.0012	.9944	.9914	1.0008	1.0015
21	1.0012	1.0725	.9889	.9838	.9836	1.0004	1.0003
28	.9948	1.0688	.9692	.9701	.9743	.9985	1.0046
September 4	1.0040	1.0648	.9986	.9989	.9994	.9987	.9987
11	1.0052	1.0593	1.0153	1.0148	1.0115	1.0010	1.0020
18	.9995	1.0537	1.0012	.9983	.9979	.9972	1.0012
25	.9958	1.0481	.9656	.9682	.9686	.9949	.9957
October 2	.9940	1.0425	1.0008	.9751	.9751	.9967	.9843
9	1.0067	1.0338	1.0161	1.0078	1.0002	1.0007	.9958
16	1.0001	1.0246	1.0268	.9981	.9927	1.0008	.9942
23	.9961	1.0153	.9979	.9826	.9802	.9984	1.0005
30	.9917	1.0061	.9945	.9728	.9738	.9969	1.0038
November 6	1.0022	.9970	1.0215	1.0119	1.0059	1.0001	1.0048
13	1.0036	.9879	1.0244	1.0043	.9994	1.0010	1.0117
20	1.0005	.9789	1.0238	.9959	.9927	1.0013	1.0054
27	1.0022	.9698	1.0155	.9814	.9792	.9977	1.0178
December 4	1.0019	.9623	1.0370	1.0118	1.0040	1.0019	1.0034
11	1.0076	.9639	1.0371	1.0177	1.0131	1.0031	1.0110
18	1.0077	.9656	1.0417	1.0079	1.0065	.9998	1.0101
25	1.0165	.9672	1.0410	1.0039	1.0041	.9956	1.0034
1996—January 1	1.0074	.9689	1.0798	1.0128	1.0154	.9965	.9915
8	1.0037	.9681	1.0656	1.0520	1.0527	1.0009	.9966
15	.9982	.9664	1.0319	1.0311	1.0346	1.0007	1.0069
22	.9919	.9647	.9932	1.0085	1.0153	.9981	1.0072
29	.9862	.9630	.9643	.9808	.9890	.9962	1.0116

3. Continued

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1] Total	Other checkable deposits[1] Held at banks	Nontransaction components In M2	Nontransaction components In M3 only
1996—February 5	.9938	.9618	.9893	1.0062	1.0138	.9978	1.0050
12	.9976	.9617	.9790	1.0026	1.0052	.9993	1.0085
19	.9962	.9617	.9775	.9916	.9972	.9997	1.0024
26	.9905	.9616	.9603	.9816	.9889	.9997	.9985
March 4	.9951	.9616	.9798	1.0076	1.0188	1.0018	.9990
11	.9994	.9620	.9813	1.0121	1.0158	1.0046	.9986
18	.9970	.9623	.9753	.9984	1.0024	1.0027	.9989
25	.9943	.9627	.9528	.9871	.9931	1.0021	.9962
April 1	.9946	.9630	.9902	1.0009	1.0019	1.0035	.9885

1. Seasonally adjusted other checkable deposits at thrift institutions are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

4. Weekly seasonal factors for selected components of the monetary aggregates, December 5, 1994–April 1, 1996

Week ending	Deposits[1] Savings and MMDAs	Deposits[1] Small-denomination time	Deposits[1] Large-denomination time	Money market mutual funds In M2	Money market mutual funds In M3 only
1994 December 5	1.0023	.9995	1.0042	.9955	1.0073
12	1.0034	.9994	1.0056	1.0022	1.0180
19	.9978	.9986	1.0005	.9996	1.0167
26	.9936	.9985	.9959	.9925	1.0133
1995—January 2	.9948	1.0000	.9869	.9819	1.0040
9	.9999	1.0014	.9943	.9876	.9940
16	.9968	1.0012	.9976	1.0041	1.0355
23	.9908	1.0007	.9973	1.0110	1.0459
30	.9870	1.0004	.9943	1.0093	1.0605
February 6	.9930	1.0010	.9950	1.0076	1.0492
13	.9957	1.0007	.9967	1.0110	1.0572
20	.9938	1.0002	.9947	1.0120	1.0420
27	.9925	.9996	.9938	1.0167	1.0411
March 6	.9971	1.0000	.9939	1.0199	1.0245
13	1.0006	.9998	.9956	1.0242	1.0190
20	.9997	.9994	.9935	1.0258	1.0105
27	.9987	.9994	.9922	1.0240	.9993
April 3	1.0066	.9997	.9900	1.0175	.9872
10	1.0126	.9996	.9925	1.0251	.9906
17	1.0053	.9989	.9907	1.0270	1.0006
24	.9949	.9981	.9939	1.0234	.9865
May 1	.9944	.9985	.9974	1.0131	.9912
8	1.0003	.9983	1.0029	1.0092	.9936
15	1.0025	.9981	1.0052	1.0043	.9952
22	1.0005	.9979	1.0073	1.0075	1.0077
29	.9994	.9980	1.0164	1.0054	.9896
June 5	1.0057	.9984	1.0113	.9997	.9771
12	1.0079	.9988	1.0120	1.0011	.9759
19	1.0021	.9989	1.0056	.9970	.9715
26	.9977	.9995	.9988	.9900	.9621
July 3	1.0013	1.0010	.9918	.9817	.9542
10	1.0065	1.0015	.9930	.9925	.9637
17	1.0049	1.0015	.9949	.9960	.9696
24	1.0004	1.0013	.9972	.9949	.9811
31	.9989	1.0010	.9997	.9931	.9856
August 7	1.0043	1.0015	.9997	.9927	.9856
14	1.0041	1.0013	1.0038	.9930	.9949
21	1.0005	1.0008	1.0043	.9947	.9938
28	.9980	1.0004	1.0089	.9942	1.0019

4. Continued

Week ending	Deposits[1]			Money market mutual funds	
	Savings and MMDAs	Small-denomination time	Large-denomination time	In M2	In M3 only
1995—September 4	1.0027	1.0011	1.0057	.9830	.9805
11	1.0057	1.0011	1.0083	.9855	.9871
18	1.0005	1.0006	1.0046	.9858	.9833
25	.9956	1.0004	1.0013	.9827	.9734
October 2	.9964	1.0015	.9982	.9785	.9657
9	1.0034	1.0028	1.0039	.9854	.9777
16	1.0032	1.0017	1.0015	.9856	.9804
23	.9985	1.0006	1.0021	.9843	.9890
30	.9964	.9996	1.0034	.9843	1.0025
November 6	1.0031	.9997	1.0048	.9829	1.0020
13	1.0049	.9997	1.0064	.9875	1.0148
20	1.0028	.9992	1.0041	.9928	1.0127
27	1.0010	.9990	1.0066	.9980	1.0193
December 4	1.0040	.9992	1.0037	.9949	1.0074
11	1.0044	.9991	1.0053	1.0034	1.0190
18	.9991	.9985	1.0020	1.0001	1.0207
25	.9939	.9985	.9972	.9919	1.0118
1996—January 1	.9933	1.0001	.9873	.9834	1.0061
8	.9997	1.0014	.9944	.9897	.9930
15	.9975	1.0012	.9976	1.0029	1.0344
22	.9913	1.0008	.9983	1.0097	1.0453
29	.9869	1.0004	.9953	1.0093	1.0615
February 5	.9927	1.0010	.9941	1.0062	1.0520
12	.9950	1.0008	.9978	1.0101	1.0580
19	.9928	1.0005	.9948	1.0108	1.0414
26	.9918	.9998	.9941	1.0156	1.0372
March 4	.9971	1.0003	.9933	1.0188	1.0296
11	1.0008	1.0002	.9958	1.0236	1.0110
18	.9986	.9997	.9926	1.0253	1.0118
25	.9973	.9992	.9927	1.0247	1.0014
April 1	1.0048	.9995	.9893	1.0187	.9973

1. These seasonal factors are applied to deposits data at both commercial banks and thrift institutions.

Minutes of the Federal Open Market Committee Meeting Held on December 20, 1994

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, December 20, 1994, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Blinder
Mr. Broaddus
Mr. Forrestal
Mr. Jordan
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. Parry
Ms. Phillips
Ms. Yellen

Messrs. Hoenig, Melzer, and Moskow and Ms. Minehan, Alternate Members of the Federal Open Market Committee

Messrs. Boehne,[1] McTeer, and Stern, Presidents of the Federal Reserve Banks of Philadelphia, Dallas, and Minneapolis respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Mr. Coyne, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Mattingly, General Counsel
Mr. Patrikis, Deputy General Counsel
Mr. Prell, Economist
Mr. Truman, Economist

Messrs. Beebe, Goodfriend, Lindsey, Mishkin, Promisel, Siegman, Simpson, Sniderman, and Stockton and Ms. Tschinkel, Associate Economists

Ms. Lovett, Manager for Domestic Operations, System Open Market Account

Mr. Fisher, Manager for Foreign Operations, System Open Market Account

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Slifman, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Messrs. Davis, Lang, Rolnick, and Rosenblum, Senior Vice Presidents, Federal Reserve Banks of Kansas City, Philadelphia, Minneapolis, and Dallas respectively
Messrs. Gavin and McNees, Vice Presidents, Federal Reserve Banks of St. Louis and Boston respectively
Mr. Kuttner, Assistant Vice President, Federal Reserve Bank of Chicago
Mr. Hilton, Manager, Open Market Operations, Federal Reserve Bank of New York

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on November 15, 1994, were approved.

By unanimous vote, the Committee elected Mark S. Sniderman as Associate Economist from the Federal Reserve Bank of Cleveland to serve until the next election at the first meeting of the Committee after December 31, 1994, with the understanding that in the event he discontinued his official connection with the Federal Reserve Bank of Cleveland, he would cease to have any official connection with the Federal Open Market Committee.

The Manager for Foreign Operations reported on developments in foreign exchange markets since the November meeting. There were no System open market transactions in foreign currencies

1. Left before discussion of the economic situation.

during this period, and thus no vote was required of the Committee.

The Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period November 15, 1994, through December 19, 1994. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic and financial outlook and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York.

The information reviewed at this meeting suggested a further pickup in economic growth in recent months. Consumer spending, supported by strong expansion of employment and income and by buoyant consumer sentiment, remained robust. Business capital spending and exports were rising briskly. Payroll employment remained on a strong upward trend, and industrial output posted further substantial gains. Broad indexes of prices of consumer goods and services increased moderately on average over recent months, although prices of many industrial materials and intermediate supplies continued to move up rapidly.

Nonfarm payroll employment rose sharply in November after an appreciable expansion in October. Job gains in the service-producing sector were stronger in November than in October, as a pickup in hiring in business services more than offset slower growth in health services and retail trade. Employment in manufacturing recorded another sizable advance in November, with increases widespread by industry. Hiring in construction was up considerably in November after a small gain in October. Job growth outpaced the expansion of the labor force in November, and the civilian unemployment rate declined to 5.6 percent.

Industrial production, led by further increases in manufacturing output, registered another large gain in November. Among major market groups, production of business equipment surged and sizable increases were recorded for the output of materials and construction supplies. With the growth of production outpacing the expansion of capacity in November, the rate of utilization of total industrial capacity moved up further from an already high level.

Retail sales continued to rise rapidly in November. Sales were up solidly at most types of stores, but gains were particularly large at durable goods outlets. Consumer spending on services also had grown significantly in October (latest data), with advances widespread among categories of services. Housing starts increased appreciably in November, when construction activity apparently was boosted by favorable weather in some parts of the country. Multifamily starts rose in November to their highest level in four years, while single-family starts retraced a large part of their October decline.

Business capital spending remained on a pronounced upward trend. Shipments of nondefense capital goods other than aircraft were up slightly further in October after having advanced sharply in the two previous months; shipments of computing equipment were brisk in October, while shipments of other capital goods were little changed. With regard to transportation equipment, outlays for aircraft continued to trend lower in October, while sales of heavy trucks rose appreciably. Recent data on orders for nondefense capital goods pointed to continued vigorous expansion of spending on business equipment. Nonresidential construction activity advanced further in October, led by higher spending for institutional and public utility structures. The uptrend in permits suggested further advances in nonresidential construction.

Business inventory investment was relatively robust in October. Manufacturing inventories rebounded after a small decline in September; a sizable amount of the October increase occurred at firms producing computers, office machinery, and telecommunications equipment for which demand had been strong. For manufacturing as a whole, the stocks-to-shipments ratio remained near a historically low level. Wholesale inventories continued to climb at a pace in line with sales, and the inventory-to-sales ratio for this sector stayed near the middle of its range over recent years. Retail inventory accumulation slowed substantially in October; much of the slowdown reflected a sharp drop in stocks at automotive dealerships. With sales up sharply, the inventory-to-sales ratio for the retail sector fell in October and remained near the middle of its range over recent years.

The nominal deficit on U.S. trade in goods and services widened somewhat in October from its September level and from its average rate for the third quarter. The increase in the deficit from September's level reflected a small decline in the value of exports of goods and services, which resulted primarily from reduced aircraft shipments, and a small rise in the value of imports. Economic activity in the major foreign industrial countries continued to expand rapidly in the third quarter, and available indicators generally suggested further substantial gains in the fourth quarter.

Despite further sizable increases in the prices of many goods at the early stages of processing, inflation at the consumer level remained moderate in October and November. Energy prices were unchanged on balance over the two months, while food prices edged higher. Excluding food and energy items, consumer prices advanced at a slightly slower rate over October and November than in earlier months of the year and also increased a little less over the twelve months ended in November than over the comparable year-earlier period. At the producer level, prices of finished goods other than food and energy were down over the October–November period, but they rose by a little larger amount for the twelve months ended in November than they had in the year-earlier period. The increase in average hourly earnings of production or nonsupervisory workers over the October–November period remained in the moderate range that had prevailed for some time, although a pickup in earnings growth was evident in a few sectors, notably construction and services. Over the past twelve months, hourly earnings increased at a slightly faster pace than they had over the year-earlier period.

At its meeting on November 15, 1994, the Committee adopted a directive that called for a significant increase in the degree of pressure on reserve positions, taking account of a possible rise of ¾ percentage point in the discount rate. The Committee did not include in the directive a presumption about likely further adjustments to policy during the intermeeting period. Accordingly, the directive stated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater or somewhat lesser reserve restraint would be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with modest growth in M2 and M3 over coming months.

On the day of the meeting, the Board of Governors approved a ¾ percentage point rise in the discount rate, to a level of 4¾ percent. The increase in the discount rate was made effective immediately and was passed through fully to interest rates in the market for reserves. Open market operations during the intermeeting period were conducted with a view to maintaining the tighter policy stance implemented immediately after the meeting, and the federal funds rate remained near 5½ percent. Adjustment plus seasonal borrowing, reflecting the usual late-autumn pattern of ebbing demand for seasonal credit, declined over the intermeeting period; actual borrowing was close to anticipated levels.

Short-term interest rates rose considerably over the period after the November meeting. These rates had increased before the meeting in anticipation of a policy tightening move, but the size of the move was larger than expected and rates firmed a little further as a result. Over the remainder of the intermeeting interval, short-term rates responded to incoming economic data, for a time rising in reaction to indications of continuing strength in economic activity and later retracing a portion of these increases in response to favorable news on inflation. Rates on private money-market instruments with very short maturities also were lifted somewhat in anticipation of the usual year-end pressures. Long-term rates declined slightly over the intermeeting period. The more favorable inflation data, together with the relatively aggressive tightening action, apparently were viewed by many market participants as indicating that monetary policy would be sufficiently firm to hold inflation in check. The revelations in early December of financial difficulties in Orange County, California and concerns about their potential spread had a disruptive effect on financial markets, notably those for municipal securities, but aside from the securities of the affected communities, the disruption generally was brief. Most major indexes of equity prices fell, on balance, over the intermeeting period.

The trade-weighted value of the dollar in terms of the other G-10 currencies increased further over the intermeeting period, with the dollar gaining about equally against the mark and the yen. The unexpected size of the monetary policy move in November, the economic news received over the period, and the growing expectation that policy would be tightened again before long all appeared to contribute to the dollar's rise.

Growth of M2 resumed in November after several months of decline. M2's expansion largely reflected sizable inflows to small time deposits and retail money market funds that in part might have been associated with accelerated outflows from bond mutual funds and reduced inflows to stock mutual funds. M3 growth slowed a little in November as some investors shifted funds from institution-only money market accounts, whose opportunity costs had widened after the November policy tightening, into direct holdings of securities. For the year through November, M2 grew at a rate at the bottom of the Committee's range for 1994 and M3 at a rate in the lower half of its range for the year. Total domestic nonfinancial debt had continued to expand at a moderate rate in recent months, and through October (latest data) this debt measure had grown at a rate in the lower half of its monitoring range.

The staff forecast prepared for this meeting suggested that growth of economic activity would slow markedly over the next few quarters and then would average less than the rate of increase in the economy's potential output over the remainder of the forecast horizon. In the staff's judgment, the economy currently was operating beyond its long-run noninflationary capacity, and the forecast assumed that monetary policy would not accommodate any continuing tendency for aggregate demand to expand at a pace that could foster sustained higher inflation. Growth of consumer spending was expected to decline substantially in response to slower income growth, higher borrowing costs, and reductions in household net worth associated with lower asset values. Business outlays for new equipment were projected to be damped considerably by slower growth in sales, higher financing costs, and declining profits. Homebuilding also was expected to soften in response to higher financing costs, but the relatively favorable cash-flow affordability of housing was anticipated to act as a partial offset to those increased costs. The projected robust pace of economic activity abroad was expected to bolster export demand. With the economy having exceeded its noninflationary potential in the staff's judgment, wage and price inflation was projected to pick up for a period before turning down as pressures on productive resources eased.

In the Committee's discussion of current and prospective economic developments, members referred to continuing indications of robust expansion in employment, output, and spending and to very high and rising levels of resource utilization. They saw scant evidence at this point of any moderation in the growth of overall economic activity, including little apparent response thus far in interest-sensitive sectors of the economy to earlier policy tightening actions. Several observed that much of the expansionary momentum in the economy was likely to carry into at least the early part of next year, with potential inflationary consequences, but a number also commented that appreciable slowing during the year to a more sustainable and less inflationary pace remained a reasonable expectation. It was likely that much of the restraint from the policy firming actions implemented this year had not yet been experienced; those actions had reversed an accommodative policy that had been in place through early 1994, the effects of which probably were still being felt in the latter part of 1994. The members acknowledged that the timing and extent of the slowing in the expansion were subject to considerable uncertainty. However, with the economy now operating at or even slightly above its noninflationary potential, price and wage pressures were likely to build unless the anticipated slowing occurred relatively soon. Key measures of inflation including consumer prices, wages, and producer prices of finished goods did not display any evident uptrend at this juncture, but this could reflect a delay in the adjustment of inflation to capacity constraints and possibly some greater productivity and flexibility in the economy than had been assumed.

In the course of the Committee's discussion, members reported on regional business conditions, which continued to exhibit local variations ranging from modest expansion in some areas to robust growth in others. Reflecting widespread strength in new orders, manufacturing firms outside the defense industry typically were operating at high levels of capacity utilization, and there were numerous anecdotal reports of tightening labor markets. As they had at earlier meetings, members remarked that despite the increases that had occurred in interest rates, financial conditions remained generally supportive of vigorous economic activity. Some noted that the financial markets were displaying a great deal of resilience and in particular that they had on balance weathered fairly readily the recent financial problems of a number of local governments and private corporations that had experienced large unanticipated losses on their investments. Banking institutions remained aggressive in their efforts to extend loans to businesses and consumers.

In their comments on developments in key sectors of the economy, members noted that consumer spending had increased briskly in recent months amid indications of favorable consumer sentiment that in turn undoubtedly reflected the rapid growth in employment and income. It was still too early to form reliable estimates of retail sales in the current holiday season. The anecdotal reports pointed to seasonal increases ranging from moderate to strong in various regions, but some members emphasized that sales volumes were being buttressed by unusual promotional efforts, including relatively large discounts. Some members also commented that consumer debt was growing rapidly and that increased debt levels were likely to exert a retarding effect on consumer spending, especially if consumer loan rates were to be adjusted more fully upward to reflect increases in market interest rates. Rates on adjustable home mortages were moving higher to catch up with market rates, and these increases along with the wealth effects from losses suffered on bond and stock holdings were likely to damp spending. Up to now, however, the members saw few signs of any moderation in the growth of consumer spending, including little apparent effect from somewhat higher interest rates on normally interest-sensitive spending for motor vehicles and other consumer durables.

Business fixed investment, which was contributing substantially to the current strength of the expansion, was likely to remain a positive factor in sustaining the overall growth of the economy during the year ahead. Even so, as the expansion matured and growth in final demand tended to moderate, business investment could be expected to soften. As in the case of consumer spending, however, there were few signs of any slowing in the current data or anecdotal reports. Indeed, members saw growing indications of some improvement in nonresidential construction activity as brisk economic expansion tended to absorb increasing amounts of previously vacant commercial and industrial space and prices of such facilities tended to firm. In the homebuilding sector, the latest available data did not indicate any weakening in housing construction despite the rise in mortgage interest rates. However, anecdotal reports from different parts of the country suggested that the single-family sector might be weakening. At the same time, construction of multifamily units continued to exhibit strength in a number of areas, and this sector appeared to be on a gradual uptrend as falling vacancy rates brought increases in rents. On balance, some modest softening in overall housing construction was seen as likely in response to the rise that had occurred in mortgage interest rates.

Inventory investment was cited as another sector of the economy that probably would exert a negative influence on economic activity over the year ahead, though inventory developments are always subject to a great deal of uncertainty. The strength of inventory investment in recent quarters reflected efforts to accommodate rapid growth in final demand and avoid disruptions to production in a period when supply delivery times were tending to lengthen. Inventory accumulation might remain elevated for a while longer, but as the projected slowing in the growth of final demand began to materialize, business firms were likely to curtail the growth of their inventories, perhaps sharply for some period, in order to maintain desired inventory-to-sales ratios.

The government sector constituted another source of considerable uncertainty in the outlook for 1995. Members referred to major fiscal policy initiatives that were likely to be considered in the new Congress, and they discussed possible short- and long-term effects on the economy. However, the shape of any legislation was still to be determined and it was not possible at this point to gauge its effects on government or private spending. On the other hand, spending by state and local governments was clearly trending higher and was likely to provide a mild impetus to the overall expansion:

the financial difficulties of some local governments undoubtedly would serve to curb their spending but were not seen at this point as having any significant effect on the growth in overall expenditures by state and local governments.

With regard to the external sector of the economy, members continued to anticipate strengthening markets for U.S. exports over the year ahead. Projected growth in exports would be stimulated by the further expansion of economic activity in major U.S. trading partners and by the delayed effects of the weakening of the dollar that had occurred on balance over the course of 1994. Some members cited anecdotal indications of stronger foreign demand for agricultural and other goods produced in the United States.

Despite the evidence of vigorous expansion in overall economic activity and very high levels of resource use, broad measures of inflation in markets for finished goods and overall wage inflation had been on the low side of expectations recently. Anecdotal reports continued to point to very strong competition in most markets for final goods, and business firms continued to encounter widespread resistance in their efforts to increase prices as the costs of their raw materials and other inputs moved higher. Likewise, no uptrend currently was discernible in broad measures of wages even though labor markets were widely described as tight and labor shortages appeared to have increased further recently in some parts of the country. While examples of upward pressures on wages could be found in a number of industries, such as construction where there were pronounced shortages of skilled labor in many local areas, most business firms were strongly resisting sizable increases in their wages and were making use of "hiring bonuses" and "performance bonuses" instead of permanently higher wages to attract or retain workers. At the same time, job insecurities, including the potential loss of health and pension benefits, appeared to be holding down labor mobility and demands for higher compensation. However, many members commented that rising pressures on capacity, should they persist or intensify, could be expected to foster greater inflation at some point. Indeed, there were numerous reports of business plans to raise prices early in the new year, and a number of members commented that inflation probably would worsen somewhat over the near term. The subsequent behavior of prices and wages would depend importantly on fiscal and monetary policy developments, the extent of inflationary expectations among businesses and consumers, and the degree of pressure that further economic expansion would exert on capacity in various industries and occupations. Given their projections of some moderation in the business expansion and assuming appropriate fiscal and monetary policies, the members generally felt that any added inflation emerging in 1995 would likely be mild and could subside gradually during the year.

In the Committee's discussion of policy for the intermeeting period ahead, a majority of the members agreed on the desirability of maintaining an unchanged policy posture at least through the beginning of 1995. Monetary policy had been tightened considerably in a series of steps starting in February, and much of the restraint stemming from those policy moves had not yet been felt in the economy. This was especially true with regard to the effects of the latest policy moves in August and November, which accounted for half the total tightening. In the circumstances, a pause seemed warranted to give the Committee more time to assess the underlying strength of the economy and the impact of previous monetary restraint. This would provide a firmer basis for gauging the appropriate scope and timing of any further monetary restraint that might be needed to contain inflation. The level of real short-term interest rates, which had risen considerably this year and were now significantly positive, the uniformly sluggish behavior of the monetary aggregates, and the recent appreciation of the dollar might indicate that policy was now better positioned to restrain incipient inflation. It was noted that the Committee might have gained some leeway to maintain an unchanged policy without adverse expectational effects in light of the relatively large policy tightening implemented just a few weeks ago and the publication of favorable price and wage data that probably had alleviated, at least temporarily, concerns about future inflation. A number of members also commented that financial markets might tend to be a bit unsettled over the balance of the year as a result of the expected year-end adjustments along with the uncertainty about the effects and incidence of the sizable market losses incurred by some investors in 1994. In these circumstances, where there did not appear to be an urgent need for a further policy move, a number of members viewed conditions in financial markets as arguing for a steady policy course pending a reassessment early next year.

A few members expressed a preference for some additional tightening of policy at this meeting. In their view, the considerable strength of the economic expansion and the high level of resource utilization argued for further monetary restraint to counter inflationary pressures; immediate action also would moderate inflationary expectations by reinforcing the credibility of the System's anti-inflationary effort. All but one of these members indicated, however, that they could accept an unchanged directive that was biased toward possible firming during the intermeeting period.

On the issue of possible adjustments to policy during the period until the next meeting, a majority of the members expressed a preference for an asymmetric directive tilted toward restraint. While most of these members preferred not to tighten policy at this point, they believed that the need for further monetary restraint was highly likely, though it would remain contingent on the tenor of the new information, including data on holiday retail sales, that would begin to arrive shortly after the turn of the year. Should the need for more restraint become apparent, it would be desirable in this view for the appropriate policy move to be made promptly to arrest any worsening of inflation and inflationary expectations, thereby minimizing the cumulative policy tightening that would be required and the ultimate cost of bringing inflation under control. The Committee always had the option of adjusting its policy during intermeeting periods even under a symmetric directive, but the balance of risks in the outlook argued in the view of these members for a policy reaction to new information that was best characterized by an asymmetric directive.

The other members who favored an unchanged policy preferred a symmetric directive. In their view, the information that would be released in the weeks immediately ahead was not likely to depart sufficiently from current expectations to warrant a policy tightening move during the intermeeting period. Moreover, current forecasts were subject to some risks in both directions. Those in the direction of appreciably greater-than-projected slowing in the expansion might have a relatively low probability, at least over the quarters immediately ahead, but that risk could not be ruled out and argued for a cautious approach to any further tightening. Accordingly, the Committee should wait until the next scheduled meeting when more information, possibly including a better assessment of the outlook for fiscal policy, would be available for evaluating the need for any further firming of monetary policy. One member expressed the view that it would be desirable to make any further short-run policy moves in the context of the Committee's long-run strategy to be considered at the next meeting. Despite their preferences, these members said that they would not dissent from an asymmetric directive.

At the conclusion of the Committee's discussion, all but one of the members indicated that they could support a directive that called for maintaining the existing degree of pressure on reserve positions and that included a bias toward the possible firming of reserve conditions during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that somewhat greater reserve restraint would be acceptable or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with modest growth in the broader monetary aggregates over coming months.

At the conclusion of the meeting, the Federal Reserve Bank of New York was authorized and directed, until instructed otherwise by the Committee, to execute transactions in the System Account in accordance with the following domestic policy directive:

The information reviewed at this meeting suggests a further pickup in economic growth in recent months. Nonfarm payroll employment rose sharply in November, and the civilian unemployment rate declined to 5.6 percent. Industrial production registered another large increase in November and capacity utilization moved up further from already high levels. Retail sales have continued to rise rapidly. Housing starts increased appreciably in November. Orders for nondefense capital goods point to a continued strong expansion in spending on business equipment; permits for nonresidential construction have been trending higher. The nominal deficit on U.S. trade in goods and services widened somewhat in October from its average rate in the third quarter. Prices of many materials have continued to move up rapidly, but broad indexes of prices for consumer goods and services have increased moderately on average over recent months.

On November 15, 1994, the Board of Governors approved an increase from 4 to 4¾ percent in the discount rate, and in line with the Committee's decision the increase was allowed to show through fully to interest rates in reserve markets. In the period since the November meeting, short-term interest rates have risen considerably while long-term rates have declined slightly. The trade-weighted value of the dollar in terms of the other G-10 currencies recovered further over the intermeeting period.

Growth of M2 resumed in November after several months of decline, while M3 expanded moderately further. For the year through November, M2 grew at a rate at the bottom of the Committee's range for 1994 and M3 at a rate in the lower half of its range for the year. Total domestic nonfinancial debt has continued to expand at a moderate rate in recent months and for the year-to-date it has grown at a rate in the lower half of its monitoring range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July reaffirmed the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1993 to the fourth quarter of 1994. The Committee anticipated that developments contributing to unusual velocity increases could persist during the year and that money growth within these ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt was maintained at 4 to 8 percent for the year. For 1995, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1994 to the fourth quarter of 1995, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the associated monitoring range for growth of domestic nonfinancial debt at 3 to 7 percent for 1995. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, somewhat greater reserve restraint would or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Broaddus, Forrestal, Jordan, Kelley, Lindsey, and Parry and Mses. Phillips and Yellen. Vote against this action: Mr. LaWare.

Mr. LaWare dissented because he favored an immediate policy tightening action. In his opinion, the expansion remained quite strong, with high and increasing levels of utilization in labor and capital markets, and he saw a serious risk of rising inflation. In the circumstances, he also feared that a failure by the Committee to take restraining action could heighten inflationary expectations by raising concerns about the System's commitment to the objective of sustainable, noninflationary economic growth.

Temporary Increase in Reciprocal Currency Agreement with the Bank of Mexico

At a meeting conducted via a telephone conference on December 30, 1994, the Committee approved a temporary increase from \$3 billion to \$4½ billion in the System's reciprocal currency (swap) agreement with the Bank of Mexico; it was understood that all drawings, including those under the permanent tranche of the System's swap agreement with the Bank of Mexico, would be subject to a determination that appropriate terms and conditions had been met. The U.S. Treasury also increased its swap facility with the Bank of Mexico by \$1½ billion to \$4½ billion, thereby raising the total for official U.S. facilities to \$9.0 billion. The increases were in response to recent financial developments in Mexico. The Committee was informed at this meeting that the Bank of Canada would be considering an increase in its own Can\$1.0 billion facility with the Bank of Mexico, and that additional official financing assistance was being negotiated with the other G-10 central banks and the Bank of Spain.

Votes for this action: Messrs. Greenspan, McDonough, Blinder, Jordan, Kelley, LaWare, Lindsey, Melzer, and Parry and Ms. Yellen. Vote against this action: Mr. Broaddus. Absent and not voting: Mr. Forrestal and Ms. Phillips. Mr. Melzer voted as alternate for Mr. Forrestal.

Mr. Broaddus dissented because he continued to question the desirability of the System's foreign exchange market intervention and therefore the desirability of maintaining or enlarging the swap arrangements that facilitate them. In his view continued System participation in such operations with the U.S. Treasury presented an unacceptable risk of reducing the System's credibility and its ability to conduct monetary policy effectively. He felt this risk was particularly high in this instance. Moreover, as at the March 22, 1994, meeting of the Committee, he had serious concerns about the appropriateness of the foreign exchange operations this particular enlargement would support. In his view, the expansion of this arrangement was equivalent in many respects to a fiscal policy initiative of a kind that should be explicitly authorized by the Congress.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, January 31–February 1, 1995.

The meeting adjourned at 12:45 p.m.

Donald L. Kohn
Secretary

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks); to reflect its approval of an increase in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

The amendments to 12 C.F.R. Part 201 were effective February 13, 1995. The rate changes for adjustment credit were effective on the dates specified and 12 C.F.R. Part 201 is amended as follows:

Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

Section 201.51—Adjustment credit for depository institutions.

The rates for adjustment credit provided to depository institutions under section 201.3(a) are:

Federal Reserve Bank	Rate	Effective
Boston	5.25	February 1, 1995
New York	5.25	February 1, 1995
Philadelphia	5.25	February 2, 1995
Cleveland	5.25	February 9, 1995
Richmond	5.25	February 1, 1995
Atlanta	5.25	February 2, 1995
Chicago	5.25	February 1, 1995
St. Louis	5.25	February 1, 1995
Minneapolis	5.25	February 2, 1995
Kansas City	5.25	February 1, 1995
Dallas	5.25	February 2, 1995
San Francisco	5.25	February 1, 1995

FINAL RULE—AMENDMENTS TO REGULATIONS H AND Y

The Board of Governors is amending 12 C.F.R. Parts 208 and 225 (Regulations H and Y; Capital and Capital Adequacy Guidelines), its risk-based capital guidelines for state member banks and bank holding companies (banking organizations) to implement section 350 of the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act). Section 350 states that the amount of risk-based capital required to be maintained by any insured depository institution, with respect to assets transferred with recourse, may not exceed the maximum amount of recourse for which the institution is contractually liable under the recourse agreement. This rule will have the effect of correcting the anomaly that currently exists in the risk-based capital treatment of recourse transactions under which an institution could be required to hold capital in excess of the maximum amount of loss possible under the contractual terms of the recourse obligation.

Effective March 22, 1995, 12 C.F.R. Parts 208 and 225 are amended as follows:

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for Part 208 continues to read as follows:

Authority: 12 U.S.C. 36, 248(a), 248(c), 321–338a, 371d, 461, 481-486, 601, 611, 1814, 1823(j), 1828(o), 1831o, 1831p-1, 3105, 3310, 3331-3351 and 3906-3909; 15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o- 4(c)(5), 78q, 78q-1 and 78w; 31 U.S.C. 5318.

2. In Part 208, Appendix A, section III.D.1. is revised to read as follows:

APPENDIX A TO PART 208—CAPITAL ADEQUACY GUIDELINES FOR STATE MEMBER BANKS: RISK-BASED MEASURE

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III. * * *

D. * * *

1. *Items with a 100 percent conversion factor.*

a. A 100 percent conversion factor applies to direct credit substitutes, which include guarantees, or equivalent instruments, backing financial claims, such as outstanding securities, loans, and other financial liabilities, or that back off-balance sheet items that require capital under the risk-based capital framework. Direct credit substitutes include, for example, financial standby letters of credit, or other equivalent irrevocable undertakings or surety arrangements, that guarantee repayment of financial obligations such as: commercial paper, tax-exempt securities, commercial or individual loans or debt obligations, or standby or commercial letters of credit. Direct credit substitutes also include the acquisition of risk participations in bankers acceptances and standby letters of credit, since both of these transactions, in effect, constitute a guarantee by the acquiring bank that the underlying account party (obligor) will repay its obligation to the originating, or issuing, institution.[41] (Standby letters of credit that are performance-related are discussed below and have a credit conversion factor of 50 percent.)

b. The full amount of a direct credit substitute is converted at 100 percent and the resulting credit equivalent amount is assigned to the risk category appropriate to the obligor or, if relevant, the guarantor or the nature of the collateral. In the case of a direct credit substitute in which a risk participation[42] has been conveyed, the full amount is still converted at 100 percent. However, the credit equivalent amount that has been conveyed is assigned to whichever risk category is lower: the risk category appropriate to the obligor, after giving effect to any relevant guarantees or collateral, or the risk category appropriate to the institution acquiring the participation. Any remainder is assigned to the risk category appropriate to the obligor, guarantor, or collateral. For example, the portion of a direct credit substitute conveyed as a risk participation to a U.S. domestic depository institution or foreign bank is assigned to the risk category appropriate to claims guaranteed by those institutions, that is, the 20 percent risk category.[43] This approach recognizes that such conveyances replace the originating bank's exposure to the obligor with an exposure to the institutions acquiring the risk participations.[44]

c. In the case of direct credit substitutes that take the form of a syndication as defined in the instructions to the commercial bank Call Report, that is, where each bank is obligated only for its *pro rata* share of the risk and there is no recourse to the originating bank, each bank will only include its *pro rata* share of the direct credit substitute in its risk-based capital calculation.

d. Financial standby letters of credit are distinguished from loan commitments (discussed below) in that standbys are irrevocable obligations of the bank to pay a third-party beneficiary when a customer (account party) *fails to repay* an outstanding loan or debt instrument (direct credit substitute). Performance standby letters of credit (performance bonds) are irrevocable obligations of the bank to pay a third-party beneficiary when a customer (account party) *fails to perform* some other contractual non-financial obligation.

e. The distinguishing characteristic of a standby letter of credit for risk-based capital purposes is the combination of irrevocability with the fact that funding is triggered by some failure to repay or perform an obligation. Thus, any commitment (by whatever name) that involves an *irrevocable* obligation to make a payment to the customer or to a third party in the event the customer *fails to repay* an outstanding debt obligation or *fails to perform* a contractual obligation is treated, for risk-based capital purposes, as respectively, a financial guarantee standby letter of credit or a performance standby.

f. A loan commitment, on the other hand, involves an obligation (with or without a material adverse change or similar clause) of the bank to fund its customer *in the normal course* of business should the customer seek to draw down the commitment.

g. Sale and repurchase agreements and asset sales with recourse (to the extent not included on the balance sheet) and forward agreements also are converted at 100 percent. The risk-based capital definition of the sale of assets with recourse, including the sale of 1- to 4-family residential mortgages, is the same as the definition contained in the instructions to the commercial bank Call Report. Accordingly, the entire amount of any assets transferred with recourse that are not already included on the balance sheet, including pools of 1- to 4-family residential mortgages, are to be converted at 100 percent and assigned to the risk weight appropriate to the obligor, or if relevant, the nature of any collateral or guarantees. The terms of a

41. Credit equivalent amounts of acquisitions of risk participations are assigned to the risk category appropriate to the account party obligor, or, if relevant, the nature of the collateral or guarantees.

42. That is, a participation in which the originating bank remains liable to the beneficiary for the full amount of the direct credit substitute if the party that has acquired the participation fails to pay when the instrument is drawn.

43. Risk participations with a remaining maturity of over one year that are conveyed to non-OECD banks are to be assigned to the 100 percent risk category, unless a lower risk category is appropriate to the obligor, guarantor, or collateral.

44. A risk participation in bankers acceptances conveyed to other institutions is also assigned to the risk category appropriate to the institution acquiring the participation or, if relevant, the guarantor or nature of the collateral.

transfer of assets with recourse may contractually limit the amount of the institution's liability to an amount less than the effective risk-based capital requirement for the assets being transferred with recourse. If such a transaction (including one that is reported as a financing, *i.e.*, the assets are not removed from the balance sheet) meets the criteria for sales treatment under GAAP, the amount of total capital required is equal to the maximum amount of loss possible under the recourse provision. If the transaction is also treated as a sale for regulatory reporting purposes, then the required amount of capital may be reduced by the balance of any associated non-capital liability account established pursuant to GAAP to cover estimated probable losses under the recourse provision. So-called "loan strips" (that is, short-term advances sold under long-term commitments without direct recourse) are defined in the instructions to the commercial bank Call Report and for risk-based capital purposes as assets sold with recourse.

h. Forward agreements are legally binding contractual obligations to purchase assets with *certain* drawdown at a specified future date. Such obligations include forward purchases, forward forward deposits placed,[45] and partly-paid shares and securities; they do not include commitments to make residential mortgage loans or forward foreign exchange contracts.

i. Securities lent by a bank are treated in one of two ways, depending upon whether the lender is at risk of loss. If a bank, as agent for a customer, lends the customer's securities and does not indemnify the customer against loss, then the transaction is excluded from the risk-based capital calculation. If, alternatively, a bank lends its own securities or, acting as agent for a customer, lends the customer's securities and indemnifies the customer against loss, the transaction is converted at 100 percent and assigned to the risk weight category appropriate to the obligor, to any collateral delivered to the lending bank, or, if applicable, to the independent custodian acting on the lender's behalf. Where a bank is acting as agent for a customer in a transaction involving the lending or sale of securities that is collateralized by cash delivered to the bank, the transaction is deemed to be collateralized by cash on deposit in the bank for purposes of determining the appropriate risk-weight category, provided that any indemnification is limited to no more than the difference between the market value of the securities and the cash collateral received and any reinvestment risk associated with that cash collateral is borne by the customer.

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Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

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

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

2. In Part 225, Appendix A, section III.D.1. is revised to read as follows:

Appendix A to Part 225– Capital Adequacy Guidelines for Bank Holding Companies: Risked-Based Measure

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III. * * *

D. * * *

1. *Items with a 100 percent conversion factor.*

a. A 100 percent conversion factor applies to direct credit substitutes, which include guarantees, or equivalent instruments, backing financial claims, such as outstanding securities, loans, and other financial liabilities, or that back off-balance sheet items that require capital under the risk-based capital framework. Direct credit substitutes include, for example, financial standby letters of credit, or other equivalent irrevocable undertakings or surety arrangements, that guarantee repayment of financial obligations such as: commercial paper, tax-exempt securities, commercial or individual loans or debt obligations, or standby or commercial letters of credit. Direct credit substitutes also include the acquisition of risk participations in bankers acceptances and standby letters of credit, since both of these transactions, in effect, constitute a guarantee by the acquiring banking organization that the underlying account party (obligor) will repay its obligation to the originating, or issuing, institution.[44] (Standby letters of credit that are performance-

45. Forward forward deposits accepted are treated as interest rate contracts.

44. Risk participations with a remaining maturity of over one year that are conveyed to non-OECD banks are to be assigned to the 100 percent risk category, unless a lower risk category is appropriate to the obligor, guarantor, or collateral

related are discussed below and have a credit conversion factor of 50 percent.)

b. The full amount of a direct credit substitute is converted at 100 percent and the resulting credit equivalent amount is assigned to the risk category appropriate to the obligor or, if relevant, the guarantor or the nature of the collateral. In the case of a direct credit substitute in which a risk participation[45] has been conveyed, the full amount is still converted at 100 percent. However, the credit equivalent amount that has been conveyed is assigned to whichever risk category is lower: the risk category appropriate to the obligor, after giving effect to any relevant guarantees or collateral, or the risk category appropriate to the institution acquiring the participation. Any remainder is assigned to the risk category appropriate to the obligor, guarantor, or collateral. For example, the portion of a direct credit substitute conveyed as a risk participation to a U.S. domestic depository institution or foreign bank is assigned to the risk category appropriate to claims guaranteed by those institutions, that is, the 20 percent risk category.[46] This approach recognizes that such conveyances replace the originating banking organization's exposure to the obligor with an exposure to the institutions acquiring the risk participations.[47]

c. In the case of direct credit substitutes that take the form of a syndication, that is, where each banking organization if obligated only for its *pro rata* share of the risk and there is no recourse to the originating banking organization, each banking organization will only include its *pro rata* share of the direct credit substitute in its risk-based capital calculation.

d. Financial standby letters of credit are distinguished from loan commitments (discussed below) in that standbys are irrevocable obligations of the banking organization to pay a third-party beneficiary when a customer (account party) *fails to repay* an outstanding loan or debt instrument (direct credit substitute). Performance standby letters of credit (performance bonds) are irrevocable obligations of the banking organization to pay a third-party beneficiary when a customer (account party) *fails to perform* some other contractual non-financial obligation.

e. The distinguishing characteristic of a standby letter of credit for risk-based capital purposes is the combination of irrevocability with the fact that funding is triggered by some failure to repay or perform an obligation. Thus, any commitment (by whatever name) that involves an *irrevocable* obligation to make a payment to the customer or to a third party in the event the customer *fails to repay* an outstanding debt obligation or *fails to perform* a contractual obligation is treated, for risk-based capital purposes, as respectively, a financial guarantee standby letter of credit or a performance standby.

f. A loan commitment, on the other hand, involves an obligation (with or without a material adverse change or similar clause) of the banking organization to fund its customer *in the normal course* of business should the customer seek to draw down the commitment.

g. Sale and repurchase agreements and asset sales with recourse (to the extent not included on the balance sheet) and forward agreements also are converted at 100 percent.[48] So-called "loan strips" (that is, short-term advances sold under long-term commitments without direct recourse) are treated for risk-based capital purposes as assets sold with recourse and, accordingly, are also converted at 100 percent.

h. Forward agreements are legally binding contractual obligations to purchase assets with *certain* drawdown at a specified future date. Such obligations include forward purchases, forward forward

45. That is, a participation in which the originating banking organization remains liable to the beneficiary for the full amount of the direct credit substitute if the party that has acquired the participation fails to pay when the instrument is drawn.

46. Risk participations with a remaining maturity of over one year that are conveyed to non-OECD banks are to be assigned to the 100 percent risk category, unless a lower risk category is appropriate to the obligor, guarantor, or collateral.

47. A risk participation in bankers acceptances conveyed to other institutions is also assigned to the risk category appropriate to the institution acquiring the participation or, if relevant, the guarantor or nature of the collateral.

48. In regulatory reports and under GAAP, bank holding companies are permitted to treat some asset sales with recourse as "true" sales. For risk-based capital purposes, however, such assets sold with recourse and reported as "true" sales by bank holding companies are converted at 100 percent and assigned to the risk category appropriate to the underlying obligor or, if relevant, the guarantor or nature of the collateral, provided that the transactions meet the definition of assets sold with recourse (including assets sold subject to *pro rata* and other loss sharing arrangements), that is contained in the instructions to the commercial bank Consolidated Reports of Condition and Income (Call Report). This treatment applies to any assets, including the sale of 1- to 4-family and multifamily residential mortgages, sold with recourse. Accordingly, the entire amount of any assets transferred with recourse that are not already included on the balance sheet, including pools of 1- to 4-family residential mortgages, are to be converted at 100 percent and assigned to the risk category appropriate to the obligor, or if relevant, the nature of any collateral or guarantees. The terms of a transfer of assets with recourse may contractually limit the amount of the institution's liability to an amount less than the effective risk-based capital requirement for the assets being transferred with recourse. If such a transaction is recognized as a sale under GAAP, the amount of total capital required is equal to the maximum amount of loss possible under the recourse provision, less any amount held in an associated non-capital liability account established pursuant to GAAP to cover estimated probable losses under the recourse provision.

deposits placed,[49] and partly-paid shares and securities; they do not include commitments to make residential mortgage loans or forward foreign exchange contracts.
i. Securities lent by a banking organization are treated in one of two ways, depending upon whether the lender is at risk of loss. If a banking organization, as agent for a customer, lends the customer's securities and does not indemnify the customer against loss, then the transaction is excluded from the risk-based capital calculation. If, alternatively, a banking organization lends its own securities or, acting as agent for a customer, lends the customer's securities and indemnifies the customer against loss, the transaction is converted at 100 percent and assigned to the risk weight category appropriate to the obligor, to any collateral delivered to the lending banking organization, or, if applicable, to the independent custodian acting on the lender's behalf. Where a banking organization is acting as agent for a customer in a transaction involving the lending or sale of securities that is collateralized by cash delivered to the banking organization, the transaction is deemed to be collateralized by cash on deposit in a subsidiary lending institution for purposes of determining the appropriate risk-weight category, provided that any indemnification is limited to no more than the difference between the market value of the securities and the cash collateral received and any reinvestment risk associated with that cash collateral is borne by the customer.

Final Rule—Amendment to Rules Regarding Delegation of Authority

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority, to approve requests for assistance from, and to share information with, foreign banking authorities pursuant to the Federal Deposit Insurance Act (FDI Act). This delegation of authority is intended to aid in the expeditious processing of requests for assistance from foreign banking authorities.

Effective February 17, 1995, 12 C.F.R. Part 265 is amended as follows:

Part 265—Rules Regarding Delegation of Authority

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

49. Forward forward deposits accepted are treated as interest rate contracts.

Authority: 12 U.S.C. 248(i) and (k).

2. Section 265.6 is amended by revising paragraph (b)(2) and by adding paragraph (b)(3) to read as follows:

Section 265.6—Functions delegated to General Counsel.

* * * * *

(b) * * *

(2) *Disclosure to foreign authorities.* To make the determinations required for disclosure of information to a foreign bank regulatory or supervisory authority, and to obtain, to the extent necessary, the agreement of such authority to maintain the confidentiality of such information to the extent possible under applicable law.

(3) *Assistance to foreign authorities.* To approve requests for assistance from any foreign bank regulatory or supervisory authority that is conducting an investigation regarding violations of any law or regulation relating to banking matters or currency transactions administered or enforced by such authority, and to make the determinations required for any investigation or collection of information and evidence pertinent to such request. In deciding whether to approve requests for assistance under this paragraph, the General Counsel shall consider:

(i) Whether the requesting authority has agreed to provide reciprocal assistance with respect to banking matters within the jurisdiction of any appropriate Federal banking agency;

(ii) Whether compliance with the request would prejudice the public interest of the United States; and

(iii) Whether the request is consistent with the requirement that the Board conduct any such investigation in compliance with the laws of the United States and the policies and procedures of the Board.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Cheyenne Banking Corporation
Cheyenne, Oklahoma

Order Approving Formation of a Bank Holding Company

Cheyenne Banking Corporation, Cheyenne, Oklahoma ("Cheyenne"), has applied under section 3(a)(1) of the

Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of Security State Bank, Cheyenne, Oklahoma ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 64,206 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Cheyenne is a non-operating corporation formed for the purpose of becoming a bank holding company by the acquisition of Bank. Bank is the 104th largest commercial banking organization in Oklahoma, with deposits of $59.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] Based on all the facts of record, consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Considerations relating to the financial and managerial resources and future prospects of Cheyenne and Bank, the convenience and needs of the communities to be served, and the other supervisory factors that the Board is required to consider under section 3 of the BHC Act are consistent with approval of this application.[2] In addition, the Board has received commitments to ensure that it will have access to information on the operations and activities of Cheyenne and its affiliates, in order to permit the Board to determine and enforce compliance with the BHC Act and other federal banking laws.

Based on the foregoing and after a review of all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance by Cheyenne and one of its principal shareholders with all the commitments made in connection with this application. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective February 15, 1995.

Voting for this action: Vice Chairman Blinder and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Chairman Greenspan and Governors Kelley and LaWare.

WILLIAM W. WILES
Secretary of the Board

1. Deposit and market data are as of June 30, 1993.

2. As part of this review, the Board has carefully considered a comment received from an individual ("Protestant") alleging that Bank failed to release liens against his property that secured loans the Bank had made to him, engaged in improper debt collection practices, and misled the court concerning its actions in his personal bankruptcy proceedings. Protestant also alleges that Bank's assets are declining and that several other Bank customers have informed him of their dissatisfaction with Bank and of possible instances of insider abuse. The Board has carefully considered these comments in light of all the facts of record, including information provided by Bank and reports of examination by Bank's primary banking supervisor, the Federal Deposit Insurance Corporation. The Board notes that the Court of Appeals of the State of Oklahoma has considered Protestant's claims against Bank concerning the release of its liens and its debt collection practices and has upheld the actions of Bank. In addition, the bankruptcy court has the authority to adjudicate Protestant's claims of misrepresentations by Bank and afford Protestant adequate relief if his allegations can be sustained.

Commerce Bancshares, Inc.
Kansas City, Missouri

CBI-Illinois, Inc.
Kansas City, Missouri

Order Approving Acquisition of a Bank Holding Company

Commerce Bancshares, Inc. ("Commerce"), and its wholly owned subsidiary, CBI-Illinois, Inc. ("CBI"), both of Kansas City, Missouri, and bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire by merger Peoples Mid-Illinois Corporation ("Peoples") and thereby indirectly acquire its wholly owned subsidiary, The Peoples Bank ("Bank"), both of Bloomington, Illinois.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 62,732 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside the bank holding company's home state unless the acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by

1. Commerce also has acquired an option to purchase up to 19.9 percent of the voting shares of Peoples upon the occurrence of certain events relating to a change of control of Peoples. This option has not been exercised and would expire upon consummation of this proposal.

implication."[2] For purposes of the Douglas Amendment, the home state of Commerce and CBI is Missouri, and the home state of Peoples and Bank is Illinois.

The Board has previously determined that the interstate banking statutes of Illinois permit a Missouri bank holding company to acquire established banking organizations in Illinois.[3] In addition, the office of the Illinois banking supervisor has informally advised the Board that this transaction is permissible under Illinois law. Based on all the facts of record, the Board has determined that its approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon Commerce's receiving all required state regulatory approvals.

Commerce, with total assets of $7.9 billion, operates 19 banking subsidiaries in Illinois, Kansas, Missouri, and Nebraska.[4] Commerce is the 40th largest commercial banking organization in Illinois, controlling deposits of approximately $520 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Peoples is the 53d largest commercial banking organization in Illinois, controlling deposits of approximately $294.4 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this transaction, Commerce would become the 26th largest commercial banking organization in Illinois, controlling approximately $814.3 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.

Commerce and Peoples do not compete directly in any banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Commerce, Peoples, and their respective subsidiary banks, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[5] Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.[6]

Based on the foregoing and all other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is expressly conditioned on Commerce's compliance with all the commitments made in connection with these applications. The commitments and conditions relied on by the Board in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective February 21, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors LaWare, Phillips, and Yellen. Absent and not voting: Governors Kelley and Lindsey.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

2. 12 U.S.C. § 1842(d). A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

3. *See United Missouri Bancshares, Inc.*, 73 *Federal Reserve Bulletin* 604 (1987). Under Illinois law, an out-of-state bank holding company may acquire an Illinois bank, if the state in which that bank holding company is located has reciprocal statutes and the Illinois bank to be acquired has been in existence and continuously operating for more than ten years. S.H.A. 205 ILCS 10/3.071 (West 1993). Bank has been in existence and continuously operating for more than ten years.

4. Asset and state deposit data are as of June 30, 1994.

5. The Board has carefully reviewed comments from an individual ("Protestant") objecting to this proposal on a number of grounds, including allegations of excessive compensation of Peoples's president and conflicts of interests, insufficient disclosures in Peoples's proxy statement, unequal treatment of minority shareholders, and inadequate protection of the interests of Peoples's shareholders in the terms of the merger.

After considering all the facts of record, including information from examination reports, the size and condition of the companies involved, the continuing service of Peoples's president to Commerce after the merger, and the capitalization and financial strength of the surviving entity, the Board concludes that the allegations of excessive compensation of Peoples's president do not reflect so adversely on the managerial and financial resources of Commerce and CBI as to warrant denial of the proposal. Protestant presents no facts to demonstrate that the disclosures in the proxy statement, or the interests in Commerce held by Bank's financial advisor and the law firm advising Peoples's management, violate guidelines established by the Securities and Exchange Commission, the Federal agency responsible for regulating the content of such statements, or that the absence of pre-emptive rights for Peoples's shareholders violates applicable state corporate law. Moreover, courts have held that matters such as the valuation and merits of a merger to shareholders are not factors under the Board's jurisdiction under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). Authority over these matters is vested in courts and other governmental agencies that can afford Protestant adequate relief if he can sustain his allegations. In this light, and based on all the facts of record, the Board concludes that the allegations raised by Protestant do not warrant denial of this proposal.

6. Protestant also objects to the acquisition of an independent, locally owned bank. The Board notes that all the banking subsidiaries of Commerce and Bank were rated either "outstanding" or "satisfactory" at their most recent examinations for performance in assisting to meet the credit needs of their local communities under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*). The Board also notes that Commerce plans to expand the products and services offered to Bank's customers. On the basis of the foregoing and all other facts of record, the Board has concluded that convenience and needs considerations are consistent with approval of this proposal.

Commercial Bancorp
Salem, Oregon

Order Approving Merger of Bank Holding Companies

Commercial Bancorp, Salem, Oregon ("Commercial"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with West Coast Bancorp ("West Coast"), and thereby indirectly acquire Bank of Newport, both of Newport, Oregon.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 62,731 (1994)). 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 of the BHC Act.

Commercial is the seventh largest commercial banking organization in Oregon, controlling deposits of $254.9 million, representing 1.2 percent of total deposits in commercial banking organizations in the state.[2] West Coast is the tenth largest commercial banking organization in Oregon, controlling deposits of $134.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Commercial would remain the seventh largest commercial banking organization in Oregon, controlling deposits of $389.8 million, representing 1.8 percent of total deposits in commercial banking organizations in the state.

Commercial and West Coast compete in the Portland, Oregon banking market,[3] where Commercial is the 16th largest depository institution,[4] controlling deposits of $28.8 million, representing less than 1 percent of total deposits in depository institutions in the market. West Coast is the 19th largest depository institution in the market, controlling deposits of $4.5 million, representing less than 1 percent of total deposits in depository institutions in the market. Upon consummation of this proposal, Commercial would remain the 16th largest depository institution in the market, controlling $33.3 million in deposits, representing less than 1 percent of total deposits in depository institutions in the market. The Herfindahl–Hirschman Index ("HHI") for the market would increase by less than 1 point to 2002.[5] Based on all the facts of record, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market.

The Board also has concluded that the financial and managerial resources and future prospects of Commercial and West Coast and their respective subsidiaries, and all other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.[6] Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and all the other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is expressly conditioned on Commercial's compliance with all commitments made in connection with this application. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The merger shall not be consummated before the fifteenth calendar day following the effective date of this order, or consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal

1. In connection with this application, both Commercial and West Coast have requested approval to acquire options to purchase up to 19.9 percent of the voting shares of each other. These options would terminate upon consummation of this proposal.

2. All banking data are as of September 30, 1994.

3. The Portland banking market is defined as the Portland, Oregon, RMA.

4. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

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

6. In reaching this conclusion, the Board has carefully reviewed a settlement between Commercial's subsidiary bank, Commercial Bank, Salem Oregon ("Bank"), and the Securities and Exchange Commission ("SEC") that concluded an SEC enforcement action resulting from the sale of unregistered interests in an individual retirement account common fund operated by Bank's trust department. Under the terms of this settlement, Bank has retained an outside consultant to advise Bank on securities-related issues, to review Bank's compliance programs, and to train staff. In addition, Bank has ceased selling new interests in the fund, and will either dissolve the fund or offer present investors a registered mutual fund alternative investment by December 31, 1995. The Board has also carefully considered information received from Bank's primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), including Bank's most recent reports of examination assessing its managerial resources, and the FDIC's review of this matter. The Board notes that the FDIC did not object to this proposal. Based on these and all the facts of record, the Board does not believe that this single incident, which has been addressed through corrective actions, warrants adverse consideration under the BHC Act.

Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective February 13, 1995.

Voting for this action: Chairman Greenspan and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Vice Chairman Blinder and Governors Kelley and LaWare.

WILLIAM W. WILES
Secretary of the Board

First Commerce Corporation
New Orleans, Louisiana

Order Approving the Acquisition of Bank Holding Companies

First Commerce Corporation, New Orleans, Louisiana ("FCC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with City Bancorp, Inc. ("City"), and thereby indirectly acquire City Bank and Trust Company ("City Bank"), both of New Iberia, Louisiana. FCC also has applied to merge with First Bancshares, Inc. ("Bancshares"), and thereby indirectly acquire First Bank ("First Bank"), both of Slidell, Louisiana.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 50,916 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

FCC is the largest commercial banking organization in Louisiana, controlling five subsidiary banks with deposits of $5.2 billion, which represent approximately 16 percent of the total deposits in commercial banking organizations in the state.[2] City, with total consolidated assets of $85.9 million, is the 83d largest commercial banking organization in Louisiana, controlling deposits of $70.7 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Bancshares, with total consolidated assets of $242.1 million, is the 19th largest commercial banking organization in Louisiana, controlling deposits of $216.7 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, FCC would remain the largest commercial banking organization in Louisiana, controlling deposits of $5.5 billion, representing approximately 16.5 percent of total deposits in commercial banking organizations in the state.

FCC competes directly with City in the Lafayette, Louisiana, banking market and with Bancshares in the New Orleans, Louisiana, banking market.[3] After consummation of this proposal, numerous competitors would remain in each of these markets and the increase in market concentration, as measured by the Herfindahl-Hirschman Index ("HHI"), would not exceed the Department of Justice merger guidelines.[4] Based on all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition or the concentration of banking resources in these or any other relevant banking markets.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the BHC Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank expansion proposals.[5]

1. FCC proposes to merge City Bank into FCC's lead bank, First National Bank of Commerce, New Orleans, Louisiana ("New Orleans Bank"), and First Bank with its wholly owned subsidiary, First National Bank of Lafayette, Lafayette, Louisiana ("Lafayette Bank"), with New Orleans Bank and Lafayette Bank surviving the mergers. On January 12, 1995, New Orleans Bank and Lafayette Bank's primary supervisor, the Office of the Comptroller of the Currency ("OCC"), approved these mergers.

2. All asset and state deposit data are as of June 30, 1994.

3. The Lafayette, Louisiana, banking market is approximated by Acadia, Iberia, Lafayette, St. Landry, St. Martin and Vermilion Parishes (excluding the city of Mermentau). The New Orleans, Louisiana, banking market is approximated by Jefferson, Orleans, Plaquemine, St. Bernard, St. Charles, St. John the Baptist and St. Tammany Parishes.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities. After consummation of this proposal, the post-merger HHI would increase by approximately 53 points to 668 in the Lafayette banking market; and 87 points to 1561 in the New Orleans banking market.

5. 12 U.S.C. § 2903.

The Board has received comments from the Plaisance Development Corporation ("Protestant") maintaining that FCC and its subsidiary banks have failed to meet the banking needs of all segments of its communities, especially African-American neighborhoods,[6] and have failed to comply with fair lending laws.[7] Protestant also contends that data collected under the Home Mortgage Disclosure Act ("HMDA") for 1992 and 1993 show disparities in the rates of home-related loan applications from and loan originations to African Americans, compared with those for white residents, that indicate illegal discrimination by FCC's subsidiary banks. Protestant also maintains that FCC has not fulfilled certain CRA-related commitments made to the Board in connection with FCC's acquisition of First Acadiana National Bancshares, New Iberia, Louisiana ("First Acadiana").[8]

The Board has carefully reviewed the CRA performance records of FCC, City, Bancshares, and their respective subsidiary banks; all comments received on these applications; all responses to those comments; and all other relevant facts of record in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[9]

Record of Performance Under the CRA

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process.[10] The Board notes that New Orleans Bank, which represents approximately 65 percent of FCC's total assets, received a "satisfactory" rating from its primary federal supervisor, the OCC, at its most recent examination for CRA performance as of January 11, 1993. The remaining subsidiary banks and FCC's savings association received either "outstanding" or "satisfactory" ratings from their primary supervisor in the most recent examination of their CRA performance.[11] Of the banks to be acquired, First Bank received a performance rating of "satisfactory" and City Bank received a performance rating of "outstanding" from the Federal Deposit Insurance Corporation in their most recent CRA examinations as of October 27, 1993, and as of November 12, 1993, respectively.

B. HMDA Data and Lending Activities

The Board has carefully reviewed FCC's 1992 and 1993 HMDA data in light of Protestant's comments. These data show that since 1992 the number of loan originations to African Americans has increased for home purchase loans and home improvement loans reported under HMDA at each of FCC's subsidiary banks. Moreover, New Orleans Bank has increased the overall number of applications and originations to African Americans in its delineated community from 1992 levels.

Lafayette Bank has increased mortgage originations to African Americans in its Metropolitan Statistical Area ("MSA") from 1992 to 1993, and the bank's ratio of denials for loans from census tracts with predominately minority residents is substantially less than this ratio for the aggregate of all lenders in these census tracts. Denial rates at the Lake Charles Bank for African-American borrowers in its MSA declined in every type of reported loan from 1992 to 1993.[12] Denial rates at the Alexandria Bank for African-American borrowers in its MSA have also decreased for FHA/VA and conventional home purchase loans from 1992 to 1993.

These data also reflect disparities in the rate of loan originations, denials, and applications by racial group and income level. The Board is concerned when the record of an institution indicates disparities in lending to minority applicants, and it believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending,

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6. In particular, Protestant alleges that FCC and its subsidiary banks have failed to:
(1) Provide capital and financing to African-American homeowners;
(2) Provide funds, grants and loans to African-American community organizations;
(3) Provide capital to businesses owned by African Americans;
(4) Participate in community development projects to improve economic opportunities in the African-American community;
(5) Locate branches in African-American communities; and
(6) Develop and implement adequate CRA policies.

7. Protestant maintains that several factors contribute to FCC's failure to comply with fair lending laws, including concerns alleging that FCC employs few African-American loan officers; uses a compensation program for lending officers that provides incentives to solicit and originate mortgages only on higher-priced homes; fails to use media and images oriented to the African-American community in advertising its loan products; and fails to adequately market its Federal Housing Administration ("FHA"), Veterans Administration ("VA"), and Small Business Administration ("SBA") loan products in the African-American community.

8. *See First Commerce Corporation*, 80 *Federal Reserve Bulletin* 37, 39 (1994).

9. 54 *Federal Register* 13,742 (1989).

10. *Id.* at 13,745.

11. Of FCC's remaining subsidiary institutions, the following banks received a CRA performance rating of "satisfactory" from the OCC as of January 11, 1993: Lafayette Bank; City National Bank of Baton Rouge, Baton Rouge, Louisiana ("Baton Rouge Bank"); and First National Bank of Lake Charles, Lake Charles, Louisiana ("Lake Charles Bank"). Rapides Bank & Trust Company, Alexandria, Louisiana ("Alexandria Bank"), received a CRA performance rating of "outstanding" from the Federal Reserve Bank of Atlanta ("Atlanta Reserve Bank") as of May 2, 1994, in its most recent examination of CRA performance.

12. Under HMDA, lenders are required to report the following categories of loans: home improvement, conventional home purchase, refinance of home purchase and loans made under government-sponsored home mortgage programs.

but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal discrimination in making lending decisions.

The Board has carefully reviewed Protestant's allegations in light of information from the OCC and the Atlanta Reserve Bank. The CRA performance examinations of New Orleans Bank, Lafayette Bank, Lake Charles Bank, and Baton Rouge Bank by the OCC found no evidence of prohibited discriminatory or other illegal credit practices. The examination reports also found these banks to be in substantial compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act ("ECOA"), Fair Housing Act, and HMDA. The examination reports for each of FCC's subsidiary banks found that each institution solicits credit applications from all segments of their local communities, and that their boards and management have adequate policies, procedures, and training programs to support nondiscrimination in credit activities. The Atlanta Reserve Bank's May 1994 CRA examination report on Alexandria Bank similarly found no evidence of discriminatory or other illegal credit practices, noted that the institution is in compliance with antidiscrimination laws and regulations, and stated that the bank has implemented policies and procedures to ensure that applicants are given equal access to the loans and services listed in the bank's CRA statement.[13]

FCC has designed special procedures to enhance its lending to low- and moderate-income and minority residents. For example, all FCC subsidiary banks perform an annual detailed geo-coding analysis on census tract demographics of its loan and deposit penetration, in order to enhance service to meet identified credit and deposit needs. In addition, FCC's subsidiary banks have implemented the "Second Look Program," which requires a second review of all HMDA-reportable loan applications by an experienced loan officer before denial. The banks have also implemented a CRA credit score adjustment for applicants who do not meet the usual underwriting criteria and whose incomes are less than 80 percent of the median income in the relevant census tracts.

13. FCC responds to Protestant's comments that FCC employs an inadequate number of minorities by noting that 11.4 percent of all mortgage lenders are minorities, with 9.1 percent of them identified as African Americans, within FCC's mortgage division. Among all identified FCC lenders, including loan officers and branch managers, 13.4 percent are members of minority groups, with 10.4 percent identified as African Americans.

Examiners have concluded that each FCC subsidiary bank has instituted or participated in a number of loan programs designed to identify or address significant community credit needs. In response to its annual geo-coding analysis, FCC established a system-wide Community Mortgage Pool Loan Program for customers who do not qualify for conventional, FHA, or VA financing terms. The program uses flexible underwriting criteria that reduce the closing costs for low- and moderate-income customers, in an effort to stimulate applications for mortgage loans from low- and moderate-income home buyers. FCC has allocated $30 million to the pool since the pool was established in 1992.

FCC also participates in government-insured lending programs, such as FHA and VA. For example, in 1994, New Orleans Bank originated 61 home mortgages totalling approximately $3.7 million under these programs. In 1994, Alexandria, Baton Rouge, Lafayette and Lake Charles Banks, collectively originated 107 mortgage loans under these programs, totalling approximately $6.6 million.

FCC also engages in small business lending through the Louisiana Linked Deposit Loan Program ("Linked Program"), a program that provides financing to small businesses at below market rates. In 1994, New Orleans Bank originated loans to 14 borrowers for a total of approximately $384,000, while FCC's other subsidiary banks together originated loans to three borrowers for a total of approximately $81,000. As of December 31, 1994, New Orleans Bank had originated 38 percent of all of the state's Linked Program loans. FCC also has established a system of Small Business Loan Centers to provide financial services to small businesses, including SBA loans. The Centers work with the Louisiana Economic Development Corporation ("LEDEC") and other government entities in supporting their efforts to enable small businesses to acquire capital. LEDEC is a state agency responsible for the administration of a variety of loan programs including the Linked Program.

FCC also contributes to the Gulf Coast Business and Industrial Development Corporation ("Gulf Coast BIDCO"), a minority-owned organization that provides financing to minority-owned small businesses in distressed areas. FCC also participates in numerous SBA loan programs. In 1994, New Orleans Bank originated 42 SBA loans totalling approximately $4.9 million. In 1994, Alexandria, Baton Rouge, Lafayette, and Lake Charles Banks originated 28 SBA loans that collectively totalled approximately $4.4 million.

The Board also has carefully reviewed Protestant's allegations about FCC's community development activities. The examination reports revealed that all of FCC's subsidiary banks have undertaken a variety of community development programs with government agencies, non-profit organizations and private developers designed to benefit their communities, including low- and moderate-income and African-American residents. For example, all FCC subsidiary banks participate in the First Commerce Community Development Corporation ("FCCDC"), a non-profit real estate development company affiliate that seeks to develop housing in predominately low- to moderate-income urban residential areas. To date, FCC's total capital investment in FCCDC from its subsidiary banks is $200,000. New Orleans Bank also has been a corporate member of the Gulf South Minority Purchasing Council ("GSMPC") since 1991. GSMPC is a non-profit agency that provides educational programs and support services for corporations and businesses owned by minorities and women throughout the State of Louisiana.

C. Other Aspects of CRA Performance

Ascertainment and Marketing Efforts

The CRA examination reports noted that each of FCC's subsidiary banks has regular contact with a wide range of individuals and groups representing civic, religious, minority, and small business organizations.[14] New Orleans Bank's Community Development Advisory Board includes media representatives from African-American communities and has sponsored and underwritten the New Orleans Chamber of Commerce's minority vendor business directory. The bank uses multimedia marketing campaigns featuring minority models, and advertises in minority-owned publications that focus on the minority community of New Orleans. The New Orleans Bank also is a member of the Community Outreach Association, an organization of CRA Officers from local financial institutions whose primary objective is to establish a broader dialogue with the community. The CRA examination of the New Orleans Bank found that it had developed an extensive network of community contacts, including individuals with knowledge of the needs of low- and moderate-income community members. At New Orleans Bank, the ascertainment program is conducted through a formal CRA program approved by the bank's board of directors. The examination also noted that management met informally with its minority officers to discuss how the bank was perceived within minority communities. Management also planned program initiatives, and ensured that the bank's marketing campaigns consistently included individuals that reflect the diversity of the bank's delineated community. Officers and staff of FCC and its affiliates also serve in leadership positions with a variety of community and civic organizations to assure that FCC maintains an effective dialogue with small and minority businesses, and local community leaders.

At Lafayette Bank, for example, the CRA examination found that officials regularly communicated with a wide range of individuals and groups representing civic, religious, minority, and small business organizations. The CRA examination found that a bank officer discussed credit needs and the bank's efforts to meet those needs at the Economic Development Summit hosted by the Southern Consumers Development Corporation. This group represented African-American business leaders in the Lafayette community. The examination report for several FCC subsidiary banks found management involved in reviewing CRA activities, plans, and their bank's involvement in the community. The marketing program for Lafayette Bank includes a marketing plan for low- and moderate-income areas. Advertising campaigns by FCC's subsidiaries included the use of minority-owned newspapers, billboards in low- and moderate-income neighborhoods, and advertisements on a local minority-owned radio station.

Branch Location

The Board has carefully considered Protestant's allegations of FCC's failure to locate branches in African-American communities. The most recent CRA examinations of FCC's subsidiary banks state that FCC's branch locations are reasonably accessible to all segments of their local communities, including low- and moderate-income neighborhoods. Several of the affiliate banks' branches are near low- and moderate-income areas. The CRA examinations for each of FCC's subsidiary banks found that the banks' community delineations have not arbitrarily excluded low- and moderate-income areas and have reasonably met the purposes of the CRA. Similarly, the examinations found that, in general, the banks' branch hours and policies on the opening and closing of branches are reasonable and the banks' branches are readily accessible to all segments of their local communities.

The examination report for New Orleans Bank concluded that the 38 full-service branches are reasonably convenient and accessible throughout the New Orleans MSA. The examination also concluded that 80 percent of the banks' branch locations were readily accessible to low- and moderate-income community residents and that the bank did not offer services in branches located in high-income areas that were not available in low- and moderate-income communities. The Lafayette Bank has several branches located in moderate-income census tracts near low-income census tracts. The examinations also noted one instance in which the Lake Charles Bank

14. Officers of the Baton Rouge Bank recently participated in the Small Business Summit and the Sixth Annual Black Economic Development Conference.

was the only banking organization with a branch accessible to a predominantly African-American and largely low-to moderate-income community.

Policies and Programs

FCC has formal CRA policies and procedures consistent with an effective CRA program. The CRA examinations of FCC's subsidiary banks found that each of the subsidiaries' boards of directors participated in formulating the subsidiaries' CRA policies and reviewing their CRA performance. The examinations found, in general, that the boards of directors were involved in the CRA activities and programs of the subsidiaries and properly supervised compliance with CRA. For example, these examination reports also state that each bank has policies, procedures, and training programs supporting nondiscrimination in lending and credit activities. Moreover, FCC subsidiary banks also provide diversity and fair lending training to their employees at all levels, including the boards of directors. FCC also has established a Fair Lending Task Force that reviews the bank's lending policies and procedures.

At the New Orleans Bank, the CRA examination report noted that the board's commitment to comply with both the spirit and the intent of CRA was clearly articulated in the corporate policy statement and that ongoing CRA activities were well documented. The examination report also found that the bank had an active CRA Committee composed of officers, a CRA strategic plan, and a training program for all employees. Directors, as well as employees throughout the bank, were found to be involved in activities designed to develop, improve, and enhance the local community. The CRA examinations for the other FCC subsidiary banks found that their boards of directors and senior management were involved in the CRA process and were often involved in activities designed to improve the local community.

D. Compliance with Previous CRA-Related Commitments

Protestant maintains that FCC has failed to provide financial counseling and home buyer awareness and education programs in cooperation with Protestant under a commitment made to the Board in connection with the First Acadiana application. This commitment was proposed by FCC to assist in meeting the credit needs of residents in Plaisance, a small, rural, low-income community in the St. Landry Parish, Louisiana. Because this commitment was made to the Board in connection with an application, it is enforceable by the Board.

FCC held one basic banking workshop in Plaisance with the cooperation of Protestant, but FCC and Protestant have been unable to agree on a proposal to carry out FCC's commitment for ongoing counseling and educational programs. FCC is not currently conducting any programs in Plaisance, either in cooperation with Protestant or otherwise. The Board has carefully considered FCC's efforts to comply with this commitment, and the Atlanta Reserve Bank has investigated the matter. In light of all the facts of record, the Board concludes that FCC has not fulfilled the terms of its commitment to the Board regarding these programs.

The Board notes that FCC has fulfilled another commitment made in connection with the First Acadiana acquisition. In particular, FCC has a community outreach office in Plaisance that will operate one day a week for at least two years, in office space shared with the Protestant. The Board also recognizes the inherent difficulty in FCC's voluntary agreement to provide credit counseling activities only in cooperation with a single community group. Nevertheless, the Board notes that FCC has not to date accomplished the purpose of its commitment or provided counseling and education programs in the Plaisance area in any comprehensive manner.

Accordingly, the Board's action in this case is expressly conditioned on FCC submitting, prior to consummation of this proposal, a written plan satisfactory to the Federal Reserve System to initiate financial counseling and home buyer education programs to the Plaisance community.[15] It is also conditioned on FCC's implementing that plan. FCC also must provide quarterly reports on the progress made under its program to the Atlanta Reserve Bank for the next two years, or such shorter time as the Reserve Bank determines is necessary. The Board will consider these reports in connection with its examination and supervision of FCC.

E. Conclusion on Convenience and Needs Considerations

On the basis of all the facts of record, including information provided by the Protestant, FCC's responses, relevant reports of examination, and the conditions discussed in this order, the Board concludes that convenience and needs considerations, including the

15. If FCC elects to proceed without the cooperation of Protestant, FCC's plan must include detailed descriptions of the number and proposed locations, structure, and content of the programs, efforts to ascertain the credit needs of the Plaisance community and to design programs to assist in meeting those needs, methods to ensure that Plaisance residents are aware of the programs, measurable goals for originating loans and providing other banking services in Plaisance, loan data for the Plaisance area to evaluate the success of the programs, and methods for obtaining opinions from the community on the structure of this program.

overall CRA performance records of the institutions involved in this proposal, are consistent with approval of these applications. The Board will monitor and assess the success of FCC's continued efforts to increase its lending to minorities and low- and moderate-income borrowers in, and to residents in minority and low- and moderate-income areas of, each of its delineated communities, including Plaisance, in future applications requiring consideration of the performance records of FCC's subsidiary banks under the CRA.[16]

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of FCC, City, Bancshares, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

Based on the foregoing, including the conditions described in this order, commitments by FCC in connection with these applications, and in light of all the facts of record, the Board has determined that these applications should be, and hereby are, approved.[17] The Board's approval is specifically conditioned on compliance by FCC with all conditions and commitments made in connection with these applications as well as the conditions discussed in this order and in the Board's previous order as modified by the order. The commitments and conditions relied on by the Board in reaching this decision are both deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of the subsidiary banks of City and Bancshares shall not be consummated before the fifteenth calendar day following the effective date of this order, and shall not be consummated later than three months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective February 2, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors Kelley, Lindsey, and Yellen. Absent and not voting: Governor Phillips. Voting against this action: Governor LaWare.

WILLIAM W. WILES
Secretary of the Board

Dissenting Statement of Governor LaWare

I dissent because I do not believe it is appropriate for the Board to condition its action regarding these applications on the submission of an additional CRA plan. Applicant has an overall satisfactory CRA performance record and has implemented numerous programs throughout its many communities to comply with the CRA. In this situation, I believe that it is more appropriate for the Board to investigate and resolve any question about applicant's compliance with the single commitment challenged by the protestant in an isolated segment of applicant's community under the Board's general supervisory authority and not in the course of processing these applications. For this reason, I believe that the Board should have approved these applications without condition, and should review compliance with this single commitment under the Board's supervisory authority.

February 2, 1995

South Texas Capital Group, Inc.
San Antonio, Texas

Order Approving Formation of a Bank Holding Company

South Texas Capital Group, Inc., San Antonio, Texas ("South Texas"), has applied under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to become a bank holding company by acquiring all the voting shares of Plaza Bank, N.A., San Antonio, Texas ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 30,003 (1994)). The time for filing

16. Protestant also alleges that a request by FCC to withdraw Protestant's pending complaint with the Department of Housing and Urban Development ("HUD") while negotiating an acceptable program for Plaisance constitutes illegal retaliation. The HUD complaint involves the alleged denial by First Acadiana of Protestant's application for a construction loan before it was acquired by FCC. This complaint, and Protestant's allegation of illegal retaliation, are under consideration by HUD, the federal agency with full statutory authority to grant Protestant relief if these allegations can be substantiated.

17. Protestant also appears to maintain that FCC's subsidiary banks discriminate against African Americans in their employment practices. The Board notes that, because FCC's subsidiary banks employ more than 50 people, serve as a depository of government funds, and act as agents in selling or redeeming U.S. savings bonds and notes, they are required by Department of Labor regulations that require:

(1) The filing of annual reports with the Equal Employment Opportunity Commission; and

(2) A written affirmative action compliance program which states efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

See 41 C.F.R. 60-1.7(a), 60 1.40

1. South Texas proposes to merge Bank with Plaza International Bank, N.A., San Antonio, Texas ("Interim"), a newly chartered national bank and wholly owned subsidiary of South Texas, with Interim surviving the merger. The merger of Bank with Interim has received preliminary approval from the Office of the Comptroller of the Currency under the Bank Merger Act. 12 U.S.C. § 1828(c).

comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

South Texas is a nonoperating company formed for the purpose of acquiring Bank. Bank is the 741st largest commercial banking organization in Texas, controlling deposits of approximately $21 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] Bank operates in the San Antonio banking market,[3] controlling less than 1 percent of total deposits in commercial banking organizations in this market. Based on all the facts of record in this case, the Board believes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board also concludes that the financial and managerial resources and future prospects of South Texas and Bank are consistent with approval, as are the convenience and needs and other supervisory factors the Board is required to consider under section 3 of the BHC Act.

Based on the foregoing and all the other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by South Texas with all the commitments, including those made by the principals of South Texas and related parties, made in connection with this application. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the fifteenth 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 Federal Reserve Bank of Dallas, pursuant to delegated authority.

By order of the Board of Governors, effective February 8, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governors Kelley and LaWare.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

2. Deposit data are as of June 30, 1994.
3. The San Antonio banking market is approximated by the San Antonio Ranally Metropolitan Area, and the city of Boerne in Kendall County, Texas.

Woodforest Bancshares, Inc.
Houston, Texas

Woodforest Holdings Corporation
Houston, Texas

Sun Belt Bancshares Corporation
Conroe, Texas

Order Approving the Acquisition of a Bank Holding Company and Banks

Woodforest Bancshares, Inc., Houston, Texas ("Woodforest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Sun Belt Bancshares Corporation, Conroe, Texas ("Sun Belt"), and thereby indirectly acquire the National Bank of Conroe, Conroe, Texas ("Conroe").[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 48,325 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

Woodforest, with total deposits of approximately $117 million, controls one commercial bank in Texas. Woodforest is the 158th largest commercial banking organization in Texas, controlling less than 1 percent of total deposits in commercial banks in the state.[2] Sun Belt is the 173d largest commercial banking organization in Texas, controlling approximately $110 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposal, Woodforest would become the 62d largest commercial banking organization in Texas, controlling two banks, with approximately $227 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state.

Woodforest competes directly with Sun Belt in the Houston, Texas, banking market.[3] After consummation of this proposal, numerous competitors would remain and the market would be considered unconcentrated, as

1. Woodforest has applied to the Board to establish a wholly owned subsidiary, Woodforest Holdings Corporation, Houston, Texas, that would merge with, and into, Sun Belt, with Sun Belt becoming a subsidiary of Woodforest. Sun Belt also has applied to the Board to acquire the shares of Woodforest's existing bank subsidiary, Woodforest National Bank, Houston, Texas ("Woodforest Bank"), and Sun Belt would reincorporate in Delaware. After completing these steps, Woodforest would own all the voting shares of Sun Belt, and Sun Belt, as an intermediate bank holding company, would own Conroe and Woodforest Bank.
2. Deposit and state data are as of June 30, 1994.
3. The Houston, Texas, banking market is defined as the Houston Ranally Metro Area.

measured by the Herfindahl–Hirschman Index ("HHI"), under the Department of Justice merger guidelines.[4] Based on all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition or the concentration of banking resources in this or any other relevant banking market.

The Board also concludes that financial and managerial resources and future prospects of Woodforest, Sun Belt, and their respective subsidiary banks, and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and all other facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is expressly conditioned on Woodforest's compliance with all the commitments made in connection with these applications. The commitments and conditions relied on by the Board in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of Sun Belt shall not be consummated before the fifteenth 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 Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective February 15, 1995.

Voting for this action: Vice Chairman Blinder and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Chairman Greenspan and Governors Kelley and LaWare.

WILLIAM W. WILES
Secretary of the Board

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is less than 1000 points is considered to be unconcentrated. The Justice Department is likely to challenge a merger that increases the HHI by more than 50 points in a highly concentrated market in which the post-merger HHI is above 1800 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial entities. After consummation of this proposal, the Houston, Texas, banking market would remain unchanged with a post-merger HHI of 842 points.

Orders Issued Under Section 4 of the Bank Holding Company Act

Banque Nationale de Paris
Paris, France

Order Approving an Application to Engage in Certain Nonbanking Activities

Banque Nationale de Paris, Paris, France ("BNP"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage through its wholly owned subsidiary, BNP/Cooper Neff, Inc., Radnor, Pennsylvania ("Company"), in the following activities:

(1) Providing discount and full-service securities brokerage services pursuant to 12 C.F.R. 225.25(b)(15)(i) & (ii);

(2) Providing investment advisory services pursuant to 12 C.F.R. 225.25(b)(4);

(3) Trading for its own account in options on foreign exchange for nonhedging purposes;

(4) Acting as a registered options trader ("Trader") on the Philadelphia Stock Exchange ("PHLX") with respect to options on the British pound, Canadian dollar, Japanese yen, and Swiss franc;

(5) Acting as a Specialist on the PHLX with respect to options on the Australian dollar, Deutsche mark, European Currency Unit, and French franc;

(6) Purchasing and selling options, futures, and options on futures on foreign exchange for its own account for hedging purposes in accordance with 12 C.F.R. 225.142;

(7) Providing data processing services pursuant to 12 C.F.R. 225.25(b)(7);

(8) Executing transactions with respect to futures and options on futures on financial commodities;[1] and

(9) Acting as a commodity trading advisor ("CTA") by providing those investment advisory services permitted by 12 C.F.R. 225.25(b)(19) and discretionary portfolio management services.[2]

1. Company would provide execution services only with respect to contracts previously approved by the Board. Company may conduct the proposed futures commission merchant ("FCM") activities through omnibus trading accounts established in its own name with clearing members of exchanges on which Company would not itself be a member. *See Northern Trust Corporation*, 79 *Federal Reserve Bulletin* 723, 724 (1993) ("*Northern Trust*"). BNP would conduct the proposed execution-only and omnibus account activities subject to the limitations, conditions and commitments relied on by the Board in *Northern Trust*.

2. Company would provide these advisory services with respect to those contracts for which it would provide FCM execution services, as well as Options on Three Month Euroyen Futures traded on the Tokyo International Financial Futures Exchange. BNP has committed that Company will not

BNP also has applied pursuant to section 4(c)(8) of the BHC Act, through its wholly owned subsidiary, BNP Futures, Inc., Chicago, Illinois ("BNP Futures"), to provide FCM clearing-only services with respect to those contracts for which Company would provide execution services.[3] BNP Futures also would provide clearing-only services with respect to options traded on securities exchanges.[4] BNP would engage in these activities through Company and BNP Futures worldwide.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 51,977 (1994)). 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 4(c)(8) of the BHC Act.

BNP, with total consolidated assets equivalent to approximately $244 billion, is the 13th largest commercial banking organization in the world, and the third largest banking organization in France.[5] In the United States, BNP controls a bank in San Francisco, California;[6] operates branches in New York, New York, and Chicago, Illinois; and maintains agencies in Los Angeles and San Francisco; California, Miami, Florida; and Houston, Texas.

Company and BNP Futures would register as FCMs and, with respect to Company, as a CTA, with the Commodity Futures Trading Commission ("CFTC"), and become members of the National Futures Association ("NFA"). Therefore, Company and BNP Futures would be subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA. In addition, Company and BNP Futures would register with the Securities and Exchange Commission ("SEC") as broker-dealers under the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*) and become members of the National Association of Securities Dealers, Inc. ("NASD"). Company also would register as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*). Therefore, Company and BNP Futures would be subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934, Investment Advisers Act of 1940, the SEC, and the NASD.

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." An activity may be deemed to be closely related to banking if it is demonstrated that banks generally provide the proposed services; banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.[7] In order to approve this proposal, the Board also must determine that the proposed activities "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 previously has determined by regulation that several of the proposed activities, when conducted within limitations established by the Board in its regulations and in related interpretations and orders, are closely related to banking.[8] BNP has committed that it will conduct these activities in accordance with the limitations established by the Board. The Board also previously has determined by order that the remaining activities, with the exception of providing discretionary portfolio management services with respect to futures and options on futures on financial commodities, are

provide foreign exchange-related advisory or transactional services to unaffiliated customers. BNP also has committed that Company will not provide futures-related discretionary portfolio management services to FDIC-insured affiliates, and that Company will not provide advice to any FDIC-insured affiliate with respect to any instrument as to which Company acts as a market-maker, Specialist or Trader.

3. BNP Futures and Company only would provide FCM services to institutional customers, as defined in Regulation Y. 12 C.F.R. 225.2(g). BNP has stated that BNP Futures would provide clearing only services to customers pursuant to customer agreements and give-up agreements that would afford BNP Futures the right to refuse to clear customer trades that BNP Futures reasonably deems unsuitable in light of market conditions or a customer's financial situation or objectives. This activity previously has been approved by the Board. *See Northern Trust.* BNP Futures would conduct the proposed clearing-only activities in accordance with the limitations, conditions and commitments relied on by the Board in *Northern Trust.* In this regard, BNP has committed that BNP Futures will not serve as the primary or qualifying clearing firm for any unaffiliated parties.

4. With respect to clearing options traded on securities exchanges, BNP has committed that BNP Futures only will clear transactions that have been executed by Company.

5. Asset and ranking data are as of June 30, 1994, and employ exchange rates then in effect.

6. BNP's subsidiary bank is Bank of the West, San Francisco, California, a state-chartered non-member bank.

7. *See National Courier Association v. Board of Governors of the Federal Reserve System*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing or controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 806 (1984); *Securities Industry Association v. Board of Governors of the Federal Reserve System*, 468 U.S. 207, 210-211 n. 5 (1984).

8. *See* 12 C.F.R. 225.25(b)(4) (securities-related investment advisory activities); 12 C.F.R. 225.25(b)(15)(i) and (ii) (discount and full-service securities brokerage); 12 C.F.R. 225.25(b)(7) (data processing); 12 C.F.R. 225.25(b)(19) (limited advisory services with respect to certain futures and options on futures).

closely related to banking.[9] BNP proposes to engage in these activities in accordance with the limitations and conditions set forth in previous Board orders.

Discretionary portfolio management with respect to futures and options on futures

BNP proposes that Company provide discretionary portfolio management services with respect to futures and options on futures on financial commodities. Company would provide such services in combination with providing FCM transactional services, and would only provide such services to institutional customers. Company would not purchase or sell over-the-counter instruments for accounts over which it exercises discretion.

The Board has permitted bank holding company FCMs and CTAs to provide investment advice with respect to futures and options on futures on financial and non-financial commodities.[10] BNP argues that discretionary management is a normal manner of providing investment advice to institutional customers. Indeed, the Board permits bank holding companies to act as discretionary portfolio managers as part of providing investment advisory and full-service brokerage services with respect to securities.[11] In addition, the Office of the Comptroller of the Currency permits national banks to engage in discretionary funds management with respect to futures and options on futures.[12] For these reasons, and based on all the facts of record, the Board concludes that providing discretionary portfolio management services with respect to futures and options on futures on financial commodities is closely related to banking within the meaning of section 4 of the BHC Act.

The Board also must determine that the proposed futures-related discretionary management services are a proper incident to banking. The Board expects that consummation of BNP's proposal could be expected to provide added convenience to BNP's customers. In addition, BNP has stated that Company would provide the proposed futures-related discretionary portfolio management services in accordance with the limitations and conditions that would be imposed if Company were providing portfolio management services in the securities context. In this regard, BNP admits that it would have a fiduciary relationship with all customers to which it provides these discretionary management services and has committed that Company will comply with applicable law, including fiduciary principles. As one method of meeting its fiduciary obligations, BNP has committed that Company would obtain the consent of customers before engaging, as principal or as agent in a transaction in which an affiliate of Company acts as principal, in futures or options on futures transactions on the customer's behalf. Company and its affiliates have also agreed not to share any confidential information concerning their respective customers without the consent of the customer. In addition, Company proposes to exercise its discretionary management authority only in purchasing and selling exchange-traded instruments. Therefore, concerns surrounding over-the-counter instruments, such as the potential for abuses due to the lack of price transparency, are not presented by BNP's proposal. Under these circumstances, the Board has determined that BNP's proposal to provide discretionary portfolio management services with respect to futures and options on futures on financial commodities is a proper incident to banking for purposes of section 4(c)(8) of the BHC Act.

Other proposed activities

In considering this proposal under the proper incident to banking standard of section 4(c)(8) of the BHC Act, the Board carefully has considered the potential adverse effects that might stem from BNP's proposal that Company trade exchange-traded and over-the-counter options on foreign currencies for nonhedging purposes in light of the risk management policies, procedures, and systems proposed by BNP. The Board believes that these potential adverse effects are sufficiently minimized by several considerations.

As previously noted by the Board, the Specialist or Trader on the PHLX is required to deal for its own account as necessary to maintain a "fair and orderly market."[13] The rules of the PHLX permit a Specialist or Trader to set the price and quantity that it will buy and sell in order to minimize its risk in an adverse or volatile market. In addition, under the PHLX's rules, a Trader is permitted to leave the trading floor, provided it has met the minimum trading requirements for each quarter. Therefore, a Trader may refrain from dealing when potential profits do not appear likely.

In addition, the rules of the PHLX are intended to prohibit Specialists and Traders from speculating.[14] BNP

9. *See Swiss Bank Corporation*, 77 *Federal Reserve Bulletin* 126 (1991) ("*Swiss Bank*") (acting as a Specialist and Trader with respect to foreign currency options traded on the PHLX); *The Long-Term Credit Bank of Japan, Limited*, 79 *Federal Reserve Bulletin* 347 (1993) (trading options on foreign exchange for nonhedging purposes); *Nippon Credit Bank, Limited*, 75 *Federal Reserve Bulletin* 308 (1989) (trading options, futures, and options on futures on foreign exchange for hedging purposes); *Northern Trust* and *Sakura Bank, Limited*, 79 *Federal Reserve Bulletin* 723 (1993) (providing execution-only and clearing-only services with respect to futures and options on futures on financial commodities).

10. 12 C.F.R. 225.25(b)(19) and *J.P. Morgan & Company Incorporated*, 80 *Federal Reserve Bulletin* 151 (1994).

11. 12 C.F.R. 225.25(b)(4) & (15)(ii).

12. *See* OCC Interpretive Letter No. 494 (December 20, 1989), reprinted in Fed. Banking L. Rep. (CCH) ¶ 83,083.

13. *See Swiss Bank*.

14. Exchange Rule 1014 provides that a Specialist or Trader should not enter into transactions for its own account unless those transactions "are

states that Company would generate profits from the spread between its bid and offer quotations. BNP also states that Company would be carefully hedged at all times and would operate pursuant to trading limits that would limit its exposure to potential losses.

The record indicates that BNP has experience in trading foreign currency options and hedging such trades on exchanges and in the over-the-counter market.[15] In this regard, BNP's computerized risk management system includes an ongoing risk exposure and hedging requirement analysis; "what if" studies for different market scenarios; continuous review of compliance by Company with its internal risk limits; and systems that would permit back-office surveillance of Company's floor trading activities. Company would maintain internal financial and audit controls, reporting personnel, and experienced management and support staff to facilitate the processing, reporting and supervision of foreign exchange transactions. Company also would establish operational, accounting and control systems to monitor positions resulting from trading in the proposed foreign exchange contracts. In addition, BNP has stated that Company would conduct the proposed trading activities in a manner consistent with the limitations, methods and procedures previously established by the Board to address the potential for conflicts of interests, unsound banking practices, or other adverse effects.[16]

The Board notes that Company would be a registered broker-dealer with the Securities and Exchange Commission, and hence would be subject to the net capital requirements applicable to registered broker-dealers. BNP has committed that Company will be adequately capitalized to conduct the businesses in which it engages.

The Board expects that engaging in the proposed activities would enable BNP to provide added convenience to its customers, and would not significantly reduce the level of competition among existing providers of these services. Accordingly, based on all the facts of record, including the commitments provided by BNP and the conditions specified above, the Board has concluded that approval of the application can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

In every case under section 4 of the BHC Act, the Board also must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[17] In this case, the Board notes that BNP's capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. In view of these and other facts of record, the Board has determined that financial factors are consistent with approval of this application. The managerial resources of BNP also are consistent with approval.

Based on the foregoing and all the facts of record, including all the representations and commitments made by BNP, the Board has determined to, and hereby does, approve the application subject to all the terms and conditions set forth in this order, and in the above-noted Board regulations and orders. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all of the commitments made by BNP in this application, including the commitments discussed in this order and the conditions set forth in this order and in the above-noted Board regulations and orders. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective February 9, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Governors Kelley and LaWare.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

reasonably calculated to contribute to a fair and orderly market." In addition, Rule 1015 states that no member of the PHLX should enter into a transaction which is "excessive in view of his financial resources or in view of the market for such security."

15. The Board previously denied an application to act as a Specialist with respect to options on the French franc. *Compagnie Financiere de Suez and Banque Indosuez*, 72 *Federal Reserve Bulletin* 141 (1986). Since that decision, however, the market for options has expanded and the involvement of banks has become more widespread. *See Swiss Bank* at 130 n. 27.

16. See the Appendix for a list of commitments made by BNP to address potential adverse effects that arise from this proposal.

17. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

Appendix

BNP has made the following commitments:

(1) Company will adopt and periodically review and revise written policies, position limits, internal review procedures and financial controls regarding its trading of foreign exchange for its own account;

(2) Management of Company will review its foreign exchange activity on a regular basis, and the internal audit department will review such activities regularly to ensure conformity with established policies and position limits;

(3) Company will not engage in pit arbitrage activities;

(4) Floor traders will not have discretion to execute trades other than in accordance with Company's instructions, and will be authorized to trade only within position limits established by senior management;

(5) Company will not engage in additional market-making or specialist activities without prior Board approval;

(6) No United States nonbanking subsidiary of Applicant will, without prior Board approval, advise third parties regarding foreign exchange futures, options or options on futures transactions;

(7) Company will not knowingly enter into an over-the-counter foreign exchange contract with any person that has received advisory or transactional services that relate to the proposed over-the-counter contract from a U.S. subsidiary of BNP or a U.S. branch or other office of BNP; and

(8) If foreign exchange advisory or transactional services provided by BNP-N&B Global Asset Management, L.P. to a customer results in the customer's entering into an over-the-counter foreign exchange transaction with an affiliate of Company, Company will not knowingly enter into a transaction with such affiliate for the purpose of transferring market risk from the affiliate to Company. BNP has committed to implement procedures to ensure compliance with commitments 7 and 8. BNP-N&B Global Asset Management, L.P. provides foreign exchange advisory and transactional services as permitted under section 225.25(b)(17) of Regulation Y. *See Banque Nationale de Paris*, 80 *Federal Reserve Bulletin* 638 (1994).

Credit Commercial de France S.A.
Paris, France

Berliner Handels-und Frankfurter Bank
Frankfurt am Main, Germany

Order Approving Applications to Engage in Certain Private Placement and Investment Advisory Activities

Credit Commercial de France S.A., Paris, France ("CCF"), and Berliner Handels-und Frankfurter Bank, Frankfurt am Main, Germany ("BHF") (collectively, "Applicants"), foreign banks subject to the provisions of the Bank Holding Company Act ("BHC Act"),[1] have applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to retain control of all the voting shares of Charterhouse North America Inc., New York, New York, and its subsidiaries ("Company").[2] Company would be owned indirectly by European Corporate Finance Holding, S.A., a Luxembourg corporation whose shares would be owned equally by CCF and BHF.[3]

Applicants propose to engage through Company in the following nonbanking activities:

(1) Acting as agent in the private placement of all types of securities;

(2) Providing advice, including rendering fairness opinions and providing valuation services, in connection with mergers, acquisitions, divestitures, joint ventures, leveraged buyouts, recapitalizations, capital structurings, and financing transactions (including private and public financings and loan syndications), and conducting financial feasibility studies, pursuant to section 225.25(b)(4)(vi)(A)(1) of Regulation Y;

(3) Providing financial and transaction advice regarding the structuring and arranging of swaps, caps, and similar transactions relating to interest rates, currency exchange rates or prices, and economic and financial indices, and similar transactions, pursuant to section 225.25(b)(4)(vi)(A)(2) of Regulation Y; and

(4) Providing portfolio investment advice, pursuant to section 225.25(b)(4)(iii) of Regulation Y.

Applicants seek approval to conduct the proposed activities throughout the United States, and intend to conduct the activities worldwide.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published

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1. Each of the Applicants is a foreign bank with a branch in New York, New York, and is subject to the BHC Act by operation of section 8(a) of the International Banking Act of 1978 ("IBA") (12 U.S.C. § 3106(a)).

2. As used herein, the term "Company" includes both Charterhouse North America Inc. and its subsidiaries Charterhouse Inc.; Charterhouse North America Securities, Inc.; and Charterhouse Properties, Inc.; all of New York, New York, and Continental Capital Partners, Jupiter, Florida, except where the context clearly indicates otherwise. Applicants were granted temporary authority to acquire Company pursuant to section 4(c)(9) of the BHC Act (12 U.S.C. § 1843(c)(9)), subject to certain commitments and conditions, including a commitment to file applications to retain their ownership interests in Company.

3. This joint venture corporation would retain, indirectly through a subsidiary ("Charterhouse Holding"), 90.1 percent of the voting and non-voting shares of Charterhouse plc, London, England ("Charterhouse"), and Charterhouse would retain, indirectly through subsidiaries, all the voting shares of Company. The remaining 9.9 percent interest in Charterhouse has been retained by The Royal Bank of Scotland Group plc, Edinburgh, Scotland, which held all the voting shares of Charterhouse before transferring a majority interest to Charterhouse Holding. *See The Royal Bank of Scotland Group plc*, 76 *Federal Reserve Bulletin* 866 (1990) ("*Royal Bank* Order").

(59 *Federal Register* 16,814 (1994)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

CCF, with total consolidated assets of $53.9 billion, is the ninth largest commercial banking organization in France.[4] BHF, with total consolidated assets of $32.3 billion, is the 20th largest commercial banking organization in Germany. Each of the Applicants operates a branch in New York, New York, and engages through subsidiaries in various nonbanking activities in the United States.

Private Placement Activities

Private placement involves the placement of new securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent for the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933. Company would not privately place registered securities, and would only place securities with customers who qualify as accredited investors under the rules of the Securities and Exchange Commission ("SEC").

The Board has previously determined that, subject to prudential limitations that address the potential for conflicts of interests, unsound banking practices, and other adverse effects, the proposed private placement activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[5] The Board also has previously determined that acting as agent in the private placement of securities does not constitute underwriting or dealing in securities for purposes of section 20 of the Glass-Steagall Act when conducted in the manner established in prior Board orders, and, accordingly, that revenue derived from these activities is not subject to the 10 percent revenue limitation on bank-ineligible securities activities.[6] Applicants have committed that Company will conduct its private placement activities using the same methods and procedures, and subject to the same prudential limitations, as those established by the Board in the *Bankers Trust* Order and the *J.P. Morgan* Order. These methods, procedures, and prudential limitations include the comprehensive framework of restrictions designed to avoid potential conflicts of interests, unsound banking practices, and other adverse effects imposed by the Board in connection with proposals to underwrite and deal in bank-ineligible securities.[7]

Other Activities

The Board has previously determined by regulation that Company's other proposed activities are so closely related to banking as to be proper incidents thereto within the meaning of the BHC Act.[8] Applicants have committed that Company will conduct these activities in conformity with the limitations established by the Board in Regulation Y and in related interpretations and orders.[9]

Other Considerations

In every case under section 4(c)(8) of the BHC Act, the Board considers the financial and managerial resources of the applicants and their subsidiaries and the effect of the transaction on those resources.[10] The Board notes that Applicants' capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a United States banking organization. The Board also has reviewed the capitalization of CNA Securities using the standards established in the *J.P. Morgan* Order and the *Bankers Trust* Order, and has determined that Applicants' proposal would meet those standards. On the basis of all the facts of record, the Board has

4. Asset data are as of December 31, 1993, and use exchange rates then in effect.

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

6. *See Bankers Trust* Order.

7. The Board also notes that Charterhouse North America Securities, Inc., New York, New York ("CNA Securities"), through which the proposed private placement activities would be conducted, is and will continue to be a broker-dealer registered with the SEC and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, CNA Securities is subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

8. *See* 12 C.F.R. 225.25(b)(4)(iii) (portfolio investment advice); 12 C.F.R. 225.25(b)(4)(vi)(A)(1) (certain transactional advisory services); and 12 C.F.R. 225.25(b)(4)(vi)(A)(2) (certain derivatives advisory services). Company's portfolio investment advisory services would include certain real-estate-related investment advisory services that would be conducted through a joint venture with deMorgan Investment Management, Inc., Jupiter, Florida ("Investment Management"). Applicants have made commitments similar to those relied on by the Board in previous joint venture cases which are designed to ensure a separation between the activities of the joint venture and those of the nonbanking co-venturer, to ensure that the activities of the joint venture comply with the limitations of the BHC Act, and to address other potential adverse effects of the joint venture. *See Cardinal Bancshares, Inc.*, 80 *Federal Reserve Bulletin* 447 (1994). Applicants have provided similar commitments with respect to the activities of Company, CCF, and BHF in the United States. Based on these and other commitments, the Board believes that the structures of these joint ventures are consistent with the provisions of section 4 of the BHC Act and prior Board cases.

9. These limitations include those set forth in the *Royal Bank* Order. *See also* 12 C.F.R. 225.25(b)(4)(iii) and (b)(4)(vi).

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

concluded that these financial and managerial considerations are consistent with approval.

In order to approve these applications, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the performance of the proposed activities by Company "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). Under the framework and conditions established in this and prior Board decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.[11] Moreover, the Board expects that Company's continued presence in the market for the proposed services in the United States would maintain the level of competition among existing providers of those services, and would provide added convenience to Applicants' customers. For these reasons, the Board has determined, under the proper incident to banking standard of section 4(c)(8) of the BHC Act, that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that outweigh possible adverse effects.

On the basis of the foregoing and all the facts of record, including the commitments furnished by Applicants, the Board has determined that the applications should be, and hereby are, approved, subject to all the terms and conditions of this order. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance by Applicants with all the commitments made in connection with these applications, including those discussed in this order, and the conditions set forth in this order and the above-noted Board regulations and orders. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective February 21, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors LaWare, Phillips, and Yellen. Absent and not voting: Governors Kelley and Lindsey.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

11. The Board notes that Applicants have made a number of commitments designed to separate the operations of Company (representing BHF's only subsidiaries operating pursuant to section 4(c)(8) of the BHC Act) from the operations of BHF Securities Corp., New York, New York ("BHF Securities"), a securities firm that BHF is permitted to retain under the grandfather provisions of the IBA. *See* 12 U.S.C. § 3106(c). Under these commitments, Company and BHF Securities would remain completely separate from each other, and would not engage in any business with or on behalf of the other. These commitments are substantially similar to those relied on by the Board in previous applications by foreign banking organizations with grandfathered subsidiaries in the United States. *See Deutsche Bank AG*, 79 *Federal Reserve Bulletin* 133 (1992).

The Union Bank of Switzerland
Zurich, Switzerland

Order Approving the Acquisition of a Community Development Corporation

The Union Bank of Switzerland, Zurich, Switzerland ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage *de novo* through its wholly owned subsidiary, UBS Community Development Corporation, New York, New York ("UBS CDC"),[1] in making equity investments in, and loans and grants to, community development corporations that are designed to promote community welfare pursuant to section 225.25(b)(6) of the Board's Regulation Y (12 C.F.R. 225.25(b)(6)).

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 15,733 (1994)). 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 4(c)(8) of the BHC Act.

Applicant, a bank organized under the laws of Switzerland, with total consolidated assets of approximately $209 billion, is the largest banking organization in Switzerland.[2] Applicant operates branches in New York,

1. The shares of UBS CDC would be held by UBS Holdings Inc., New York, New York, which is an intermediate holding company and a wholly owned subsidiary of Applicant.

2. Asset and ranking data are as of December 31, 1993, and employ exchange rates then in effect.

New York; Los Angeles, California; and Chicago, Illinois; an agency in Houston, Texas; and a representative office in San Francisco, California. Accordingly, under section 8(a) of the International Banking Act ("IBA") (12 U.S.C. § 3106(a)), Applicant is subject to the nonbanking restrictions of section 4 of the BHC Act as if it were a domestic bank holding company.

In addition to its banking operations, Applicant engages in securities activities in the United States through UBS Securities, Inc., New York, New York, under the grandfather provisions of section 8(c) of the IBA.[3] Applicant also engages in various permissible nonbanking activities through other subsidiaries.

The Board has recognized the benefits of allowing bank holding companies to participate in community development activities based on their unique role in the community[4] and has previously determined by regulation that providing community development activities is closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[5]

UBS CDC proposes to conduct its community development activities through:

(1) Equity investments in nonprofit organizations that identify affordable housing investments and provide equity capital to nonprofit community development corporations;

(2) Loans to organizations that provide financing to nonprofit developers of low-income, very-low income, and special needs housing; and

(3) Grants to organizations that promote community welfare in the areas of economic development, education, and job training.[6]

Based on all the facts of record, the Board believes that Applicant's proposed community development activities are permissible under section 4(c)(8) of the BHC Act and section 225.25(b)(6) of Regulation Y.

In order to approve this application, the Board is also required to determine whether the performance of the proposed activity by Applicant can reasonably be expected to produce benefits that would outweigh possible adverse effects under section 4(c)(8) of the BHC Act.[7] Consummation of this proposal can reasonably be expected to result in public benefits that outweigh adverse effects. The Board expects that the *de novo* entry of UBS CDC into the market for community development services would provide additional equity capital and financing directly to housing projects for the benefit of low- and moderate-income individuals and would aid other community based organizations in helping to meet the housing needs in low- and moderate-income areas. Moreover, consummation of this proposal is not likely to result in any significantly adverse effect, such as an undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board concludes that the balance of the public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

In weighing these factors under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources. Applicant meets the relevant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required for a United States banking organization. The Board also has considered that this proposal requires a *de minimis* capital investment. In view of these and other facts of record, the Board concludes that financial factors are consistent with approval of this application. The managerial resources of Applicant, and its subsidiaries, also are consistent with approval.

Based on the foregoing and all the other facts of record, the Board has determined to, and hereby does, approve the application. The Board's decision is specifically conditioned on Applicant's compliance with all the commitments made in this application. The Board's determination is also subject to the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For the purpose of this action, these commitments and conditions are considered conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or

3. Because section 8(c) of the IBA does not permit Applicant to expand its grandfathered activities through the acquisition of a going concern, Applicant has made commitments to the Board to ensure that UBS CDC and UBS Securities, Inc., will remain separate entities and will not engage in any business with, or on behalf of, each other.

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

5. *See* 12 C.F.R. 225.25(b)(6).

6. To ensure that UBS CDC's activities conform with Regulation Y, Applicant commits that prior to engaging through UBS CDC in any activities that are substantially different from those described in this application, it will consult with the Federal Reserve System to determine whether any additional approval is required to engage in the activities.

7. 12 U.S.C. § 1843(c)(8).

by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective February 13, 1995.

Voting for this action: Chairman Greenspan, and Governors Lindsey, Phillips, and Yellen. Absent and not voting: Vice Chairman Blinder and Governors Kelley and LaWare.

WILLIAM W. WILES
Secretary of the Board

ORDERS ISSUED UNDER FEDERAL RESERVE ACT

Manufacturers and Traders Trust Company Buffalo, New York

Order Approving Establishment of Branches

Manufacturers and Traders Trust Company, Buffalo, New York ("Bank"), a state member bank, has applied under section 9 of the Federal Reserve Act ("Act") (12 U.S.C. § 321 *et seq.*) to establish seven branch offices in Tops Markets stores in the Rochester, New York, area.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published in accordance with the Board's Rules of Procedure (12 C.F.R. 262.3(b)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors in the Federal Reserve Act.

Bank is the 13th largest commercial banking organization in New York State, controlling deposits of $6 billion, representing 2.4 percent of the total deposits in commercial banks in the state.[2] Bank is wholly owned by First Empire State Corporation, Buffalo, New York, which also owns East New York Savings Bank, New York, New York.

Community Reinvestment Act Performance Record

In acting on branch applications, the Board is required to take into account the bank's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of branch applications.[3]

The Board received comments from The Broome County CRA Coalition, Binghamton, New York ("Protestant"), criticizing Bank's CRA performance in Broome County, New York.[4] In particular, based on 1993 data filed under the Home Mortgage Disclosure Act ("HMDA")[5] and Bank's record of lending to small businesses in low-income and minority communities, Protestant alleges possible discriminatory lending practices. Protestant also alleges poor outreach and marketing to low-income and minority communities, and believes that Bank has insufficient branches in minority areas.[6]

The Board has carefully reviewed the entire record of Bank's CRA performance, the comments received on this application, and all other relevant facts of record, in light of the CRA, the Board's regulations, and the Agency CRA Statement.[7]

The Board recently reviewed Bank's CRA performance record in connection with the Citizens Merger applications. This review included consideration of Bank's special mortgage programs, small business lending, community development activities, ascertainment and marketing efforts, and other CRA programs and policies in light of comments received from a number of commenters, including Protestant. For reasons set forth in the October Order, and specifically incorporated by reference herein, the Board concluded that Bank's over-

1. The proposed branch locations are: 3507 Mount Read Boulevard, Town of Greece, New York; 3740 Ridge Road, Town of Greece, New York; 2345 Buffalo Road, Town of Gates, New York; 1100 Jefferson Road, Town of Henrietta, New York; 1900 Clinton Avenue, Town of Brighton, New York; 734 South Panorama Trail, Town of Penfield, New York; and 1854 Empire Boulevard, Town of Webster, New York.

2. Deposit data are as of June 30, 1994.

3. 12 U.S.C. § 2903.

4. Protestant also contends that Bank has not complied with certain commitments to the Board in connection with Bank's applications to acquire Citizens Savings Bank, F.S.B., Ithaca, New York, and to acquire seven branches of Chemical Bank, New York, New York (the "Citizens Merger"). *See First Empire State Corporation* and *Manufacturers and Traders Trust Company*, 80 *Federal Reserve Bulletin* 1111 (1994) (the "October Order").

5. 12 U.S.C. § 2801 *et seq.*.

6. In addition, Protestant objects to Bank's failure to reach an agreement with it to support CRA-related initiatives and programs. The Board has indicated in previous orders and in the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement") that communication with community groups provides a valuable method of assessing and determining how best to address the credit needs of a community. However, neither the CRA nor the Agency CRA Statement requires depository institutions to enter into agreements with particular organizations. Accordingly, the Board's review has focused on the programs and policies Bank has in place in Broome County and other areas to serve the credit needs of its entire community. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

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

all performance record was generally consistent with approval of the applications.

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that reports on these examinations will be given great weight in the applications process.[8] The Board notes that Bank received an "outstanding" rating for CRA performance from the Federal Reserve Bank of New York ("Reserve Bank") in its examination, as of June 14, 1993 (the "1993 Examination").[9]

B. HMDA Data and Lending Practices

The Board reviewed Bank's 1992, 1993, and preliminary 1994 HMDA data in light of Protestant's allegations concerning Bank's performance in Broome County. In some categories, the HMDA data indicate that Bank is performing at a level that meets or exceeds its peers. For example, the ratio of HMDA-reported loan applications to Bank from low- to moderate-income residents to total loan applications to Bank in Broome County exceeds the ratio of similar applications received by Bank's peer organizations. However, these data also reflect some disparities in the rate of housing loan applications, originations, and denials by racial group or income level. In particular, preliminary 1994 data indicate a decline in the number of applications from and originations to minorities.

The Board is concerned when an institution's record indicates disparities in lending to minority applicants, and it believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has engaged in illegal discrimination in lending.

The 1993 Examination found that Bank's loan policies and underwriting criteria were reasonable and did not discriminate on any prohibited basis.[10] The Board also notes that the 1993 Examination found that Bank solicits credit applications from all segments of its community, and that the geographic distribution of its HMDA loans and small business loans reflects substantial penetration of its delineated community, including low- to moderate-income areas. Bank also has taken steps, described in the October Order, to improve its lending to minorities and low- and moderate-income residents.

As noted in the October Order, Bank only recently began operations in Broome County, and did not expand its operations there until the end of 1994, when it acquired three branches as part of the Citizens Merger. Nevertheless, Bank offers a variety of affordable housing products in the area, including products for low- to moderate-income borrowers. For example, in 1994, Bank originated 19 affordable mortgage loans totaling more than $1 million and representing 13 percent of the total mortgage originations in Broome County. This includes four State of New York Mortgage Association ("SONYMA") and Federal Housing Administration ("FHA") loans totaling over $225,000 to first-time homebuyers and 15 loans totaling over $826,000 under its various Community Homebuyers and other special programs described in the October Order. In addition, Bank is engaged with other local institutions, the Federal Home Loan Bank of New York, and local government officials in an effort to locate in Broome County a branch of the Community Lending Corporation, which pools private and public grant funds to support affordable housing programs in low- to moderate-income neighborhoods.

In connection with the Citizens Merger, Bank committed to the Board to take additional steps to enhance its affordable mortgage lending program in Broome County. In accordance with these commitments, Bank is implementing a new affordable mortgage product for low- to moderate-income residents, the "M&T Down Payment and Closing Cost Assistance Pilot Program," which provides home purchase mortgage loans with cash down payments as low as $500 and closing cost financing.[11] Bank is allocating $1 million for this program in the first year. In order to increase the success of this and other affordable mortgage programs, and in accordance with its commitments,[12] Bank is implementing a third-party

8. *Id.* at 13,745.

9. The New York Banking Department also rated Bank "outstanding" at it most recent CRA performance examination, as of December 27, 1993.

10. Protestant alleges Bank failed to investigate properly three consumer complaints about loan denials. Board staff has reviewed Bank's explanations of two of these complaints and, based on the explanations, believes that the denials were appropriate. The investigation of these complaints is still in progress.

11. Protestant maintains that Bank has failed to implement this pilot program. Bank committed to commence implementation of this pilot program in January 1995. Bank has presented the program to local realtors and a HUD-certified community-based loan counseling organization, and is processing its first applications under the program. The Board concludes that Bank is complying with its commitment.

12. Bank committed to provide $15,000 in financing for a community-based organization to develop a credit counseling program designed to assist low- to moderate-income residents to achieve home ownership.

loan counseling program for first-time homebuyers, which four other banks in the area have joined. In addition, Bank committed to provide flexible underwriting standards for its housing-related loans and, for the three-year period beginning January 1, 1995, to provide residential mortgage and home improvement loans at a target level of $4.5 million to residents within low- to moderate-income census tracts in Binghamton and to low- and moderate-income residents elsewhere in Broome County. Bank also committed to conduct a second review of all initially declined residential applications of these residents.[13]

C. Other Initiatives in Broome County

As of December 1994, Bank had 114 small business loans aggregating $4.5 million in Broome County, of which more than $321,000 was to borrowers in low- to moderate-income census tracts in its delineation. In 1994, Bank originated eight SBA loans totalling over $2.8 million in the area. During the SBA fiscal year that ended September 30, 1994, Bank originated more SBA loans in dollar terms than any other financial institution in the SBA's Elmira district, which includes Broome County.

Bank has allocated up to $10.5 million for three years beginning January 1, 1995, for loans to small businesses in the area, including enterprises owned by minorities and women and community-based not-for-profit organizations. In addition, Bank refers denied start-up business loan applicants to various small business counseling services. Bank also has provided financial support to Broome County Partnership 2000, a group of community leaders organized to bring businesses and jobs to the area, and to other community-based charitable, civic and educational organizations, including First Ward Action Council, Endicott Development Association, and the United Way of Broome County. Bank also participates in local development corporations.[14]

D. Ascertainment and Marketing

Bank uses various methods to ascertain the credit needs of its entire delineated community, including surveys, focus groups, small business study groups, advisory councils, interviews with community leaders, and formal call programs by branch managers and loan officers.[15] These call programs include a business call program throughout Bank's delineated community, including Broome County, that encompasses businesses owned by women and minorities.

Bank markets its products through television, radio, and print advertising, including minority publications and radio stations with large minority audiences. Bank also conducts both small business and home buyer seminars to market its affordable housing programs throughout its delineated community, including Broome County.

To expand its marketing and outreach to minority and low- to moderate-income residents and meet its lending targets in Broome County, Bank has committed to market its affordable housing and small business loan products aggressively in local media, including advertising in journals and publications of community-based organizations intended to reach such residents. Bank also has committed to expand its outreach and marketing efforts in these communities through seminars and workshops with local realtors and community-based organizations,[16] an active calling program designed specifically for low- to moderate-income areas, and small business fairs intended for businesses owned by women and minorities.

E. Branches

The 1993 Examination found that Bank's offices are reasonably accessible to all segments of its local community and provide a full range of deposit and credit services. Five of Bank's 11 branches in Broome County are either located in or adjoin 12 of the 15 low- to moderate-income tracts in Bank's Broome County delineation. In addition, Bank has a comprehensive, written branch closure policy, which states that the decision to close a branch shall be made only after a thorough evaluation of the potential impact of the closure.

F. Conclusion Regarding CRA Performance

The Board has carefully considered the entire record, including Protestant's comments, Bank's responses,

13. Bank further committed to deposit $100,000 with a new community development credit union upon its receipt of deposit insurance from the National Credit Union Share Insurance Fund, and to provide technical assistance to the credit union. In response to Protestant's comment that Bank has not made the deposit, Bank has indicated that this commitment will be fulfilled upon confirmation of deposit insurance.

14. A Bank representative serves on the Board of Directors of the Binghamton Local Development Corporation, which is designed to assist individuals in obtaining financing for business ventures, whether provided by that Corporation or done in conjunction with one of a number of lending institutions. A Bank representative also chairs the regional loan committee of the New York Business Development Corporation, which is chartered to provide credit to businesses in the southern tier of the state that might not otherwise qualify for bank financing. The latter organization provides management assistance and counseling and both use public funds to help subsidize lenders' risks.

15. Bank's management periodically reviews internal analyses of the geographic distribution of its credit originations, including small business loans, and uses them to evaluate marketing efforts in targeted geographic areas and develop new products to make credit more widely available.

16. Bank sponsored an "Emerging Business" seminar in Binghamton in December 1994, and, jointly with city government, realtors, and local financial institutions, is planning a series of showcases aimed at low- to moderate-income individuals that highlight affordable housing opportunities.

Bank's CRA performance examination reports, and the representations and commitments referenced in the October Order. In light of all the facts of record, the Board concludes that CRA considerations are consistent with approval of these applications and that Protestant's comments do not warrant their denial. The Board expects Bank to comply with all the commitments discussed in the October Order. These commitments include semiannual reports to the Reserve Bank for two years on Bank's progress in fulfilling its commitments in Broome County. The Board will assess the success of Bank's continued efforts in connection with future applications to expand its deposit-taking facilities.

Protestant has requested that the Board hold a public hearing or public meeting on these applications. The Board notes that the Federal Reserve Act does not require a hearing on branch applications. The Board's Rules of Procedure generally provide that the Board may, in its discretion, hold a public hearing or meeting to clarify factual issues related to an application and provide an opportunity for testimony, if appropriate.[17]

Protestant seeks a hearing to present testimony on its unsuccessful attempts to negotiate a private agreement with Bank regarding CRA activities in Broome County. In addition, Protestant seeks to demonstrate that Bank has not complied with certain commitments made to the Board in connection with the October Order. Protestant also asserts that at a hearing it would dispute conclusions drawn by the Board in the October Order.[18]

The Board has carefully considered this request and concludes that the matters identified in Protestant's request can either be resolved without holding a public hearing or meeting, or are matters not relevant to the Board's consideration of these applications. As noted above, the CRA does not require depository institutions to enter into private agreements with particular organizations and, therefore, testimony regarding Protestant's negotiations with Bank would not resolve any material issue. Protestant's allegations concerning the specific commitments made by Bank have been reviewed by the Board and are discussed above. Based on the existing record, the Board finds that Bank has not failed to comply with its previous commitments, and that a hearing is not necessary to develop the record on this issue.[19] The Board also does not believe a hearing is necessary to address Protestant's disagreement with the Board's conclusions in the October Order.

Moreover, the Board notes that interested parties have had ample opportunity to submit their views, and have submitted substantial written comments that the Board has considered. In light of these and all other facts of record, the Board has determined that a public hearing or meeting is not necessary to clarify the factual record or otherwise warranted in this case. Accordingly, Protestant's request is hereby denied.[20]

Other Considerations

The Board has also concluded that the factors it is required to consider under section 9 of the Federal Reserve Act, including Bank's financial condition, the general character of its management, and the proposed exercise of corporate powers, are consistent with approval of these applications.

Based on the foregoing and all other facts of record, including commitments made by Bank in connection with these applications and the October Order, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned on Bank's compliance with all commitments made in connection with these and previous applications. The commitments and conditions relied on by the Board are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law. This approval is subject to completion of the facilities and their being in operation within one year of the date of this order, and to approval by the appropriate state authorities.

By order of the Board of Governors, effective February 27, 1995.

Voting for this action: Chairman Greenspan, Vice Chairman Blinder, and Governors Kelley, LaWare, Lindsey, Phillips, and Yellen.

JENNIFER J. JOHNSON
Deputy Secretary of the Board

17. *See* 12 C.F.R. 262.3(e).

18. Protestant also seeks to obtain additional information about Bank's programs and activities. These requests do not raise any factual dispute. The Board does not believe that a formal hearing is necessary to gather additional data where no material factual dispute has been raised.

19. *See*, for example, footnotes 10, 11, and 13 above.

20. Protestant does not indicate why written submissions are inadequate in this case to present its views. *See* 12 C.F.R. 262.3(e) (requiring a statement of why a written presentation would not suffice in lieu of a hearing).

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (OCTOBER 1, 1994–DECEMBER 31, 1994)

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
Abrams Centre Bancshares, Inc., Dallas, Texas	Abrams Centre National Bank, Dallas, Texas	November 15, 1994	81, 42
Banco Roberts, S.A., Buenos Aires, Argentina	To establish a representative office in New York, New York	December 21, 1994	81, 202
BankAmerica Corporation, San Francisco, California	BA Securities, Inc., San Francisco, California	October 11, 1994	80, 1104
The Bank of New York Company, Inc., New York, New York	InfiNet Payment Services, Inc., Hackensack, New Jersey	October 3, 1994	80, 1108
Banpais, S.A., Mexico City, Mexico	To establish a representative office in New York, New York	December 21, 1994	81, 204
Cariplo-Cassa di Risparmio delle Provincie Lombarde, S.p.A., Milan, Italy	Order approving establishment of a representative office in Los Angeles, California	October 25, 1994	80, 1136
China Trust Holdings N.V., Curacao, Netherlands Antilles	Trans Bankcorp, Inc., Monterey Park, California	December 19, 1994	81, 155
Citicorp, New York, New York	Citicorp Futures Corporation, New York, New York	December 13, 1994	81, 164
Citizens State Bank, Arlington, South Dakota	To establish a branch office in Castlewood, South Dakota	November 14, 1994	81, 59
CNB Bancshares, Inc., Evansville, Indiana	King City Federal Savings Bank, Mount Vernon, Illinois	December 5, 1994	81, 166
Crestar Bank, Richmond, Virginia	Independent Bank, Manassas, Virginia	December 14, 1994	81, 200
CS Holding, Zurich, Switzerland	BEA Associates, New York, New York	November 1, 1994	81, 46
First Bank System, Inc., Minneapolis, Minnesota	Metropolitan Financial Corporation, Minneapolis, Minnesota	December 23, 1994	81, 169
First Empire State Corporation, Buffalo, New York	Citizens Savings Bank, F.S.B., Ithaca, New York	October 12, 1994	80, 1111
First International Bancorp Texas, Inc., Bedford, Texas	First International Bank, Bedford, Texas	December 12, 1994	81, 156
First National Corporation of Ardmore, Inc., Ardmore, Oklahoma	Bank of Love County, Marietta, Oklahoma	October 3, 1994	80, 1101
First of America Bank Corporation, Kalamazoo, Michigan	First of America Securities, Inc., Kalamazoo, Michigan	October 11, 1994	80, 1120
First Security Bank, Fort Lupton, Colorado	World Savings and Loan Association, Oakland, California	November 28, 1994	81, 60
Fleet Financial Group, Inc., Providence, Rhode Island	Order approving an exemption from the anti-tying provisions	October 19, 1994	80, 1134
Fourth Financial Corporation, Wichita, Kansas	Blackwell Security Bancshares, Inc., Blackwell, Oklahoma	December 21, 1994	81, 156
Huntington Bancshares Incorporated, Columbus, Ohio	FirstFed Northern Kentucky Bancorp, Inc., Covington, Kentucky	November 14, 1994	81, 47

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Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin* Volume and Page
Intrust Financial Corporation, Wichita, Kansas	First Moore Bancshares, Inc., Moore, Oklahoma	October 25, 1994	80, 1127
Jefferson Bancshares, Inc., Pine Bluff, Arkansas	Pine Bluff National Bank, Pine Bluff, Arkansas	October 12, 1994	80, 1102
KeyCorp, Cleveland, Ohio	BANKVERMONT Corporation, Burlington, Vermont	December 19, 1994	81, 160
Mercantile Bancorporation Inc., St. Louis, Missouri	UNSL Financial Corporation, Lebanon, Missouri	December 5, 1994	81, 180
Marine Midland Bank, Buffalo, New York	Hongkong and Shanghai Banking Corporation Limited, Hong Kong	November 21, 1994	81, 56
National Bank of Canada, Montreal, Quebec, Canada	Natbank, F.S.B., Pompano Beach, Florida	December 5, 1994	81, 181
New American Bank Holding Corporation, Corpus Christi, Texas American Bank Holding Corporation, Corpus Christi, Texas		December 6, 1994	81, 163
Northwest Bancorp, MHC, Warren, Pennsylvania	Northwest Savings Bank, Warren, Pennsylvania	October 18, 1994	80, 1131
Peoples Bancorp Inc., Marietta, Ohio	Woodsfield Savings & Loan Company, Woodsfield, Ohio	October 3, 1994	80, 1125
Regions Financial Corporation, Birmingham, Alabama	Union Bank & Trust Company, Montgomery, Alabama	November 7, 1994	81, 44
Section 20 Firewall Interpretation	Interpretation of the Cross-Marketing Limitation Applicable to Section 20 Subsidiaries	December 14, 1994	81, 200
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands	ABN AMRO Securities (USA) Inc., New York, New York	December 12, 1994	81, 182
Swiss Bank Corporation, Basel, Switzerland	To engage in underwriting and dealing in all types of debt and equity securities on a limited basis, and certain other securities- and derivatives-related activities	December 23, 1994	81, 185
Union Planters Corporation, Memphis, Tennessee	Grenada Sunburst System Corporation, Grenada, Mississippi	November 7, 1994	81, 49
Union Planters Corporation, Memphis, Tennessee	Mid South Bancshares, Inc., Paragould, Arkansas	November 7, 1994	81, 45

Applications Approved Under Bank Holding Company Act

By the Secretary of the Board

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

Section 3

Applicant(s)	Bank(s)	Effective Date
CCB Financial Corporation, Durham, North Carolina	Security Capital Bancorp, Salisbury, North Carolina	February 10, 1995
Old National Bancorp., Evansville, Indiana	Oblong Bancshares, Inc., Oblong, Illinois	February 8, 1995
Signature Bancshares, Inc., Dallas, Texas Signature Delaware Financial Corporation, Dover, Delaware	First State Bank, Coolidge, Texas	February 17, 1995
Simmons First National Corporation, Pine Bluff, Arkansas	Dumas Bancshares, Inc., Dumas, Arkansas	February 23, 1995
SunTrust Banks, Inc., Atlanta, Georgia	Peoples State Bank, New Port Richey, Florida	February 28, 1995

Section 4

Applicant(s)	Bank(s)	Effective Date
First National of Nebraska, Inc., Omaha, Nebraska	Platte Valley Finance Company, North Platte, Nebraska	February 3, 1995
Old National Bancorp, Evansville, Indiana	The ONB Trust Company, N.A.—Illinois, Mt. Carmel, Illinois The Old National Trust Company—Kentucky, Morganfield, Kentucky	February 24, 1995
U.S. Bancorp., Portland, Oregon	U.S. Trade Services, Inc., Portland, Oregon	February 16, 1995

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The ANB Corporation, Terrell, Texas The ANB Delaware Corporation, Terrell, Texas	The American National Bank of Terrell, Terrell, Texas	Dallas	February 3, 1995
A.N.B. Holding Company, Ltd., Terrell, Texas	The ANB Corporation, Terrell, Texas The ANB Delaware Corporation, Terrell, Texas The American National Bank of Terrell, Terrell, Texas	Dallas	February 3, 1995
A. Wilbert's Sons Lumber and Shingle Co., Plaquemine, Louisiana	Bayoulands Financial Corporation, Plattenville, Louisiana	Atlanta	February 13, 1995
Banco Santander, S.A., Santander, Spain FFB Participacoes e Servicos, S.A., Funchal, Portugal	First State Bank, Wilmington, Delaware	New York	February 15, 1995
Barry Limited Partnership, Valparaiso, Nebraska	Valparaiso Enterprises, Inc., Valparaiso, Nebraska	Kansas City	February 8, 1995
The Bridger Company, Bridger, Montana	Norwest Bank Wyoming Lovell, N.A., Lovell, Wyoming	Minneapolis	January 31, 1995
Byron State Inc., Byron, Nebraska	Byron State Bank, Byron, Nebraska	Kansas City	January 31, 1995
Campello Co-operative Bank, Brockton, Massachusetts Campello Bancorp, Brockton, Massachusetts	The Community Bank, Brockton, Massachusetts	Boston	January 27, 1995
Chittenden Corporation, Burlington, Vermont	The Bank of Western Massachusetts, Springfield, Massachusetts	Boston	February 15, 1995
Citizens Independent Bancorp, Inc., Logan, Ohio	The Citizens Bank of Logan, Logan, Ohio	Cleveland	February 14, 1995
Commercial Bancshares, Inc., Upper Sandusky, Ohio	The Commercial Savings Bank, Upper Sandusky, Ohio	Cleveland	February 13, 1995
Community Bancorp, Inc., Norwalk, Wisconsin	Community State Bank, Norwalk, Wisconsin	Chicago	January 27, 1995
Community First Bankshares, Inc., Fargo, North Dakota	First Community Bankshares, Inc., Englewood, Colorado	Minneapolis	February 22, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Eiden Interests, Ltd., Gurnee, Illinois	First Waukegan Corporation, Glenview, Illinois	Chicago	February 10, 1995
Elgin Bancshares, Inc., Elgin, North Dakota	Farmers State Bank, Elgin, North Dakota	Minneapolis	February 7, 1995
The Estes Park Bank Restated Employee Stock Ownership 401(k) Plan & Retirement Trust, Estes Park, Colorado	Estes Bank Corporation, Estes Park, Colorado	Kansas City	February 3, 1995
Firstar Corporation, Milwaukee, Wisconsin Firstar Corporation of Minnesota, Bloomington, Minnesota	Investors Bank Corporation, Wayzata, Minnesota	Chicago	January 27, 1995
First Banks, Inc., Clayton, Missouri	HNB Financial Group, Huntington Beach, California	St. Louis	January 27, 1995
First Bank System, Inc., Minneapolis, Minnesota	First Western Corporation, Sioux Falls, South Dakota	Minneapolis	January 30, 1995
First Fidelity Bancorporation, Lawrenceville, New Jersey	First State Bank, Wilmington, Delaware	Philadelphia	February 15, 1995
First Michigan Bank Corporation, Holland, Michigan	Superior Financial Corporation, Sault Sainte Marie, Michigan Sault Bank, Sault Sainte Marie, Michigan	Chicago	February 8, 1995
First Tennessee National Corporation, Memphis, Tennessee	Peoples Commercial Services Corporation, Senatobia, Mississippi	St. Louis	February 6, 1995
Greater Delaware Valley Holdings, A Mutual Company, Broomall, Pennsylvania	Greater Delaware Valley Savings Bank, Broomall, Pennsylvania	Philadelphia	February 16, 1995
Hoeme Family Partnership, Scott City, Kansas	First National Bancshares of Scott City, Inc., Scott City, Kansas	Kansas City	February 17, 1995
Kidd Partners, Ltd., Chandler, Texas	Chandler Bancorp, Inc., Chandler, Texas Citizens State Bank, Chandler, Texas	Dallas	January 27, 1995
Linn Holding Company, Inc., Linn, Missouri	Heritage Bank, Loose Creek, Missouri	St. Louis	February 7, 1995
Longview Capital Corporation, Newman, Illinois	First Praire Bankshares, Inc., Georgetown, Illinois	Chicago	January 27, 1995
Norwest Corporation, Minneapolis, Minnesota	First American National Bank, Chandler, Arizona	Minneapolis	February 14, 1995
Norwest Corporation, Minneapolis, Minnesota	Goldenbanks of Colorado, Inc., Golden, Colorado	Minneapolis	February 23, 1995
Regions Financial Corporation, Birmingham, Alabama	First Commercial Bancshares, Inc., Chalmette, Louisiana First National Bank of St. Bernard Parish, Chalmette, Louisiana	Atlanta	February 7, 1995

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Riverside Bancshares, Inc., Logansport, Louisiana	The Bank of Logansport, Logansport, Louisiana	Dallas	February 10, 1995
Synovus Financial Corp., Columbus, Georgia TB&C Bancshares, Inc., Columbus, Georgia	NBSC Corporation, Columbia, South Carolina	Atlanta	January 30, 1995
Texas Bancshares, Inc., San Antonio, Texas Texas Bancshares Subsidiary Corporation, Inc., Wilmington, Delaware	State Bank of La Vernia, La Vernia, Texas	Dallas	January 31, 1995
Waupaca Bancorporation, Inc., Waupaca, Wisconsin	NBC Bancshares, Inc., Pampa, Texas	Chicago	January 31, 1995

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BancorpSouth Inc., Tupelo, Mississippi	LF Bancorp, Inc., Laurel, Mississippi	St. Louis	January 30, 1995
The Bank of Kentucky Financial Corporation, Florence, Kentucky	Burnett Federal Savings Bank, Covington, Kentucky	Cleveland	January 27, 1995
Banner Bancorp, Ltd., Birnamwood, Wisconsin Eitzen Independents, Inc., Eitzen, Minnesota	To engage *de novo* in insurance agency activities	Chicago	January 26, 1995
Barnett Banks, Inc., Jacksonville, Florida	BancPLUS Financial Corporation, San Antonio, Texas	Atlanta	February 17, 1995
Central Louisiana Capital Corporation, Vidalia, Louisiana	Community Credit Centers, Inc., Lake Providence, Louisiana	Dallas	February 16, 1995
Cooperative Centrale Raiffeisen-Boerenleenbank B.A., Robobank Nederland, Utrecht, The Netherlands	Utrecht-America Finance Co., New York, New York	New York	February 10, 1995
Country Bank Shares Corporation, Mt. Horeb, Wisconsin	Belleville State Bank, Belleville, Wisconsin Middleton Community Bank, Middleton, Wisconsin	Chicago	February 15, 1995
Dauphin Deposit Corporation, Harrisburg, Pennsylvania	Loans USA, Incorporated, Pasadena, Maryland	Philadelphia	February 3, 1995
First of America Bank Corporation, Kalamazoo, Michigan	To engage *de novo* in the nonbanking activity of high residual value leasing	Chicago	February 16, 1995
First Union Corporation, Charlotte, North Carolina	Ameribanc Investors Group, Annandale, Virginia	Richmond	February 16, 1995

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
KeyCorp, Cleveland, Ohio	To engage *de novo* in making, acquiring, and servicing loans	Cleveland	February 3, 1995
Nashville Holding Company, Nashville, Georgia	To engage *de novo* in making, acquiring, or servicing loans	Atlanta	February 9, 1995
National Westminster Bank Plc, London, England Natwest Holdings Inc., New York, New York	BRS Capital Management, Inc., Boston, Massachusetts	New York	February 3, 1995
Norwest Corporation, Minneapolis, Minnesota	Bank of Montana, N.A., Great Falls, Montana Montana Bank, N.A., Billings, Montana	Minneapolis	January 31, 1995
The Palmer National Bancorp, Inc., Washington, D.C.	Palmer National Mortgage, Inc., Rockville, Maryland	Richmond	February 10, 1995
The Shorebank Corporation, Chicago, Illinois	ShoreTrust Trading Group, Inc., Ilwaco, Washington	Chicago	January 27, 1995
Societe Generale, Paris, France	To engage *de novo* in higher-residual-value leasing	New York	February 9, 1995
Union Bank of Switzerland, Zurich, Switzerland	Timberland Resources, Inc., West Lebanon, New Hampshire	New York	February 13, 1995

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
West Town Bancorp, Inc., Cicero, Illinois	West Town Savings Bank, Cicero, Illinois	Chicago	January 30, 1995
Whipple Family Limited Partnership, Arkadelphia, Arkansas	Central Arkansas Bancshares, Inc., Arkadelphia, Arkansas First Banc Securities, Inc., Arkadelphia, Arkansas	St. Louis	February 17, 1995

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bank of Great Neck, Great Neck, New York	North Fork Bank, Mattituck, New York	New York	February 23, 1995
The Callaway Bank, Fulton, Missouri	Steedman Bank, Mokane, Missouri	St. Louis	January 27, 1995
Centura Bank, Rocky Mount, North Carolina	Progressive Savings & Loan, Ltd., Lumberton, North Carolina	Richmond	February 10, 1995
Farmers Trust Bank, Lebanon, Pennsylvania	Meridian Bank, Reading, Pennsylvania	Philadelphia	February 17, 1995
Integra Bank/Pittsburgh, Pittsburgh, Pennsylvania	Integra Bank/North, Titusville, Pennsylvania Integra Bank/South, Uniontown, Pennsylvania	Cleveland	February 8, 1995
Minden Bank & Trust Company, Minden, Louisiana	Hibernia National Bank, New Orleans, Louisiana	Dallas	February 15, 1995
Premier Bank-North, Haysi, Virginia	Premier Bank-Central, Honaker, Virginia	Richmond	February 22, 1995

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.

In re Subpoena Duces Tecum, No. 95–5034 (D.C. Cir., filed January 26, 1995). Appeal of partial denial of plaintiff's motion to compel production of examination and other supervisory material in connection with a shareholder derivative action against a bank holding company.

Kuntz v. Board of Governors, No. 95–3044 (6th Cir., filed January 12, 1995). Petition for review of a Board order dated December 19, 1994, approving an application by KeyCorp, Cleveland, Ohio, to acquire BANKVERMONT Corp., Burlington, Vermont. On February 10, 1995, the Board filed its motion to dismiss.

Zemel v. Board of Governors, No. 95–5007 (D.C. Cir., filed December 30, 1994). Appeal of district court's dismissal of Age Discrimination in Employment Act case.

In re Subpoena Duces Tecum, Misc. No. 95–06 (D.D.C., filed January 6, 1995). Action to enforce subpoena seeking pre-decisional supervisory documents sought in connection with an action by Bank of New England Corporation's trustee in bankruptcy against the Federal Deposit Insurance Corporation. The Board filed its opposition on January 20, 1995.

Cavallari v. Board of Governors, No. 94-4183 (2d Cir., filed October 17, 1994). Petition for review of Board order of prohibition against a former outside counsel to a national bank (80 *Federal Reserve Bulletin* 1046 (1994)). The case was consolidated with a petition for review of orders of the Comptroller of the Currency imposing a civil money penalty and cease and desist order against petitioner (*Cavallari v. OCC*, No. 94-4151). Oral argument is scheduled for March 23, 1995.

In re Subpoena Duces Tecum, No. 94-MS-214 (D. D.C., filed June 27, 1994). Subpoena enforcement case in which the plaintiff in a securities fraud class action seeks examination reports and internal Board memos. On February 1, 1995, the court granted the plaintiff's motion to compel, subject to the Board's right to claim privilege with respect to the documents sought.

National Title Resource Agency v. Board of Governors, No. 94-2050 (8th Cir., filed April 28, 1994). Petition for review of Board's order, issued under section 4 of the Bank Holding Company Act, approving the application of Norwest Corp., Minneapolis, Minnesota, to acquire Double Eagle Financial Corp., Phoenix, Arizona, and its subsidiary, United Title Agency, Inc., and thereby engage in title insurance agency activities and real estate settlement services (80 *Federal Reserve Bulletin* 453). On January 10, 1995, the court denied the petition and affirmed the Board's order.

Beckman v. Greenspan, No. CV 94-41-BCG-RWA (D. Mont., filed April 13, 1994). Action against Board and others seeking damages for alleged violations of constitutional and common law rights. The Board's motion to dismiss was filed May 19, 1994.

Bennett v. Greenspan, No. 93-1813 (D. D.C., filed April 20, 1993). Employment discrimination action. A jury verdict for the plaintiff was rendered on October 13, 1994. The Board's motion for a new trial on the issue of damages was denied on January 9, 1995.

Board of Governors v. Ghaith R. Pharaon, No. 91-CIV-6250 (S.D. New York, filed September 17, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On September 17, 1991, the court issued an order temporarily restraining the transfer or disposition of the individual's assets.

Final Enforcement Orders Issued by the Board of Governors

Daniel E. Besler
Inverness, Illinois

The Federal Reserve Board announced on February 28, 1995, the issuance of an Order of Removal and of Prohibition against Daniel E. Besler, Vice President, the Royal American Bank, Inverness, Illinois.

Robert L. Hotchkiss
Genoa, Ohio

The Federal Reserve Board announced on February 7, 1995, the issuance of a Combined Order to Cease and Desist and of Prohibition against Robert L. Hotchkiss, the former president, chief executive officer, and director of The Genoa Banking Company, Genoa, Ohio.

Written Agreements Approved by Federal Reserve Banks

First Security Banshares, Inc.
Lake Park, Iowa

The Federal Reserve Board announced on February 6, 1995, the execution of a Written Agreement between the Federal Reserve Bank of Chicago and First Security Banshares, Inc., Lake Park, Iowa.

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SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
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
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

GENERAL INFORMATION

In many of the tables, components do not sum to totals because of rounding.

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.

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1994[1]				1994[r]				1995
	Q1	Q2	Q3	Q4	Sept.	Oct	Nov.	Dec.	Jan.
Reserves of depository institutions[2]									
1 Total	3.1	−4.4	2.5	3.6	−.7	−6.3	−3.2	.3	1.5
2 Required	2.5	3.6	−2.6	3.2	−1.9	1.2	7.4	3.1	−1.9
3 Nonborrowed	3.7	5.4	4.2	−2.3	1.1	4.2	6	1.1	3.0
4 Monetary base[3]	9.7	8.2	7.4	6.9	6.3	7.4	8.4	4.3	8.6
Concepts of money, liquid assets, and debt[4]									
5 M1	5.5	2.7	2.4	1.2	.2	−3.0	.6	.3	1.2
6 M2	1.8	1.7	.8	.4	.5	1.3	.3	1.4	4.4
7 M3	.6	1.3	2.0	1.6	1.5	2.0	1.6	3.0	6.9
8 L	2.4	1.6	1.7	3.4	.5	5.3	2.7	8.8	n.a.
9 Debt	5.3	5.6	4.4	5.5	5.7	5.0	6.5	3.9	n.a.
Nontransaction components									
10 In M2[5]	1	1.3	.1	.1	.8	.5	.7	2.0	5.9
11 In M3 only[6]	5.8	1.3	8.7	12.7	12.4	19.5	8.2	11.6	20.2
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	5.0	3.7	−4.6	8.5	4.5	11.5	9.7	10.9	12.9
13 Small time[7]	5.1	.3	9.4	16.0	12.9	16.5	15.5	20.4	24.1
14 Large time[8,9]	.9	.8	13.1	18.8	20.6	19.8	18.7	13.5	−6.5
Thrift institutions									
15 Savings, including MMDAs	2	.4	11.5	17.8	−17.6	15.5	21.3	−20.8	−19.0
16 Small time[7]	11.1	5.9	−1.7	8.6	2.8	11.4	17.5	5.4	19.9
17 Large time[8]	7.4	3.5	6.8	12.0	19.4	19.1	3.8	7.5	33.6
Money market mutual funds									
18 General purpose and broker dealer	3.4	11.9	5.0	8.9	1.3	9.9	14.2	17.2	8.9
19 Institution-only	20.5	−15.7	4.5	7.3	7.4	30.6	−2.0	2.0	36.5
Debt components[4]									
20 Federal	7.3	5.4	3.9	5.9	6.0	5.4	8.5	1.2	n.a.
21 Nonfederal	4.6	5.6	4.6	5.4	5.5	4.8	5.7	4.9	n.a.

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

2. Figures incorporate adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements (See also table 1 20.)

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

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

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

M2: M1 plus (1) overnight (and continuing contract) repurchase agreements (RPs) issued by all depository institutions and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, (2) savings (including MMDAs) and small time deposits (time deposits– including retail RPs in amounts of less than $100,000), and (3) balances in both taxable and tax-exempt general-purpose and broker dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker–dealer), foreign governments and commercial banks, and the U.S. government Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and (3) balances in both taxable and tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, net of money market fund holdings of these assets. Seasonally adjusted L is computed by summing U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, each seasonally adjusted separately, and then adding this result to M3.

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors– the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

5. Sum of (1) overnight RPs and overnight Eurodollars, (2) money market fund balances (general purpose and broker–dealer), (3) savings deposits (including MMDAs), and (4) small time deposits.

6. Sum of (1) large time deposits, (2) term RPs, (3) term Eurodollars of U.S. residents, and (4) money market fund balances (institution-only), less (5) a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. This sum is seasonally adjusted as a whole.

7. Small time deposits – including retail RPs are those issued in amounts of less than $100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits.

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

9. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1994		1995	1994			1995			
	Nov.	Dec.	Jan.	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	399,252	405,187	404,337	402,024	405,775	410,033[r]	411,956	407,550	406,094	398,994
U.S. government securities[2]										
2 Bought outright—System account	357,686	364,374	363,467	364,693	364,572	364,225	364,635	366,654	364,185	361,134
3 Held under repurchase agreements	2,899	3,278	2,758	718	3,086	6,832	9,590	3,187	2,772	0
Federal agency obligations										
4 Bought outright	3,730	3,653	3,600	3,661	3,644	3,642	3,637	3,629	3,610	3,585
5 Held under repurchase agreements	969	648	440	300	1,157	1,046	802	509	743	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	103	87	111	28	133	65	237	15	43	153
8 Seasonal credit	159	101	43	91	104	118	72	40	36	40
9 Extended credit	0	0	4	0	0	0	0	0	0	19
10 Float	720	825	730	575	834	1,478[r]	8	812	1,355	747
11 Other Federal Reserve assets	32,987	32,220	33,184	31,957	32,244	32,626	32,975	32,704	33,350	33,315
12 Gold stock	11,052	11,051	11,050	11,051	11,051	11,051	11,051	11,050	11,050	11,050
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	22,905	22,971[r]	23,031	22,961[r]	22,974[r]	22,987[r]	23,001	23,015	23,029	23,043
ABSORBING RESERVE FUNDS										
15 Currency in circulation	393,906	398,875	399,371	397,002[r]	398,299[r]	401,973[r]	403,958	401,478	399,552	397,765
16 Treasury cash holdings	379	350	332	347	342	335	334	330	331	332
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,250	6,113	7,147	6,044	6,697	6,973	7,148	7,421	6,525	5,919
18 Foreign	192	195	198	189	178	219	241	170	206	201
19 Service-related balances and adjustments	4,612	4,573	4,460	4,876	4,546	4,462[r]	4,463	4,440	4,361	4,276
20 Other	316	342	333	320	317	278	687	223	284	307
21 Other Federal Reserve liabilities and capital	12,020	12,000	12,367	11,706	12,403	12,584	12,104	12,127	12,492	12,495
22 Reserve balances with Federal Reserve Banks[3]	24,553	24,778	22,227	23,570	25,035	25,266	25,091	23,444	24,440	19,809

Factor	End-of-month figures			Wednesday figures						
	Nov.	Dec.	Jan.	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	402,176	411,368[r]	403,818	402,658	408,235	413,612[r]	413,059	406,330	410,028	399,208
U.S. government securities[2]										
2 Bought outright—System account	359,190	364,519	362,987	364,100	365,323	364,942	364,756	367,578	364,434	361,284
3 Held under repurchase agreements	6,510	9,565	2,010	1,675	5,120	6,020	9,878	249	5,821	0
Federal agency obligations										
4 Bought outright	3,674	3,637	3,546	3,644	3,644	3,637	3,637	3,610	3,610	3,546
5 Held under repurchase agreements	1,655	1,025	1,320	700	100	1,000	413	300	1,101	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	31	148	48	22	811	53	1,003	20	53	470
8 Seasonal credit	113	75	30	97	104	114	50	27	38	46
9 Extended credit	0	0	0	0	0	0	0	0	3	22
10 Float	-424	−716[r]	156	244	657	5,060	673	1,777	1,691	375
11 Other Federal Reserve assets	31,428	33,115	33,722	32,177	32,476	32,786[r]	32,650	32,769	33,278	33,465
12 Gold stock	11,052	11,051	11,050	11,051	11,051	11,051	11,050	11,051	11,050	11,050
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	22,934	23,001[r]	23,057	22,961[r]	22,974[r]	22,987[r]	23,001	23,015	23,029	23,043
ABSORBING RESERVE FUNDS										
15 Currency in circulation	396,795	403,850[r]	396,025	398,353[r]	400,564[r]	404,501[r]	403,951	400,964	399,642	397,176
16 Treasury cash holdings	389	335	335	344	335	335	329	331	332	335
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,348	7,161	13,964	5,977	8,751	7,677	8,632	7,276	6,888	7,672
18 Foreign	230	250	185	206	192	173	170	197	157	200
19 Service-related balances and adjustments	4,451	4,463[r]	4,810	4,876	4,546	4,462[r]	4,463	4,440	4,361	4,276
20 Other	302	876	308	314	319	271	222	273	296	315
21 Other Federal Reserve liabilities and capital	11,133	11,959	12,854	11,837	12,376	12,273	12,168	12,009	12,495	12,248
22 Reserve balances with Federal Reserve Banks[3]	25,532	24,543	17,461	22,782	23,194	25,976[r]	25,192	22,924	27,955	19,097

1. Amounts of cash held as reserves are shown in table 1.12, line 2.

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1992	1993	1994	1994						1995
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
1 Reserve balances with Reserve Banks[2]	25,368	29,374	24,658	25,996	25,284	25,157	24,745	24,715	24,658	22,291
2 Total vault cash[3]	34,541[r]	36,818[r]	40,365	37,644[r]	37,618[r]	38,433[r]	38,231	38,933[r]	40,365	42,289
3 Applied vault cash[4]	31,172	33,484	36,682	34,096	34,052	34,794	34,745	35,291	36,682	38,232
4 Surplus vault cash[5]	3,370	3,334[r]	3,683	3,548[r]	3,566[r]	3,639[r]	3,486	3,642[r]	3,683	4,058
5 Total reserves[6]	56,540	62,858	61,340	60,092	59,337	59,951	59,490	60,006	61,340	60,523
6 Required reserves	55,385	61,795	60,172	58,985	58,333	58,891	58,686	58,999	60,172	59,184
7 Excess reserve balances at Reserve Banks[7]	1,155	1,063	1,168	1,107	1,004	1,060	804	1,008	1,168	1,339
8 Total borrowings at Reserve Banks[8]	124	82	209	458	469	487	380	249	209	136
9 Seasonal borrowings	18	31	100	364	445	444	339	164	100	46
10 Extended credit[9]	1	0	0	0	0	0	0	0	0	4
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1994							1995		
	Sept. 28	Oct. 12	Oct. 26	Nov. 9	Nov. 23	Dec. 7[r]	Dec. 21	Jan. 4[r]	Jan. 18	Feb. 1
1 Reserve balances with Reserve Banks[2]	24,641	24,824	25,025	23,771	25,360	24,638	24,288	25,189	23,958	19,603
2 Total vault cash[3]	38,399[r]	38,539	37,609[r]	39,238[r]	38,237[r]	39,936[r]	40,864[r]	39,967	42,165	43,139
3 Applied vault cash[4]	34,700	35,138	34,137	35,506	34,677	36,245	37,082	36,429	38,223	38,796
4 Surplus vault cash[5]	3,699[r]	3,401	3,472	3,733[r]	3,560[r]	3,691[r]	3,782[r]	3,539	3,942	4,343
5 Total reserves[6]	59,341	59,962	59,161	59,276	60,037	60,883	61,370	61,618	62,181	58,399
6 Required reserves	58,138	58,907	58,587	58,435	59,092	59,538	60,291	60,451	60,822	57,030
7 Excess reserve balances at Reserve Banks[7]	1,204	1,055	574	841	945	1,346	1,080	1,167	1,360	1,369
8 Total borrowings at Reserve Banks[8]	535	433	346	351	201	216	179	246	68	176
9 Seasonal borrowings	458	403	326	223	152	112	98	95	38	41
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	10

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash may be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

Millions of dollars, averages of daily figures

Source and maturity	1994, week ending Monday				1995, week ending Monday				
	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	81,910	78,942	78,752	77,920	74,369	78,380	75,218	75,713	73,981
2 For all other maturities	13,801	13,651	14,003	14,640	13,891	12,820	13,670	13,954	15,165
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	18,989	17,824	17,591^{r}	22,326	17,486	18,953	17,856	18,354	14,575
4 For all other maturities	20,252	20,683	20,087	20,807^{r}	20,101	17,422	17,940	19,076	20,508
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	24,632	19,819	20,422	20,530	25,756	26,281	23,152	20,963	20,598
6 For all other maturities	28,624	31,472	31,867	26,825	25,588	27,735	33,496	33,118	36,418
All other customers									
7 For one day or under continuing contract	35,109	35,423^{r}	35,089	34,904	37,512	38,237	37,952	38,303	38,572
8 For all other maturities	17,824	18,391	18,726	19,546	16,874	15,842	16,597	17,609	18,936
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	64,465	63,837^{r}	70,480	73,702^{r}	68,735	69,356	69,328	71,078	68,464
10 To all other specified customers[2]	23,074	22,093	21,769	20,303^{r}	22,477	22,646	25,209	23,779	24,888

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 3/10/95	Effective date	Previous rate	On 3/10/95	Effective date	Previous rate	On 3/10/95	Effective date	Previous rate
Boston	5.25	2/1/95	4.75	6.00	3/2/95	6.05	6.50	3/2/95	6.55
New York		2/1/95							
Philadelphia		2/2/95							
Cleveland		2/9/95							
Richmond		2/1/95							
Atlanta		2/2/95							
Chicago		2/1/95							
St. Louis		2/1/95							
Minneapolis		2/2/95							
Kansas City		2/1/95							
Dallas		2/2/95							
San Francisco	5.25	2/1/95	4.75	6.00	3/2/95	6.05	6.50	3/2/95	6.55

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	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
1981—May 5	13–14	14
8	14	14

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981—Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
In effect Mar. 10, 1995	5.25	5.25

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

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

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

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment-credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than four weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. A surcharge of 2 percent was reimposed on Nov. 17, 1980; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12, 1981. As of Oct. 1, 1981, the formula for applying the surcharge was changed from a calendar quarter to a moving thirteen-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit[2]	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$54.0 million	3	12/20/94
2 More than $54.0 million[4]	10	12/20/94
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act of 1980, 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. The Garn–St Germain Depository Institutions Act of 1982 requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1994, the exemption was raised from $4.0 million to $4.2 million. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Includes all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers for the purpose of making payments to third persons or others, other than money market deposit accounts (MMDAs) and similar accounts that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks (accounts subject to such limits are considered savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective Dec. 20, 1994, the amount was increased from $51.9 million to $54.0 million.

4. The reserve requirement was reduced from 12 percent to 10 percent on Apr. 2, 1992, for institutions that report weekly, and on Apr. 16, 1992, for institutions that report quarterly.

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to 1½ percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1992	1993	1994	1994						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,714	17,717	17,484	4,143	0	1,610	0	518	6,109	444
2 Gross sales	1,628	0	0	0	0	0	0	0	0	0
3 Exchanges	308,699	332,229	380,326	39,484	29,559	36,281	29,668	29,361	36,543	29,883
4 Redemptions	1,600	0	0	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	1,096	1,223	1,238	0	0	0	151	450	0	125
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	36,662	31,368	0	1,197	1,692	6,131	961	460	1,790	0
8 Exchanges	−30,543	−36,582	0	−3,192	−1,626	−4,089	−2,203	0	−5,795	0
9 Redemptions	0	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	13,118	10,350	9,168	0	0	0	2,530	0	200	2,208
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−34,478	−27,140	0	−1,197	−1,692	−5,506	−837	−460	−1,123	0
13 Exchanges	25,811	0	0	3,192	1,626	2,889	2,203	0	4,192	0
Five to ten years										
14 Gross purchases	2,818	4,168	3,818	0	0	0	938	0	0	660
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−1,915	0	0	0	0	−549	−125	0	−278	0
17 Exchanges	3,532	0	0	0	0	750	0	0	1,603	0
More than ten years										
18 Gross purchases	2,333	3,457	3,606	0	0	0	840	0	0	1,252
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−269	0	0	0	0	−76	0	0	−389	0
21 Exchanges	1,200	0	0	0	0	450	0	0	0	0
All maturities										
22 Gross purchases	34,079	36,915	35,314	4,143	0	1,610	4,459	968	6,309	4,689
23 Gross sales	1,628	0	0	0	0	0	0	0	0	0
24 Redemptions	1,600	767	2,337	0	302	0	0	979	0	0
Matched transactions										
25 Gross sales	1,482,467	1,475,085	1,701,309	133,939	125,181	170,356	151,589	137,242	147,858	166,007
26 Gross purchases	1,480,140	1,475,941	1,700,836	133,075	126,677	169,018	151,029	136,556	148,425	166,648
Repurchase agreements										
27 Gross purchases	378,374	475,447	309,276	10,059	28,085	44,948	4,975	17,088	35,456	29,406
28 Gross sales	386,257	470,723	311,898	4,405	35,374	41,199	9,354	15,613	32,561	26,351
29 Net change in U.S. Treasury securities	20,642	41,729	29,882	8,933	−6,095	4,022	−479	778	9,771	8,385
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	632	774	1,002	58	20	63	31	62	70	37
Repurchase agreements										
33 Gross purchases	14,565	35,063	52,696	580	9,472	8,491	3,620	2,868	8,615	5,090
34 Gross sales	14,486	34,669	52,696	1,300	8,702	8,109	4,982	2,838	7,360	5,720
35 Net change in federal agency obligations	−554	−380	−1,002	−778	750	319	−1,393	−32	1,185	−667
36 Total net change in System Open Market Account	**20,089**	**41,348**	**28,880**	**8,155**	**−5,345**	**4,341**	**−1,872**	**746**	**10,956**	**7,718**

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings.

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

Millions of dollars

Account	Wednesday					End of month		
	1994	1995				1994		1995
	Dec. 28	Jan. 4	Jan 11	Jan. 18	Jan. 25	Nov. 30	Dec. 31	Jan 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,051	11,050	11,051	11,050	11,050	11,052	11,051	11,050
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	321	310	329	351	380	321	320	402
Loans								
4 To depository institutions	168	1,053	47	94	538	144	223	77
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	3,637	3,637	3,610	3,610	3,546	3,674	3,637	3,546
8 Held under repurchase agreements	1,000	413	300	1,101	0	1,655	1,025	1,320
9 **Total U.S. Treasury securities**	**370,962**	**374,634**	**367,827**	**370,254**	**361,284**	**365,700**	**374,084**	**364,997**
10 Bought outright[2]	364,942	364,756	367,578	364,434	361,284	359,190	364,519	362,987
11 Bills	177,801	177,615	180,437	177,914	174,764	176,294	177,378	176,467
12 Notes	144,143	144,143	144,143	143,522	143,522	141,150	144,143	143,522
13 Bonds	42,998	42,998	42,998	42,998	42,998	41,746	42,998	42,998
14 Held under repurchase agreements	6,020	9,878	249	5,821	0	6,510	9,565	2,010
15 **Total loans and securities**	**375,767**	**379,736**	**371,784**	**375,058**	**365,369**	**371,172**	**378,969**	**369,940**
16 *Items in process of collection*	11,921	9,591	6,784	11,203	5,620	4,983	4,688	6,979
17 Bank premises	1,075	1,076	1,077	1,076	1,076	1,067	1,076	1,076
Other assets								
18 Denominated in foreign currencies[3]	21,974	21,209	22,305	22,572	22,589	21,909	22,031	22,829
19 All other[4]	9,853	10,368	9,591	9,665	9,802	8,373	10,333	9,833
20 **Total assets**	**439,979**	**441,358**	**430,938**	**438,993**	**423,905**	**426,895**	**436,487**	**430,126**
LIABILITIES								
21 Federal Reserve notes	382,170	381,589	378,609	377,296	374,849	374,571	381,505	373,705
22 **Total deposits**	**38,769**	**39,221**	**35,175**	**40,268**	**31,806**	**36,554**	**39,075**	**37,224**
23 Depository institutions	30,648	30,197	27,430	32,927	23,619	30,674	30,789	22,768
24 U.S. Treasury—General account	7,677	8,632	7,276	6,888	7,672	5,348	7,161	13,964
25 Foreign—Official accounts	173	170	197	157	200	230	250	185
26 Other	271	222	273	296	315	302	876	308
27 Deferred credit items	6,767	8,380	5,145	8,935	5,001	4,637	3,948	6,343
28 Other liabilities and accrued dividends[5]	4,473	4,659	4,299	4,681	4,414	4,210	4,592	4,423
29 **Total liabilities**	**432,179**	**433,849**	**423,228**	**431,180**	**416,071**	**419,973**	**429,120**	**421,696**
CAPITAL ACCOUNTS								
30 Capital paid in	3,685	3,685	3,694	3,693	3,697	3,668	3,683	3,696
31 Surplus	3,401	3,676	3,683	3,683	3,683	3,178	3,683	3,683
32 Other capital accounts	714	149	333	437	453	77	0	1,051
33 **Total liabilities and capital accounts**	**439,979**	**441,358**	**430,938**	**438,993**	**423,905**	**426,895**	**436,487**	**430,126**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	411,727	412,970	411,713	408,202	405,890	416,344	410,405	408,118
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	455,472	453,906	454,314	454,275	455,381	453,444	454,642	455,470
36 LESS: Held by Federal Reserve Banks	73,302	72,316	75,705	76,980	80,532	78,873	73,137	81,765
37 Federal Reserve notes, net	382,170	381,589	378,609	377,296	374,849	374,571	381,505	373,705
Collateral held against notes, net								
38 Gold certificate account	11,051	11,050	11,051	11,050	11,050	11,052	11,051	11,050
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	363,101	362,522	359,540	358,228	355,781	355,502	362,437	354,637
42 **Total collateral**	**382,170**	**381,589**	**378,609**	**377,296**	**374,849**	**374,571**	**381,505**	**373,705**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1994	1995				1994		1995
	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25	Nov. 30	Dec. 31	Jan. 31
1 **Total loans**	**168**	**1,053**	**47**	**94**	**538**	**224**	**223**	**77**
2 Within fifteen days[1]	159	1,019	32	91	536	201	202	67
3 Sixteen days to ninety days	8	34	15	3	3	23	21	10
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days[1]	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**364,948**	**364,765**	**364,765**	**364,439**	**361,284**	**359,196**	**364,519**	**362,988**
10 Within fifteen days[1]	18,210	16,694	16,694	13,063	17,673	15,444	11,685	14,385
11 Sixteen days to ninety days	81,254	82,353	82,353	86,357	79,448	83,053	87,450	84,818
12 Ninety-one days to one year	112,555	112,040	112,039	112,568	112,478	111,940	112,455	112,969
13 One year to five years	90,031	90,781	90,781	90,242	90,242	87,773	90,031	89,373
14 Five years to ten years	28,053	28,053	28,053	27,364	26,597	27,036	28,053	26,597
15 More than ten years	34,845	34,845	34,845	34,845	34,845	33,950	34,845	34,845
16 **Total federal agency obligations**	**3,638**	**3,637**	**3,637**	**3,611**	**3,546**	**3,675**	**3,637**	**3,546**
17 Within fifteen days[1]	253	27	27	181	116	334	252	116
18 Sixteen days to ninety days	573	788	788	608	628	494	573	683
19 Ninety-one days to one year	912	922	922	922	902	915	912	847
20 One year to five years	1,387	1,387	1,387	1,387	1,393	1,390	1,387	1,393
21 Five years to ten years	488	488	488	488	482	518	488	482
22 More than ten years	25	25	25	25	25	25	25	25

1. Holdings under repurchase agreements are classified as maturing within fifteen 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	1991 Dec.	1992 Dec.	1993 Dec.	1994[r] Dec.	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	1995 Jan.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.53	54.34	60.48	59.03	59.71	59.82	59.52	59.48	59.17	59.01	59.03	59.10
2 Nonborrowed reserves[4]	45.34	54.22	60.39	58.82	59.37	59.36	59.05	59.00	58.79	58.76	58.82	58.97
3 Nonborrowed reserves plus extended credit[5]	45.34	54.22	60.39	58.82	59.37	59.36	59.05	59.00	58.79	58.76	58.82	58.97
4 Required reserves	44.55	53.19	59.41	57.86	58.60	58.71	58.51	58.42	58.37	58.00[r]	57.86	57.76
5 Monetary base[6]	317.43[r]	351.13[r]	386.60[r]	418.00	403.98[r]	406.95[r]	408.95[r]	411.09[r]	413.62[r]	416.51[r]	418.00	421.00
	Not seasonally adjusted											
6 Total reserves[7]	46.98	56.06	62.37	60.84	59.56	59.66	58.84	59.39	58.87	59.32	60.84	60.54
7 Nonborrowed reserves	46.78	55.93	62.29	60.63	59.22	59.20	58.37	58.90	58.49	59.07	60.63	60.40
8 Nonborrowed reserves plus extended credit[5]	46.78	55.93	62.29	60.63	59.22	59.20	58.37	58.90	58.49	59.07	60.63	60.40
9 Required reserves[8]	46.00	54.90	61.31	59.67	58.45	58.55	57.84	58.33	58.06	58.32	59.67	59.20
10 Monetary base[9]	321.07	354.55	390.59	422.28	404.72	408.17	408.97	411.10	412.85	416.75	422.28	421.85
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	55.53	56.54	62.86	61.34	59.92	60.09	59.34	59.95	59.49	60.01	61.34	60.52
12 Nonborrowed reserves	55.34	56.42	62.78	61.13	59.59	59.63	58.87	59.47	59.11	59.76	61.13	60.39
13 Nonborrowed reserves plus extended credit[5]	55.34	56.42	62.78	61.13	59.59	59.64	58.87	59.47	59.11	59.76	61.13	60.39
14 Required reserves	54.55	55.39	61.80	60.17	58.82	58.99	58.33	58.89	58.69	59.00	60.17	59.18
15 Monetary base[12]	333.61	360.90	397.62	427.25	410.94	414.39	414.92	416.70	418.19	421.90	427.25	426.31
16 Excess reserves[13]	.98	1.16	1.06	1.17	1.11	1.11	1.00	1.06	.80	1.01	1.17	1.34
17 Borrowings from the Federal Reserve	.19	.12	.08	.21	.33	.46	.47	.49	.38	.25	.21	.14

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) *weekly statistical release*. Historical data starting in 1959 and estimates of the impact on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10)

3. Seasonally adjusted, break adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16)

4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).

5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves

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

7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16)

8 To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

9 The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory *changes in reserve requirements*.

11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements Since the introduction of contemporaneous reserve requirements in February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

13. Unadjusted total reserves (line 11) less *unadjusted required reserves (line 14)*

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

Billions of dollars, averages of daily figures

Item	1991 Dec.[r]	1992 Dec.[r]	1993 Dec.[r]	1994 Dec.[r]	1994[r]			1995
					Oct.[r]	Nov.[r]	Dec.	Jan.
	Seasonally adjusted							
Measures[2]								
1 M1	897.3	1,024.4	1,128.6	1,147.8	1,148.1	1,147.5	1,147.8	1,148.9
2 M2	3,457.9	3,515.3	3,583.6	3,612.7	3,607.5	3,608.5	3,612.7	3,625.9
3 M3	4,176.0	4,182.9	4,242.5	4,300.3	4,283.9	4,289.5	4,300.3	4,325.1
4 L	4,990.9	5,061.1	5,150.3	5,281.7	5,231.3	5,243.2	5,281.7	n.a.
5 Debt	11,171.1	11,706.1	12,335.4	12,973.8	12,862.7	12,932.1	12,973.8	n.a.
M1 components								
6 Currency[3]	267.4	292.8	322.1	354.5	350.0	353.0	354.5	357.7
7 Travelers checks[4]	7.7	8.1	7.9	8.4	8.3	8.4	8.4	8.4
8 Demand deposits[5]	289.5	338.9	383.9	382.0	384.4	382.3	382.0	383.5
9 Other checkable deposits[6]	332.7	384.6	414.7	402.9	405.4	403.8	402.9	399.3
Nontransaction components								
10 In M2[7]	2,560.6	2,490.9	2,455.0	2,464.9	2,459.4	2,460.9	2,464.9	2,477.0
11 In M3[8] only	718.1	667.6	658.9	687.6	676.4	681.0	687.6	699.2
Commercial banks								
12 Savings deposits, including MMDAs	665.6	754.7	785.8	752.3	765.4	759.2	752.3	744.2
13 Small time deposits[9]	602.5	508.1	468.6	502.4	487.7	494.0	502.4	512.5
14 Large time deposits[10, 11]	333.3	286.7	271.2	297.1	289.3	293.8	297.1	295.5
Thrift institutions								
15 Savings deposits, including MMDAs	375.6	428.9	429.8	391.5	405.6	398.4	391.5	385.3
16 Small time deposits[9]	464.1	361.1	316.5	314.2	308.3	312.8	314.2	319.4
17 Large time deposits[10]	83.3	67.1	61.6	64.3	63.7	63.9	64.3	66.1
Money market mutual funds								
18 General purpose and broker dealer	374.2	356.9	360.1	389.7	379.7	384.2	389.7	392.6
19 Institution-only	180.0	200.2	198.1	180.8	180.8	180.5	180.8	186.3
Debt components								
20 Federal debt	2,763.3	3,067.9	3,328.0	3,497.4	3,469.4	3,494.0	3,497.4	n.a.
21 Nonfederal debt	8,407.8	8,638.1	9,007.4	9,476.4	9,393.2	9,438.1	9,476.4	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	916.0	1,046.0	1,153.7	1,173.5	1,147.3	1,155.3	1,173.5	1,158.5
23 M2	3,472.7	3,533.6	3,606.1	3,636.3	3,604.5	3,616.8	3,636.3	3,632.3
24 M3	4,189.4	4,201.4	4,266.3	4,326.4	4,279.0	4,303.9	4,326.4	4,334.7
25 L	5,015.5	5,090.8	5,184.9	5,319.2	5,222.5	5,265.3	5,319.2	n.a.
26 Debt	11,168.5	11,708.9	12,327.6	12,965.5	12,822.2	12,903.2	12,965.5	n.a.
M1 components								
27 Currency[3]	269.9	295.0	324.8	357.6	349.6	353.2	357.6	355.9
28 Travelers checks[4]	7.4	7.8	7.6	8.1	8.5	8.2	8.1	8.1
29 Demand deposits[5]	302.4	354.4	401.8	400.1	387.8	390.7	400.1	388.8
30 Other checkable deposits[6]	336.3	388.9	419.4	407.6	401.4	403.1	407.6	405.7
Nontransaction components								
31 In M2[7]	2,556.6	2,487.7	2,452.4	2,462.8	2,457.2	2,461.5	2,462.8	2,473.8
32 In M3[8]	716.7	667.7	660.2	690.1	674.5	687.1	690.1	702.4
Commercial banks								
33 Savings deposits, including MMDAs	664.0	752.9	784.3	751.1	765.5	761.4	751.1	739.5
34 Small time deposits[9]	601.9	507.8	468.2	502.0	488.3	493.7	502.0	513.0
35 Large time deposits[10, 11]	332.6	286.2	270.8	296.8	289.9	295.2	296.8	294.1
Thrift institutions								
36 Savings deposits, including MMDAs	374.8	427.9	429.0	390.9	405.7	399.5	390.9	382.9
37 Small time deposits[9]	463.7	360.9	316.2	313.9	308.7	312.6	313.9	319.7
38 Large time deposits[10]	83.1	67.0	61.5	64.3	63.8	64.2	64.3	65.8
Money market mutual funds								
39 General purpose and broker dealer	372.2	355.1	358.3	387.7	374.1	380.8	387.7	393.3
40 Institution-only	180.8	201.7	200.0	183.1	178.1	182.5	183.1	192.4
Repurchase agreements and Eurodollars								
41 Overnight and continuing	79.9	83.2	96.5	117.2	115.0	113.4	117.2	125.5
42 Term	132.7	127.8	144.1	157.9	155.4	158.1	157.9	162.7
Debt components								
43 Federal debt	2,765.0	3,069.8	3,329.5	3,499.0	3,448.7	3,485.3	3,499.0	n.a.
44 Nonfederal debt	8,403.5	8,639.1	8,998.1	9,466.5	9,373.5	9,417.9	9,466.5	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

M2: M1 plus (1) overnight (and continuing contract) repurchase agreements (RPs) issued by all depository institutions and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, (2) savings (including MMDAs) and small time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in both taxable and tax-exempt general-purpose and broker–dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker–dealer), foreign governments and commercial banks, and the U.S. government. Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and (3) balances in both taxable and tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, net of money market fund holdings of these assets. Seasonally adjusted L is computed by summing U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, each seasonally adjusted separately, and then adding this result to M3.

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

7. Sum of (1) overnight RPs and overnight Eurodollars, (2) money market fund balances (general purpose and broker–dealer), (3) savings deposits (including MMDAs), and (4) small time deposits.

8. Sum of (1) large time deposits, (2) term RPs, (3) term Eurodollars of U.S. residents, and (4) money market fund balances (institution-only), less (5) a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

9. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRAs and Keogh accounts at commercial banks and thrift institutions are subtracted from small time deposits.

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

11. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks[1]

Item	1992 Dec.	1993 Dec.	1994 May	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.
	Interest rates (annual effective yields)[2]										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	2.33	1.86	1.83	1.82	1.83	1.85	1.87	1.88	1.92	1.96	1.98
2 Savings deposits[3]	2.88	2.46	2.50	2.54	2.57	2.63	2.67	2.72	2.81	2.91	2.98
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	2.90	2.65	2.99	3.08	3.17	3.29	3.36	3.47	3.68	3.81	3.96
4 92 to 182 days	3.16	2.91	3.28	3.36	3.44	3.61	3.75	3.93	4.22	4.44	4.67
5 183 days to 1 year	3.37	3.13	3.64	3.76	3.88	4.11	4.27	4.49	4.85	5.12	5.39
6 More than 1 year to 2½ years	3.88	3.55	4.12	4.26	4.39	4.61	4.80	5.08	5.42	5.74	6.00
7 More than 2½ years	4.77	4.29	4.89	5.02	5.14	5.33	5.47	5.76	6.09	6.30	6.46
BIF-INSURED SAVINGS BANKS[4]											
8 Negotiable order of withdrawal accounts	2.45	1.87	1.86	1.88	1.89	1.89	1.91	1.88	1.91	1.95	1.99
9 Savings deposits[3]	3.20	2.63	2.67	2.69	2.67	2.74	2.78	2.76	2.83	2.89	2.92
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	3.13	2.70	2.77	2.84	2.98	3.03	3.11	3.31	3.49	3.78	4.07
11 92 to 182 days	3.44	3.02	3.21	3.41	3.53	3.69	3.87	4.09	4.41	4.88	5.19
12 183 days to 1 year	3.61	3.31	3.67	3.92	4.02	4.24	4.47	4.78	5.15	5.49	5.76
13 More than 1 year to 2½ years	4.02	3.66	4.12	4.38	4.56	4.83	5.04	5.36	5.68	6.06	6.34
14 More than 2½ years	5.00	4.62	5.08	5.24	5.35	5.47	5.64	5.78	6.16	6.40	6.72
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	286,541	305,223	292,797	290,220	290,631	295,320	286,787	294,069	294,276	303,707	291,795
16 Savings deposits[3]	738,253	766,413	773,170	767,539	765,751	764,035	755,249	751,300	746,618	734,493	723,554
17 Personal	578,757	597,838	612,648	608,132	605,881	600,892	595,175	591,304	584,645	578,533	569,287
18 Nonpersonal	159,496	168,575	160,522	159,407	159,870	163,143	160,074	159,996	161,973	155,961	154,266
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	38,474	29,455	29,950	28,763	28,659	27,959	28,312	31,387	31,312	32,686	31,899
20 92 to 182 days	127,831	110,069	104,400	102,439	100,424	98,085	96,398	95,328	94,573	95,777	96,975
21 183 days to 1 year	163,098	146,565	148,102	151,165	152,216	155,964	157,253	158,564	159,697	161,804	163,845
22 More than 1 year to 2½ years	152,977	141,223	140,764	144,686	146,875	150,807	152,514	155,251	158,417	162,462	168,740
23 More than 2½ years	169,708	181,528	180,381	181,843	182,944	186,490	190,209	188,456	189,243	190,959	190,852
24 IRA and Keogh plan deposits	147,350	143,985	142,047	142,513	142,649	142,617	142,700	142,742	143,075	143,321	143,974
BIF-INSURED SAVINGS BANKS[4]											
25 Negotiable order of withdrawal accounts	10,871	11,151	11,052	10,792	10,925	11,016	10,769	11,136	10,998	11,317	11,137
26 Savings deposits[3]	81,786	80,115	78,817	77,289	77,337	75,108	74,659	73,416	72,597	70,643	71,668
27 Personal	78,695	77,035	75,474	74,121	74,064	72,040	71,525	70,215	69,387	67,674	68,793
28 Nonpersonal	3,091	3,079	3,344	3,168	3,273	3,068	3,134	3,201	3,210	2,969	2,876
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	3,867	2,793	2,702	2,614	2,531	2,523	2,402	2,258	2,205	2,166	2,044
30 92 to 182 days	17,345	12,946	12,822	12,515	12,511	12,292	12,276	11,896	11,895	11,793	12,117
31 183 days to 1 year	21,780	17,426	17,444	17,310	17,591	17,593	17,928	18,213	18,483	18,753	19,370
32 More than 1 year to 2½ years	18,442	16,546	16,477	16,493	16,901	16,824	17,287	17,521	17,932	17,802	20,505
33 More than 2½ years	18,845	20,464	21,546	21,079	21,573	21,531	21,923	21,625	21,652	21,598	21,958
34 IRA and Keogh plan accounts	21,713	19,356	19,772	19,511	19,757	19,445	19,532	19,550	19,521	19,312	19,821

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 425 commercial banks and 75 savings banks on the last day of each month. Data are not seasonally adjusted and include IRA and Keogh deposits and foreign currency-denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. As of October 31, 1994, interest rate data for NOW accounts and savings deposits reflect a series break caused by a change in the survey used to collect these data.

3. Includes personal and nonpersonal money market deposits.

4. Includes both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

Debits are in billions of dollars; turnover is ratio of debits to deposits; monthly data are at annual rates

Bank group, or type of deposit	1991[2]	1992[2]	1993[2]	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.
DEBITS	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	277,741.7	313,179.6	334,375.0	371,498.9	345,258.7	384,044.9	370,520.1	346,126.1	374,698.6
2 Major New York City banks	137,337.2	165,484.6	171,310.7	195,079.6	182,408.2	196,505.6	186,294.9	176,701.9	190,921.2
3 Other banks	140,404.5	147,695.1	163,064.2	176,419.3	162,850.5	187,539.3	184,225.2	169,424.2	183,777.4
4 Other checkable deposits[4]	3,643.1	3,780.7	3,468.9	3,861.3	3,508.5	3,873.5	3,925.7	3,826.4	4,105.9
5 Savings deposits (including MMDAs)[5]	3,206.4	3,310.6	3,511.0	3,784.9	3,405.8	3,852.0	3,802.7	3,545.8	3,875.1
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	803.7	825.8	785.4	828.6	756.3	852.3	820.1	766.8	837.5
7 Major New York City banks	4,267.1	4,794.5	4,200.5	4,480.9	4,074.6	4,635.6	4,503.6	4,300.5	4,635.3
8 Other banks	448.1	428.7	423.7	435.8	395.5	459.4	448.9	412.9	452.4
9 Other checkable deposits[4]	16.2	14.4	11.8	12.8	11.5	12.8	13.0	12.8	13.8
10 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.9	4.4	5.0	5.0	4.7	5.1
DEBITS	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	277,752.4	313,344.9	334,354.6	387,201.1	347,403.9	394,394.4	365,063.0	352,652.7	359,334.0
12 Major New York City banks	137,307.2	165,595.0	171,283.5	204,251.8	182,452.9	202,845.6	186,161.8	181,406.6	184,656.3
13 Other banks	140,445.2	147,749.9	163,071.0	182,949.3	164,951.0	191,548.8	178,901.2	171,246.1	174,677.6
14 Other checkable deposits[4]	3,645.2	3,783.6	3,467.5	3,918.9	3,515.0	3,861.2	3,960.9	3,797.0	3,845.6
15 Savings deposits (including MMDAs)[5]	3,209.2	3,310.0	3,509.5	3,906.8	3,521.8	3,873.3	3,716.4	3,472.3	3,640.6
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	803.6	826.1	785.4	868.5	761.9	889.5	811.9	774.8	786.1
17 Major New York City banks	4,269.0	4,803.5	4,197.9	4,878.2	4,150.3	4,960.2	4,539.5	4,435.8	4,391.6
18 Other banks	448.1	428.8	423.8	452.9	400.4	475.9	437.8	413.4	420.9
19 Other checkable deposits[4]	16.2	14.4	11.8	13.1	11.8	13.0	13.3	12.9	13.0
20 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	5.0	4.6	5.0	4.9	4.6	4.8

1. Historical tables containing revised data for earlier periods can be obtained from the Publications Section, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.

2. Annual averages of monthly figures.

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

4. As of January 1994, other checkable deposits (OCDs), previously defined as automatic transfer to demand deposits (ATSs) and negotiable order of withdrawal (NOW) accounts, were expanded to include telephone and preauthorized transfer accounts. This change redefined OCDs for debits data to be consistent with OCDs for deposits data.

5. Money market deposit accounts

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994[r]							1995	1995			
	Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Jan. 4	Jan. 11	Jan. 18	Jan. 25
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,146.6	3,256.5	3,269.2	3,281.4	3,290.6	3,300.5	3,319.7	3,351.1	3,334.7	3,345.9	3,348.1	3,362.8
2 Securities in bank credit	942.2	975.0	969.4	967.3	959.0	952.0	948.1	946.4	944.2	947.7	949.1	949.9
3 U.S. government securities	734.8	750.8	745.2	740.1	730.5	722.9	718.8	720.2	720.6	723.1	721.0	719.6
4 Other securities	207.4	224.2	224.2	227.2	228.5	229.1	229.3	226.2	223.6	224.6	228.1	230.3
5 Loans and leases in bank credit[2]	2,204.4	2,281.5	2,299.8	2,314.1	2,331.6	2,348.5	2,371.6	2,404.7	2,390.4	2,398.2	2,399.0	2,412.8
6 Commercial and industrial	591.2	618.7	623.4	627.9	634.2	640.4	645.6	658.5	648.6	653.7	657.6	661.9
7 Real estate	943.1	965.7	973.2	980.7	985.7	991.1	998.8	1,013.3	1,004.8	1,010.8	1,013.3	1,016.4
8 Revolving home equity	73.2	74.1	74.4	74.9	75.3	75.9	76.3	76.6	76.3	76.5	76.6	76.7
9 Other	869.9	891.6	898.8	905.8	910.5	915.2	922.5	936.6	928.5	934.3	936.6	939.6
10 Consumer	394.8	423.5	429.7	435.0	441.5	444.4	449.8	454.7	452.9	454.6	454.7	454.5
11 Security[3]	81.3	77.2	75.0	69.7	71.2	71.8	73.5	71.6	75.4	73.9	67.4	72.9
12 Other	194.0	196.3	198.4	200.9	198.9	200.8	203.8	206.6	208.7	205.2	206.0	207.2
13 Interbank loans[4]	153.2	159.5	160.3	161.5	165.5	172.7	175.8	179.5	175.6	178.1	178.4	181.5
14 Cash assets[5]	219.2	211.0	205.7	203.2	209.2	205.7	208.2	218.3	228.6	215.0	219.7	202.8
15 Other assets[6]	201.9	224.8	223.4	220.0	219.4	221.9	230.5	242.4	237.1	239.8	240.6	243.4
16 Total assets[7]	**3,663.1**	**3,794.7**	**3,801.6**	**3,809.1**	**3,827.8**	**3,844.3**	**3,877.6**	**3,933.9**	**3,918.7**	**3,921.4**	**3,929.4**	**3,933.1**
Liabilities												
17 Deposits	2,534.5	2,515.5	2,518.5	2,519.1	2,530.0	2,526.4	2,531.0	2,545.0	2,546.5	2,538.6	2,538.0	2,543.8
18 Transaction	814.6	811.5	809.6	803.6	804.6	796.7	795.8	806.6	812.8	803.7	802.1	798.2
19 Nontransaction	1,719.9	1,704.0	1,709.0	1,715.4	1,725.4	1,729.7	1,735.3	1,738.5	1,733.7	1,735.0	1,736.0	1,745.6
20 Large time	348.6	339.0	342.5	347.7	356.7	361.0	362.5	365.7	359.3	363.5	366.6	369.6
21 Other	1,371.3	1,365.0	1,366.5	1,367.7	1,368.7	1,368.7	1,372.7	1,372.8	1,374.5	1,371.5	1,369.4	1,376.0
22 Borrowings	542.6	577.2	577.0	579.7	583.8	591.2	607.0	639.5	615.6	633.3	637.8	646.6
23 From banks in the U.S.	155.1	160.0	158.5	160.5	165.7	170.0	177.6	181.6	178.1	179.5	179.4	184.4
24 From nonbanks in the U.S.	387.5	417.3	418.5	419.2	418.1	421.2	429.4	457.9	437.5	453.7	458.3	462.2
25 Net due to related foreign offices	122.2	196.1	205.3	209.6	213.2	212.2	225.1	244.5	239.9	237.8	249.7	245.6
26 Other liabilities[8]	161.6	179.7	175.9	175.3	175.8	175.7	183.1	179.9	179.2	177.4	177.9	181.5
27 Total liabilities	**3,360.8**	**3,468.5**	**3,476.7**	**3,483.7**	**3,502.8**	**3,505.5**	**3,546.1**	**3,609.0**	**3,581.3**	**3,587.1**	**3,603.4**	**3,617.5**
28 Residual (assets less liabilities)[9]	302.3	326.2	324.9	325.5	324.9	338.8	331.5	325.0	337.4	334.3	326.1	315.6
	Not seasonally adjusted											
Assets												
29 Bank credit	3,143.1	3,244.5	3,262.7	3,280.3	3,290.9	3,308.8	3,336.0	3,347.6	3,347.7	3,342.9	3,346.4	3,345.1
30 Securities in bank credit	936.6	970.2	967.9	965.5	957.9	953.4	943.3	940.4	939.6	942.4	942.5	940.3
31 U.S. government securities	728.9	746.6	746.4	742.5	729.9	723.9	717.6	714.1	713.2	715.6	716.0	712.7
32 Other securities	207.7	223.6	221.5	223.0	228.0	229.5	225.7	226.3	226.3	226.9	226.5	227.7
33 Loans and leases in bank credit[2]	2,206.5	2,274.2	2,294.8	2,314.8	2,333.0	2,355.5	2,392.7	2,407.1	2,408.2	2,400.5	2,404.0	2,404.7
34 Commercial and industrial	588.2	618.0	620.5	624.3	632.0	640.4	646.4	655.2	649.9	650.0	653.9	656.5
35 Real estate	941.6	965.2	972.7	982.0	988.4	995.9	1,005.2	1,011.6	1,006.8	1,010.5	1,011.9	1,012.5
36 Revolving home equity	73.2	74.1	74.5	75.2	75.9	76.3	76.3	76.6	76.3	76.5	76.6	76.6
37 Other	868.4	891.2	898.2	906.8	912.5	919.6	928.9	935.0	930.5	934.0	935.3	935.9
38 Consumer	398.9	421.4	429.3	436.0	441.5	444.7	454.8	459.4	460.6	460.3	459.3	458.2
39 Security[3]	83.8	72.7	72.6	68.4	71.0	73.4	78.5	74.1	75.9	74.7	72.0	73.5
40 Other	194.0	196.9	199.7	204.0	200.1	201.2	207.8	206.8	214.9	205.1	206.9	204.0
41 Interbank loans[4]	158.4	156.4	156.5	158.6	163.7	174.3	186.6	186.4	190.7	184.6	187.1	181.5
42 Cash assets[5]	224.6	208.0	198.2	204.6	209.7	212.2	222.0	223.7	256.8	210.0	243.6	196.7
43 Other assets[6]	201.8	224.3	225.0	220.5	221.2	224.7	236.5	242.3	242.5	239.6	238.4	240.4
44 Total assets[7]	**3,670.5**	**3,776.5**	**3,785.4**	**3,806.9**	**3,828.8**	**3,863.2**	**3,924.1**	**3,943.0**	**3,980.9**	**3,920.3**	**3,958.7**	**3,906.7**
Liabilities												
45 Deposits	2,538.6	2,506.7	2,504.3	2,515.9	2,525.6	2,541.4	2,563.7	2,549.0	2,611.7	2,546.1	2,562.4	2,504.0
46 Transaction	825.1	802.3	793.2	800.9	801.9	810.8	831.4	816.9	883.6	814.4	831.3	769.3
47 Nontransaction	1,713.4	1,704.4	1,711.1	1,715.0	1,723.7	1,730.6	1,732.3	1,732.1	1,728.1	1,731.7	1,731.1	1,734.7
48 Large time	345.6	338.6	343.2	347.7	354.6	360.1	361.1	362.5	354.6	359.5	363.3	367.3
49 Other	1,367.8	1,365.8	1,367.9	1,367.4	1,369.1	1,370.5	1,371.2	1,369.6	1,373.5	1,372.2	1,367.7	1,367.4
50 Borrowings	542.5	580.3	584.0	589.5	591.5	604.2	619.6	632.9	616.1	621.0	635.5	631.3
51 From banks in the U.S.	158.9	156.7	156.5	158.6	163.7	174.3	186.6	186.4	190.7	184.6	187.1	181.5
52 From nonbanks in the U.S.	383.6	423.5	427.5	430.9	427.9	429.9	433.0	446.5	425.4	436.3	448.4	449.8
53 Net due to related foreign offices	127.7	193.0	200.7	204.1	213.0	212.0	229.9	251.2	245.6	244.7	254.4	259.7
54 Other liabilities[8]	164.1	177.4	175.2	175.1	177.6	180.7	186.2	182.8	182.3	181.6	179.6	183.9
55 Total liabilities	**3,372.9**	**3,457.4**	**3,464.2**	**3,484.6**	**3,507.8**	**3,538.4**	**3,599.5**	**3,615.8**	**3,655.7**	**3,593.4**	**3,631.8**	**3,578.9**
56 Residual (assets less liabilities)[9]	297.6	319.1	321.2	322.3	321.0	324.8	324.5	327.1	325.2	326.8	326.9	327.8

Footnotes appear on last page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1]—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1994[r]							1995	1995			
	Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Jan. 4	Jan. 11	Jan. 18	Jan. 25
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,813.1	2,905.9	2,918.1	2,927.9	2,939.1	2,947.8	2,962.1	2,991.1	2,978.7	2,987.5	2,991.2	2,998.1
58 Securities in bank credit	864.5	892.3	885.9	881.6	875.2	870.9	868.6	863.9	864.2	867.2	866.2	865.4
59 U.S. government securities	680.3	691.4	685.8	680.1	673.3	668.9	667.1	666.5	667.6	670.2	667.7	664.9
60 Other securities	184.2	200.9	200.1	201.4	201.9	202.0	201.5	197.4	196.6	197.0	198.6	200.5
61 Loans and leases in bank credit[2]	1,948.6	2,013.7	2,032.2	2,046.4	2,063.8	2,076.8	2,093.5	2,127.2	2,114.5	2,120.3	2,125.0	2,132.8
62 Commercial and industrial	441.1	460.8	464.9	468.8	472.9	475.7	479.0	490.2	484.2	487.0	489.7	492.3
63 Real estate	897.8	922.8	930.5	938.4	944.2	949.8	957.6	972.7	964.3	970.0	972.6	975.7
64 Revolving home equity	73.2	74.0	74.4	74.9	75.3	75.9	76.3	76.6	76.3	76.5	76.6	76.7
65 Other	824.6	848.7	856.1	863.5	868.9	873.9	881.3	896.1	888.0	893.5	896.0	899.0
66 Consumer	394.8	423.5	429.7	435.0	441.5	444.4	449.8	454.7	452.9	454.6	454.7	454.5
67 Security[3]	54.7	47.6	47.0	43.6	45.6	46.2	45.7	45.7	47.7	45.9	43.8	46.7
68 Other	160.2	159.0	160.0	160.6	159.7	160.7	161.4	163.9	165.4	162.8	164.2	163.6
69 Interbank loans[4]	133.9	133.5	135.9	137.9	140.9	149.5	153.0	156.2	154.7	154.8	156.1	157.5
70 Cash assets[5]	193.7	185.6	181.3	180.8	185.2	181.2	181.2	191.4	200.3	188.2	193.0	176.4
71 Other assets[6]	156.1	169.2	169.1	166.1	164.8	166.0	167.2	172.7	171.5	171.7	170.3	172.1
72 Total assets[7]	**3,239.0**	**3,337.2**	**3,347.5**	**3,355.9**	**3,373.2**	**3,388.0**	**3,406.9**	**3,454.2**	**3,448.0**	**3,444.8**	**3,453.3**	**3,446.9**
Liabilities												
73 Deposits	2,382.0	2,372.5	2,373.7	2,369.1	2,374.3	2,370.7	2,372.0	2,390.1	2,390.7	2,383.2	2,384.9	2,386.6
74 Transaction	803.8	801.4	799.5	793.6	794.8	787.1	786.0	797.1	802.6	794.1	793.0	788.9
75 Nontransaction	1,578.2	1,571.1	1,574.2	1,575.5	1,579.5	1,583.7	1,586.0	1,593.0	1,588.1	1,589.1	1,591.9	1,597.7
76 Large time	210.8	209.9	211.3	210.6	215.8	220.1	219.8	226.1	220.5	223.5	226.0	229.2
77 Other	1,367.4	1,361.1	1,362.9	1,364.9	1,363.7	1,363.6	1,366.1	1,367.0	1,367.7	1,365.6	1,365.9	1,368.5
78 Borrowings	433.2	469.0	470.9	475.5	483.1	488.3	500.9	534.1	511.2	526.2	534.1	541.6
79 From banks in the U.S.	133.4	141.0	140.7	143.4	149.3	153.7	161.4	163.3	161.2	158.2	160.5	168.2
80 From nonbanks in the U.S.	299.8	328.1	330.2	332.2	333.8	334.5	339.5	370.8	350.0	368.0	373.6	373.4
81 Net due to related foreign offices	4.4	43.9	52.2	58.8	64.4	65.6	77.2	91.3	94.1	89.2	96.9	92.3
82 Other liabilities[8]	120.3	133.0	130.2	130.8	129.4	128.4	126.3	119.5	121.0	117.6	117.2	120.1
83 Total liabilities	**2,939.9**	**3,018.5**	**3,026.9**	**3,034.3**	**3,051.2**	**3,053.0**	**3,076.4**	**3,135.0**	**3,117.1**	**3,116.2**	**3,133.1**	**3,140.6**
84 Residual (assets less liabilities)[9]	299.1	318.7	320.6	321.6	322.0	335.0	330.4	319.3	330.9	328.6	320.2	306.3
	Not seasonally adjusted											
Assets												
85 Bank credit	2,804.1	2,897.1	2,912.5	2,928.6	2,941.1	2,955.7	2,969.5	2,982.1	2,983.3	2,979.8	2,983.0	2,977.7
86 Securities in bank credit	857.2	888.5	884.7	880.4	873.6	871.4	862.2	856.5	857.7	860.4	858.2	854.8
87 U.S. government securities	672.9	688.2	687.3	683.0	672.5	668.7	663.9	659.0	659.1	661.8	661.1	656.5
88 Other securities	184.3	200.3	197.4	197.4	201.2	202.8	198.2	197.5	198.6	198.5	197.1	198.3
89 Loans and leases in bank credit[2]	1,947.0	2,008.6	2,027.8	2,048.2	2,067.5	2,084.3	2,107.3	2,125.7	2,125.6	2,119.4	2,124.8	2,122.8
90 Commercial and industrial	437.9	459.7	461.6	465.7	471.8	475.9	478.7	486.7	483.7	482.4	485.9	487.4
91 Real estate	896.4	922.4	929.9	939.5	946.8	954.4	964.1	971.1	966.4	970.0	971.4	972.0
92 Revolving home equity	73.1	74.0	74.5	75.2	75.9	76.3	76.3	76.6	76.3	76.5	76.6	76.6
93 Other	823.2	848.4	855.4	864.3	870.9	878.1	887.7	894.6	890.1	893.5	894.8	895.4
94 Consumer	398.9	421.4	429.3	436.0	441.5	444.7	454.8	459.4	460.6	460.3	459.3	458.2
95 Security[3]	54.1	45.8	46.1	43.7	46.1	47.4	46.2	45.2	45.6	44.7	44.0	45.0
96 Other	159.6	159.3	160.9	163.3	161.3	161.9	163.6	163.3	169.4	162.0	164.2	160.2
97 Interbank loans[4]	138.0	130.1	133.1	134.5	138.2	151.3	161.3	161.7	166.1	161.2	163.7	154.9
98 Cash assets[5]	199.5	182.4	173.2	181.0	184.9	187.8	194.8	197.2	228.8	183.7	217.1	171.0
99 Other assets[6]	155.7	169.5	169.9	167.5	167.0	167.6	169.4	172.2	174.6	170.2	169.0	169.3
100 Total assets[7]	**3,239.8**	**3,322.5**	**3,331.8**	**3,354.6**	**3,374.6**	**3,405.7**	**3,438.2**	**3,456.3**	**3,496.0**	**3,438.0**	**3,476.0**	**3,415.9**
Liabilities												
101 Deposits	2,386.6	2,363.7	2,359.9	2,366.5	2,373.6	2,387.4	2,404.8	2,394.4	2,457.8	2,393.0	2,409.3	2,345.8
102 Transaction	814.2	792.2	783.3	790.1	791.8	801.2	821.4	807.2	872.9	804.9	821.9	760.1
103 Nontransaction	1,572.4	1,571.5	1,576.6	1,576.4	1,581.7	1,586.2	1,583.4	1,587.2	1,584.9	1,588.1	1,587.4	1,585.7
104 Large time	208.9	210.0	212.8	211.5	216.6	220.3	218.2	223.9	217.3	221.7	224.1	226.9
105 Other	1,363.5	1,361.5	1,363.8	1,364.9	1,365.1	1,365.9	1,365.2	1,363.3	1,367.6	1,366.4	1,363.3	1,358.7
106 Borrowings	434.3	469.7	476.0	484.7	490.8	501.6	512.1	528.2	510.3	515.6	531.9	528.9
107 From banks in the U.S.	136.6	137.4	138.8	141.0	147.9	157.4	168.9	167.4	172.2	162.2	168.1	165.7
108 From nonbanks in the U.S.	297.6	332.3	337.2	343.7	342.8	344.2	343.2	360.9	338.2	353.3	363.8	363.2
109 Net due to related foreign offices	3.0	43.6	51.0	55.4	62.3	64.1	74.2	90.2	85.6	86.9	94.2	96.9
110 Other liabilities[8]	122.1	131.9	129.1	130.6	131.9	132.6	127.5	121.2	122.0	120.6	118.6	121.5
111 Total liabilities	**2,946.0**	**3,008.8**	**3,015.9**	**3,037.2**	**3,058.5**	**3,085.8**	**3,118.6**	**3,134.1**	**3,175.7**	**3,116.1**	**3,154.0**	**3,093.0**
112 Residual (assets less liabilities)[9]	293.8	313.7	315.9	317.4	316.1	319.9	319.6	322.2	320.2	321.9	322.0	322.9

Footnotes appear on following page

NOTES TO TABLE 1.26

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks; New York State investment companies, and Edge Act and agreement corporations (foreign-related institutions). Excludes international banking facilities. Data are Wednesday values, or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

2. Excludes federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

3. Consists of reserve repurchase agreements with broker dealers and loans to purchase and carry securities.

4. Consists of federal funds sold to, reverse repurchase agreements with, and loans to commercial banks in the United States.

5. Includes vault cash, cash items in process of collection, demand balances due from depository institutions in the United States, balances due from Federal Reserve Banks, and other cash assets.

6. Excludes the due-from position with related foreign offices, which is included in lines 25, 53, 81, and 109.

7. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

8. Excludes the due-to position with related foreign offices, which is included in lines 25, 53, 81, and 109.

9. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1994[r]					1995			
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
ASSETS									
1 Cash and balances due from depository institutions	119,632	109,554	115,474	117,958	132,064	142,740	113,041	138,980	105,982
2 U.S. Treasury and government securities	302,730	303,960	303,538	299,058	293,581	299,779	302,120	302,092	298,435
3 Trading account	24,125	24,765	23,768	21,152	17,116	18,990	21,645	21,955	20,114
4 Investment account	278,605	279,195	279,770	277,906	276,465	280,789	280,475	280,137	278,321
5 Mortgage-backed securities[1]	94,615	94,807	95,691	95,953	95,238	96,323	96,442	95,960	95,246
All others, by maturity									
6 *One year or less*	45,063	45,730	44,878	43,420	43,583	44,761	45,728	45,201	45,276
7 One year through five years	73,844	73,574	74,478	74,432	73,645	75,510	74,799	75,177	74,806
8 More than five years	65,083	65,083	64,724	64,101	63,999	64,196	63,505	63,799	62,993
9 Other securities	114,472	112,137	111,911	110,931	112,166	112,436	112,015	110,972	112,514
10 Trading account	1,849	1,660	1,758	2,053	2,135	2,002	2,035	1,941	2,128
11 Investment account	62,670	62,360	62,341	62,126	62,084	62,039	62,327	62,290	62,257
12 State and local government, by maturity	21,697	21,447	21,426	21,413	21,441	21,306	21,297	21,368	21,390
13 One year or less	5,469	5,463	5,457	5,482	5,472	5,475	5,573	5,615	5,624
14 More than one year	16,227	15,984	15,969	15,931	15,969	15,831	15,724	15,753	15,766
15 Other bonds, corporate stocks, and securities	40,973	40,913	40,915	40,713	40,643	40,732	41,030	40,922	40,867
16 Other trading account assets	49,953	48,117	47,812	46,752	47,947	48,396	47,654	46,742	48,130
17 Federal funds sold[2]	107,882	105,518	105,276	111,556	107,395	113,284	107,548	112,092	106,989
18 To commercial banks in the United States	77,877	74,436	74,867	80,411	79,541	81,434	77,138	82,477	75,640
19 To nonbank brokers and dealers in securities	24,406	25,029	24,761	26,152	21,494	24,928	24,206	23,286	24,539
20 To others[3]	5,599	6,053	5,647	4,994	6,361	6,922	6,205	6,329	6,810
21 Other loans and leases, gross	1,142,810	1,137,188	1,142,977	1,154,995	1,156,160	1,167,223	1,162,966	1,168,039	1,167,067
22 Commercial and industrial	311,484	309,068	309,761	314,764	314,284	316,514	315,785	318,496	319,632
23 Bankers acceptances and commercial paper	3,420	3,252	2,976	3,019	2,680	2,605	2,536	2,523	2,434
24 All other	308,064	305,816	306,785	311,745	311,604	313,909	313,249	315,973	317,198
25 U.S. addressees	305,790	303,513	304,603	309,665	309,526	311,838	311,176	313,876	315,026
26 Non-U.S. addressees	2,274	2,302	2,183	2,081	2,078	2,071	2,073	2,097	2,171
27 Real estate loans	453,835	455,740	456,955	457,395	456,921	460,406	462,968	463,904	463,851
28 Revolving, home equity	46,812	46,858	46,720	46,774	46,686	46,912	47,038	47,090	47,106
29 All other	407,023	408,882	410,236	410,622	410,235	413,494	415,930	416,814	416,745
30 To individuals for personal expenditures	236,702	232,179	234,373	237,249	240,169	241,470	241,312	240,827	239,566
31 To depository and financial institutions	48,380	51,102	50,978	52,298	52,955	54,328	54,428	54,087	55,671
32 Commercial banks in the United States	27,923	31,444	31,607	32,516	32,792	33,522	33,286	32,752	35,247
33 Banks in foreign countries	3,608	2,796	2,697	2,884	2,844	3,410	2,830	3,141	2,785
34 Nonbank depository and other financial institutions	16,849	16,862	16,674	16,898	17,319	17,397	18,311	18,194	17,639
35 For purchasing and carrying securities	18,628	15,668	16,059	17,636	16,050	15,112	15,068	15,302	15,417
36 To finance agricultural production	6,347	6,236	6,232	6,286	6,389	6,580	6,468	6,338	6,321
37 To states and political subdivisions	11,493	11,396	11,324	11,338	11,299	11,234	11,083	11,111	11,089
38 To foreign governments and official institutions	1,077	924	931	888	942	912	914	1,034	904
39 All other loans[4]	23,899	23,830	24,984	25,601	25,407	28,804	22,852	24,657	22,265
40 *Lease-financing receivables*	30,965	31,044	31,382	31,540	31,743	31,861	32,087	32,283	32,352
41 LESS: Unearned income	1,595	1,606	1,756	1,769	1,764	1,755	1,760	1,756	1,769
42 Loan and lease reserve[5]	34,721	34,616	34,554	34,460	34,267	34,329	34,340	34,337	34,356
43 Other loans and leases, net	1,106,495	1,100,966	1,106,667	1,118,766	1,120,129	1,131,139	1,126,865	1,131,945	1,130,942
44 All other assets	140,533	136,429	138,771	141,050	136,418	135,609	134,468	132,309	133,059
45 **Total assets**[6]	**1,891,745**	**1,868,564**	**1,881,636**	**1,899,319**	**1,901,753**	**1,934,988**	**1,896,058**	**1,928,391**	**1,887,922**

Footnotes appear on the following page.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

Account	1994[r]					1995			
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
LIABILITIES									
46 Deposits	1,158,352	1,152,415	1,155,165	1,157,235	1,171,898	1,202,073	1,157,465	1,173,998	1,133,588
47 Demand deposits[7]	308,990	298,537	306,954	307,963	327,647	340,463	298,284	315,649	281,155
48 Individuals, partnerships, and corporations	259,554	252,667	259,477	259,194	274,439	285,612	252,923	263,060	236,447
49 Other holders	49,435	45,870	47,477	48,769	53,208	54,851	45,360	52,588	44,707
50 States and political subdivisions	9,648	8,807	9,375	10,405	9,845	10,336	8,642	9,189	9,203
51 U.S. government	2,342	1,821	3,058	2,506	2,144	3,109	2,253	3,428	1,905
52 Depository institutions in the United States	20,655	20,093	19,260	19,612	23,143	25,535	18,786	24,587	18,382
53 Banks in foreign countries	6,508	5,574	5,772	5,538	5,910	5,007	5,675	5,784	5,734
54 Foreign governments and official institutions	680	761	598	846	816	794	673	658	815
55 Certified and officers' checks	9,603	8,813	9,414	9,862	11,350	10,069	9,332	8,943	8,669
56 Transaction balances other than demand deposits[4]	125,698	128,745	126,770	128,378	127,581	136,150	131,460	130,198	124,859
57 Nontransaction balances	723,665	725,133	721,441	720,894	716,670	725,459	727,721	728,151	727,574
58 Individuals, partnerships, and corporations	702,567	705,373	702,131	700,709	696,718	705,834	707,525	707,757	705,485
59 Other holders	21,097	19,760	19,309	20,185	19,952	19,626	20,196	20,394	22,089
60 States and political subdivisions	17,372	17,341	17,015	16,965	16,833	17,796	18,095	18,265	18,508
61 U.S. government	1,426	304	301	1,278	1,279	330	331	336	1,715
62 Depository institutions in the United States	1,773	1,592	1,470	1,409	1,327	995	1,273	1,298	1,372
63 Foreign governments, official institutions, and banks	526	523	523	533	513	504	496	495	494
64 Liabilities for borrowed money[5]	380,588	365,098	366,424	383,294	365,997	367,917	373,357	384,433	377,912
65 Borrowings from Federal Reserve Banks	0	607	0	765	0	890	0	0	350
66 Treasury tax and loan notes	15,354	139	2,785	27,985	9,835	8,128	10,344	19,297	19,731
67 Other liabilities for borrowed money[6]	365,234	364,353	363,639	354,543	356,163	358,899	363,013	365,135	357,831
68 Other liabilities (including subordinated notes and debentures)	178,976	176,345	184,800	185,351	189,824	189,765	189,585	193,384	198,984
69 **Total liabilities**	**1,717,917**	**1,693,859**	**1,706,389**	**1,725,879**	**1,727,719**	**1,759,754**	**1,720,406**	**1,751,814**	**1,710,484**
70 Residual (total assets less total liabilities)[7]	173,828	174,705	175,247	173,440	174,034	175,234	175,652	176,577	177,438
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,562,094	1,552,923	1,557,228	1,563,614	1,556,970	1,577,766	1,574,225	1,577,966	1,574,119
72 Time deposits in amounts of $100,000 or more	100,218	99,766	97,102	96,405	95,606	96,582	99,944	101,659	103,408
73 Loans sold outright to affiliates[9]	670	660	668	667	617	603	602	597	580
74 Commercial and industrial	340	340	340	339	298	296	296	295	295
75 Other	330	320	328	328	319	307	306	302	285
76 Foreign branch credit extended to U.S. residents[10]	23,211	23,196	23,205	23,222	23,048	23,343	23,458	23,821	23,893
77 Net owed to related institutions abroad	56,131	60,516	64,502	65,832	75,876	79,264	81,218	88,440	90,942

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S government, in pools of residential mortgages
2. Includes securities purchased under agreements to resell.
3. Includes allocated transfer risk reserve.
4. Includes negotiable order of withdrawal (NOWs) and automatic transfer service (ATS) accounts, and telephone and preauthorized transfers of savings deposits.
5. Includes borrowings only from other than directly related institutions.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
8. Excludes loans to and federal funds transactions with commercial banks in the United States
9. Affiliates include 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.
10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS
Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1994					1995			
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
ASSETS									
1 Cash and balances due from depository institutions	15,481	15,723	16,633	17,115	17,987	17,500	16,455	16,542	16,043
2 U.S. Treasury and government agency securities	37,757	36,749	35,935[r]	36,322[r]	37,614[r]	37,116	36,875	37,634	38,502
3 Other securities	12,550	12,605	12,839[r]	12,760[r]	12,855[r]	12,962	13,241	13,725	13,685
4 Federal funds sold[1]	30,071	33,324	31,769	29,973	35,824	30,802	30,250	28,238	30,776
5 To commercial banks in the United States	10,018	7,230	7,181	6,614	9,094	7,412	6,791	6,588	8,099
6 To others[2]	20,053	26,094	24,588	23,359	26,730	23,390	23,459	21,650	22,677
7 Other loans and leases, gross	166,162	166,958	168,189	172,187	170,760	169,593	168,067	168,535	169,430
8 Commercial and industrial	106,891	106,511	106,882	108,268	107,588	106,613	107,583	107,629	108,283
9 Bankers acceptances and commercial paper	3,101	3,179	3,328	3,620	3,668	3,730	3,501	3,500	3,455
10 All other	103,790	103,332	103,553	104,649	103,920	102,883	104,082	104,129	104,828
11 U.S. addressees	99,692	99,289	99,485	100,397	99,746	98,829	100,115	100,023	100,656
12 Non-U.S. addressees	4,098	4,043	4,069	4,251	4,174	4,054	3,967	4,106	4,171
13 Loans secured by real estate	26,079	25,902	25,914	25,845	25,788	25,425	25,477	25,466	25,414
14 Loans to depository and financial institutions	25,288	26,395[r]	27,024[r]	28,694[r]	28,595[r]	28,440	26,503	26,780	27,299
15 Commercial banks in the United States	5,361	5,417	5,736	6,013	5,806	5,471	5,506	5,725	5,852
16 Banks in foreign countries	1,800	1,987	1,912	2,052	2,097	2,019	2,184	2,152	2,101
17 Nonbank financial institutions	18,127	18,991[r]	19,375[r]	20,629[r]	20,692[r]	20,950	18,812	18,903	19,345
18 For purchasing and carrying securities	4,057	3,943[r]	4,325[r]	5,090[r]	4,701[r]	4,850	4,181	4,334	3,947
19 To foreign governments and official institutions	372	356	395	423	378	374	401	338	344
20 All other	3,476	3,850	3,650	3,867	3,710	3,891	3,923	3,988	4,143
21 Other assets (claims on nonrelated parties)	38,679	45,231	45,571	43,442	42,775	44,952	46,189	46,063	47,344
22 **Total assets**[3]	**325,715**	**337,310**	**338,716**	**338,782**	**343,193**	**338,281**	**338,509**	**334,410**	**338,745**
LIABILITIES									
23 Deposits or credit balances owed to other than directly related institutions	98,952	101,054	102,211	99,722	99,639	95,015	96,035	95,750	99,404
24 Demand deposits[4]	3,864	3,892	3,885	4,126	4,737	4,499	3,840	3,822	3,716
25 Individuals, partnerships, and corporations	3,253	3,120	3,184	3,211	3,911	3,755	3,229	3,093	3,059
26 Other	611	772	701	915	826	744	610	728	657
27 Nontransaction accounts	95,088	97,162	98,326	95,596	94,902	90,516	92,196	91,928	95,688
28 Individuals, partnerships, and corporations	63,757	64,854	65,416	63,580	63,532	61,330	62,645	62,474	64,678
29 Other	31,331	32,308	32,910	32,016	31,370	29,186	29,551	29,454	31,010
30 Borrowings from other than directly related institutions	75,076	78,632	75,112	77,236	79,948	74,847	74,770	73,861	73,294
31 Federal funds purchased[5]	38,259	42,585	39,217	40,877	43,489	42,698	42,908	41,284	38,998
32 From commercial banks in the United States	7,894	7,443	6,633	7,556	6,620	7,515	8,929	7,656	5,393
33 From others	30,365	35,142	32,584	33,320	36,869	35,183	33,979	33,629	33,605
34 Other liabilities for borrowed money	36,817	36,046	35,895	36,360	36,459	32,149	31,862	32,576	34,296
35 To commercial banks in the United States	6,232	5,838	5,765	6,746	6,425	6,122	6,738	6,262	6,448
36 To others	30,585	30,209	30,130	29,614	30,034	26,027	25,123	26,314	27,848
37 Other liabilities to nonrelated parties	35,844	42,825	43,190	40,588	40,192	42,079	43,263	43,065	44,288
38 **Total liabilities**[6]	**325,715**	**337,310**	**338,716**	**338,782**	**343,193**	**338,281**	**338,509**	**334,410**	**338,745**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	231,160	236,989	235,815	238,615	242,153	237,589	236,135	235,819	238,441
40 Net owed to related institutions abroad	90,827	88,079	90,423	94,253	98,037	100,984	97,009	98,062	98,793

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. For U.S. branches and agencies of foreign banks having a net "due from" position, includes net due from related institutions abroad.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. For U.S. branches and agencies of foreign banks having a net "due to" position, includes net owed to related institutions abroad.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1994					
	1990	1991	1992	1993	1994	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**562,656**	**528,832**	**545,619**	**555,075**	**601,940**	**572,925**	**564,639**	**574,471**	**592,518**	**580,673**	**601,940**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	214,706	212,999	226,456	218,947	225,413	222,780	214,769	214,349	224,280	215,748	225,413
3 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	200,036	182,463	171,605	180,389	211,017	199,561	199,031	203,573	207,296	202,781	211,017
5 Bank-related (not seasonally adjusted)[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	147,914	133,370	147,558	155,739	165,510	150,584	150,839	156,549	160,942	162,144	165,510
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**54,771**	**43,770**	**38,194**	**32,348**	**29,835**	**30,390**	**30,448**	**31,164**	**30,413**	**29,760**	**29,835**
By holder											
8 Accepting banks	9,017	11,017	10,555	12,421	11,783	11,608	11,543	11,299	11,061	11,689	11,783
9 Own bills	7,930	9,347	9,097	10,707	10,462	10,838	10,824	10,475	9,931	10,548	10,462
10 Bills bought from other banks	1,087	1,670	1,458	1,714	1,321	770	719	824	1,130	1,142	1,321
Federal Reserve Banks[7]											
11 Foreign correspondents	918	1,739	1,276	725	410	386	325	388	332	234	410
12 Others	44,836	31,014	26,364	19,202	17,642	18,396	18,580	19,477	19,020	17,836	17,642
By basis											
13 Imports into United States	13,095	12,843	12,209	10,217	10,062	10,956	10,486	10,985	10,674	10,272	10,062
14 Exports from United States	12,703	10,351	8,096	7,293	6,355	6,399	6,458	6,575	6,754	6,688	6,355
15 All other	28,973	20,577	17,890	14,838	13,417	13,035	13,505	13,604	12,986	12,800	13,417

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3 Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1992—Jan. 1	6.50	1992	6.25	1993—Jan.	6.00	1994—Jan.	6.00
July 2	6.00	1993	6.00	Feb.	6.00	Feb.	6.00
		1994	7.15	Mar.	6.00	Mar.	6.06
1994—Mar. 24	6.25			Apr.	6.00	Apr.	6.45
Apr. 19	6.75	1992—Jan.	6.50	May	6.00	May	6.99
May 17	7.25	Feb.	6.50	June	6.00	June	7.25
Aug. 16	7.75	Mar.	6.50	July	6.00	July	7.25
Nov. 15	8.50	Apr.	6.50	Aug.	6.00	Aug.	7.51
		May	6.50	Sept.	6.00	Sept.	7.75
1995—Feb. 1	9.00	June	6.50	Oct.	6.00	Oct.	7.75
		July	6.02	Nov.	6.00	Nov.	8.15
		Aug.	6.00	Dec.	6.00	Dec.	8.50
		Sept.	6.00				
		Oct.	6.00			1995—Jan.	8.50
		Nov.	6.00			Feb.	9.00
		Dec.	6.00				

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1992	1993	1994	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.	1994 and 1995, week ending Dec. 30	Jan. 6	Jan. 13	Jan. 20	Jan. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	3.52	3.02	4.21	4.76	5.29	5.45	5.53	5.45	5.40	5.53	5.45	5.42
2 Discount window borrowing[2,4]	3.25	3.00	3.60	4.00	4.40	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Commercial paper[3,5,6]												
3 1-month	3.71	3.17	4.43	5.02	5.40	6.08	5.86	6.06	5.85	5.75	5.82	5.94
4 3-month	3.75	3.22	4.66	5.51	5.81	6.26	6.22	6.29	6.29	6.17	6.17	6.24
5 6-month	3.80	3.30	4.93	5.70	6.01	6.62	6.63	6.70	6.71	6.62	6.59	6.63
Finance paper, directly placed[3,5,7]												
6 1-month	3.62	3.12	4.33	4.91	5.30	5.93	5.76	5.86	5.74	5.66	5.72	5.83
7 3-month	3.65	3.16	4.53	5.36	5.67	6.12	6.10	6.11	6.21	6.06	6.03	6.10
8 6-month	3.63	3.15	4.56	5.30	5.58	6.17	6.25	6.19	6.34	6.26	6.21	6.23
Bankers acceptances[3,5,8]												
9 3-month	3.62	3.13	4.56	5.41	5.71	6.18	6.12	6.23	6.21	6.09	6.12	6.10
10 6-month	3.67	3.21	4.83	5.59	5.93	6.53	6.45	6.61	6.59	6.45	6.42	6.41
Certificates of deposit, secondary market[3,9]												
11 1-month	3.64	3.11	4.38	4.98	5.38	6.01	5.84	5.96	5.83	5.73	5.81	5.92
12 3-month	3.68	3.17	4.63	5.51	5.79	6.29	6.24	6.36	6.36	6.20	6.22	6.22
13 6-month	3.76	3.28	4.96	5.79	6.11	6.78	6.71	6.88	6.87	6.71	6.66	6.65
14 Eurodollar deposits, 3-month[3,10]	3.70	3.18	4.63	5.52	5.78	6.27	6.23	6.34	6.34	6.25	6.15	6.23
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	3.43	3.00	4.25	4.95	5.29	5.60	5.71	5.52	5.67	5.66	5.70	5.77
16 6-month	3.54	3.12	4.64	5.39	5.72	6.21	6.21	6.23	6.30	6.24	6.19	6.18
17 1-year	3.71	3.29	5.02	5.75	6.13	6.67	6.59	6.74	6.74	6.66	6.58	6.50
Auction average[3,5,11]												
18 3-month	3.45	3.02	4.29	4.96	5.25	5.64	5.81	5.56	5.78	5.87	5.77	5.80
19 6-month	3.57	3.14	4.66	5.39	5.69	6.21	6.31	6.24	6.37	6.42	6.19	6.24
20 1-year	3.75	3.33	4.98	5.72	6.09	6.75	6.86	n.a.	n.a.	6.86	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	3.89	3.43	5.32	6.11	6.54	7.14	7.05	7.21	7.24	7.12	7.02	6.95
22 2-year	4.77	4.05	5.94	6.73	7.15	7.59	7.51	7.69	7.66	7.57	7.48	7.45
23 3-year	5.30	4.44	6.27	7.04	7.44	7.71	7.66	7.79	7.81	7.73	7.65	7.60
24 5-year	6.19	5.14	6.69	7.40	7.72	7.78	7.76	7.81	7.86	7.80	7.73	7.74
25 7-year	6.63	5.54	6.91	7.58	7.83	7.80	7.79	7.81	7.88	7.83	7.76	7.78
26 10-year	7.01	5.87	7.09	7.74	7.96	7.81	7.78	7.81	7.86	7.80	7.74	7.78
27 20-year	n.a.	6.29	7.49	8.08	8.20	7.99	7.97	7.96	8.02	7.99	7.95	7.97
28 30-year	7.67	6.59	7.37	7.94	8.08	7.87	7.85	7.83	7.89	7.86	7.82	7.86
Composite												
29 More than 10 years (long-term)	7.52	6.45	7.41	8.02	8.16	7.97	7.93	7.93	7.99	7.95	7.91	7.94
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.09	5.38	5.77	6.05	6.57	6.62	n.a.	6.65	6.65	6.45	6.45	n.a.
31 Baa	6.48	5.82	6.17	6.37	6.89	7.17	n.a.	7.18	7.18	7.00	7.00	n.a.
32 *Bond Buyer* series[14]	6.44	5.60	6.18	6.52	6.97	6.80	6.53	6.71	6.66	6.53	6.44	6.49
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	8.55	7.54	8.26	8.83	8.94	8.73	8.71	8.70	8.76	8.73	8.69	8.73
Rating group												
34 Aaa	8.14	7.22	7.97	8.57	8.68	8.46	8.46	8.43	8.49	8.46	8.44	8.49
35 Aa	8.46	7.40	8.15	8.71	8.83	8.62	8.60	8.59	8.65	8.62	8.58	8.62
36 A	8.62	7.58	8.28	8.82	8.94	8.73	8.70	8.70	8.76	8.72	8.68	8.72
37 Baa	8.98	7.93	8.63	9.20	9.32	9.10	9.08	9.08	9.13	9.10	9.06	9.10
38 A-rated, recently offered utility bonds[16]	8.52	7.46	8.29	8.80	8.95	8.78	8.75	8.78	8.77	8.70	8.81	8.69
MEMO												
Dividend-price ratio[17]												
39 Common stocks	2.99[r]	2.78[r]	2.82	2.82	2.86	2.91	2.87	2.89	2.89	2.89	2.84	2.87

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year for bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Preferred stock ratio is based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1992	1993	1994	1994 May	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.	1995 Jan.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	229.00	249.71	254.16	249.56	251.21	249.29	256.08	257.61	255.22	252 48	248.65	253.56
2 Industrial	284.26	300.10	315.32	307.58	308.66	307.34	316.56	322 19	321.53	319 33	313.92	319.93
3 Transportation	201 02	242.68	247.17	244.75	246.64	244.21	244.67	239.10	230.71	227 44	218.93	230.25
4 Utility	99 48	114.55	104.96	102.89	103.27	102.73	105.61	102.30	101.67	100 07	100.01	100.58
5 Finance	179.29	216.55	209.75	211.30	215.89	210.91	214.77	211.90	203 33	198 38	195 25	201.05
6 Standard & Poor's Corporation (1941–43 = 10)[1]	415 75	451 63	460.42	450.90	454 83	451.40	464.24	466.96	463.81	461 01	455.19	465.25
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	391.28	438.77	449.49	437.54	436.08	430 10	444.89	456.31	456.25	445 16	427.39	436.09
Volume of trading (thousands of shares)												
8 New York Stock Exchange	202,558	263,374	290,652	269,812	265,341	250,382	277,877	292,356	301,327	297,001	302,049	326,652
9 American Stock Exchange	14,171	18,188	17,951	15,727	18,400	14,378	15,874	18,785	20,731	18,465	18,745	18,829
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**43,990**	**60,310**	**61,160**	**59,870**	**60,800**	**61,930**	**63,070**	**61,630**	**62,150**	**61,000**	**61,160**	**64,380**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,970	12,360	14,095	12,715	12,560	12,620	12,090	12,415	12,875	13,635	14,095	13,225
12 Cash accounts	22,510	27,715	28,870	23,265	28,585	25,790	24,400	25,230	24,180	25,625	28,870	24,440

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

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

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

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

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

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

5. Series initiated in June 1984.

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

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

Effective June 8, 1988, margins were set to be the price of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1992	1993	1994	1994					1995
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U.S. budget[1]									
1 Receipts, total	1,090,453	1,153,226	1,257,187	97,338	135,895	89,024	87,673	130,810	131,801
2 On-budget	788,027	841,292	922,161	70,949	105,212	65,385	62,083	103,859	101,036
3 Off-budget	302,426	311,934	335,026	26,389	30,683	23,639	25,590	26,951	30,765
4 Outlays, total	1,380,856	1,408,532	1,460,557	121,608	131,903	121,480[r]	125,131	134,874	116,688
5 On-budget	1,128,518	1,141,945	1,181,185	95,279	103,189	95,307[r]	99,464	123,490	91,084
6 Off-budget	252,339	266,587	279,372	26,329	28,714	26,174	25,668	11,383	25,604
7 Surplus or deficit (−), total	290,403	255,306	−203,370	−24,270	3,993	−32,457[r]	37,458	−4,063	15,113
8 On-budget	−340,490	300,653	−259,024	−24,330	2,024	−29,922[r]	−37,381	−19,631	9,952
9 Off-budget	50,087	45,347	55,654	60	1,969	−2,535	−78	15,568	5,161
Source of financing (total)									
10 Borrowing from the public	310,918	248,594	184,998	52,350	−11,996	32,457	40,528	−13,316	13,337
11 Operating cash (decrease, or increase (−))	17,305	6,283	16,564	−9,802	−5,855	−480	9,366	476	−23,264
12 Other[2]	3,210	429	1,808	−18,374	13,858	480[r]	−12,436	16,903	−5,186
MEMO									
13 Treasury operating balance (level, end of period)	58,789	52,506	35,942	30,087	35,942	36,422	27,056	26,580	49,844
14 Federal Reserve Banks	24,586	17,289	6,848	5,994	6,848	5,164	5,348	7,161	13,964
15 Tax and loan accounts	34,203	35,217	29,094	24,093	29,094	31,258	21,709	19,419	35,880

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1993	1994	1993		1994		1994		1995
			H1	H2	H1	H2	Nov.	Dec.	Jan.
RECEIPTS									
1 **All sources**	**1,153,226**	**1,257,453**	**593,212**	**582,038**	**652,236**	**625,557**	**87,673**	**130,810**	**131,801**
2 Individual income taxes, net	509,680	543,055	255,556	262,073	275,053	273,474	37,414	54,315	79,162
3 Withheld	430,211	459,699	209,517	228,423	225,387	240,062	37,882	50,680	49,432
4 Presidential Election Campaign Fund	28	70	25	2	63	10	2	0	0
5 Nonwithheld	154,989	160,364	113,510	41,768	118,245	42,031	1,857	3,635	29,980
6 Refunds	75,546	77,077	67,468	8,115	68,642	9,207	2,327	579	245
Corporation income taxes									
7 Gross receipts	131,548	154,205	69,044	68,266	80,536	78,392	2,682	32,616	5,415
8 Refunds	14,027	13,820	7,198	6,514	6,933	7,331	1,185	700	2,157
9 Social insurance taxes and contributions, net	428,300	461,475	227,177	206,176	248,301	220,141	37,387	36,358	40,442
10 Employment taxes and contributions[2]	396,939	428,810	208,776	192,749	228,714	206,613	33,786	35,708	26,096
11 Self-employment taxes and contributions[3]	20,604	24,433	16,270	4,335	20,762	4,135	0	0	1,279
12 Unemployment insurance	26,556	28,004	16,074	11,010	17,301	11,177	3,249	230	1,069
13 *Other net receipts*[4]	4,805	4,661	2,326	2,417	2,284	2,349	352	420	372
14 Excise taxes	48,057	55,225	23,398	25,994	26,444	30,062	5,518	4,587	4,555
15 Customs deposits	18,802	20,099	8,860	10,215	9,500	11,042	1,827	1,747	1,539
16 Estate and gift taxes	12,577	15,225	6,494	6,617	8,197	7,071	1,220	1,092	1,005
17 Miscellaneous receipts[5]	18,273	22,041	9,879	9,227	11,170	13,305	2,811	1,375	1,839
OUTLAYS									
18 **All types**	**1,408,532**	**1,461,067**	**673,915**	**727,685**	**710,620**	**753,255**	**125,131**	**134,874**	**116,688**
19 National defense	291,086	281,451	140,535	146,672	133,739	141,092	22,428	26,348	18,499
20 International affairs	16,826	17,249	6,565	10,186	5,800	12,056	2,177	1,334	999
21 General science, space, and technology	17,030	17,602	7,996	8,880	8,502	8,979	1,673	1,529	1,194
22 Energy	4,319	5,398	2,462	1,663	2,036	2,949	166	417	488
23 Natural resources and environment	20,239	20,902	8,592	11,221	9,179	12,373	1,797	1,622	1,571
24 Agriculture	20,443	15,131	11,872	7,516	7,451	7,697	2,784	1,938	1,049
25 Commerce and housing credit	22,725	−4,851	−14,537	−1,490	−5,114	−2,678	1,244	−2,166	1,469
26 Transportation	35,004	36,835	16,076	19,570	16,765[r]	20,489	3,506	3,021	3,080
27 Community and regional development	9,051	11,877	4,929	4,288	5,592	7,070	1,109	1,102	1,140
28 Education, training, employment, and social services	50,012	44,730	24,080	26,753	19,000[r]	25,887	4,025	5,779	4,650
29 Health	99,415	106,495	49,882	52,958	53,121	54,123	9,525	9,246	9,440
30 Social security and Medicare	435,137	464,314	195,933	223,735	232,777	236,819	39,299	41,216	39,734
31 Income security	207,257	213,972	107,870	102,380	109,080[r]	101,743	16,151	19,331	16,326
32 Veterans benefits and services	35,720	37,637	16,385	19,852	16,686	19,757	3,337	4,277	1,996
33 Administration of justice	14,955	15,283	7,482	7,400	7,718	7,800	1,176	1,278	1,568
34 General government	13,009	11,348	5,205	6,531	5,076	7,393	1,556	1,972	233
35 Net interest[6]	198,811	202,957	99,635	99,914	99,844	109,435	18,242	19,302	19,568
36 Undistributed offsetting receipts[7]	37,386	37,772	−17,035	20,344	−17,308	−20,065	−2,575	−2,671	−2,911

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

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1996*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992	1993				1994			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**4,196**	**4,250**	**4,373**	**4,436**	**4,562**	**4,602**	**4,673**	**4,721**	**4,800**
2 Public debt securities	4,177	4,231	4,352	4,412	4,536	4,576	4,646	4,693	n.a.
3 Held by public	3,129	3,188	3,252	3,295	3,382	3,434	3,443	3,480	n.a.
4 Held by agencies	1,048	1,043	1,100	1,117	1,154	1,142	1,203	1,213	n.a.
5 Agency securities	19	20	21	25	27	26	28	29	n.a.
6 Held by public	19	20	21	25	27	26	27	29	n.a
7 Held by agencies	0	0	0	0	0	0	0	0	n.a
8 **Debt subject to statutory limit**	**4,086**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**	**4,559**	**4,605**	**4,711**
9 Public debt securities	4,085	4,139	4,256	4,315	4,445	4,491	4,559	4,605	4,711
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,370	4,900	4,900	4,900	4,900	4,900	4,900

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

SOURCES. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Treasury Bulletin*.

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

Billions of dollars, end of period

Type and holder	1991	1992	1993	1994	1994			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**3,801.7**	**4,177.0**	**4,535.7**	n.a	**4,575.9**	**4,645.8**	**4,692.8**	n.a
By type								
2 Interest-bearing	3,798.9	4,173.9	4,532.3	4,769.2	4,572.6	4,642.5	4,689.5	4,769.2
3 Marketable	2,471.6	2,754.1	2,989.5	3,126.0	3,042.9	3,051.0	3,091.6	3,126.0
4 Bills	590.4	657.7	714.6	733.8	721.2	698.5	697.3	733.8
5 Notes	1,430.8	1,608.9	1,764.0	1,867.0	1,802.5	1,835.7	1,867.5	1,867.0
6 Bonds	435.5	472.5	495.9	510.3	504.2	501.8	511.8	510.3
7 Nonmarketable[1]	1,327.2	1,419.8	1,542.9	1,643.1	1,529.7	1,591.5	1,597.9	1,643.1
8 State and local government series	159.7	153.5	149.5	132.6	145.5	143.4	137.4	132.6
9 Foreign issues[2]	41.9	37.4	43.5	42.5	42.7	42.2	42.0	42.5
10 Government	41.9	37.4	43.5	42.5	42.7	42.2	42.0	42.5
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	135.9	155.0	169.4	177.8	172.6	174.9	176.4	177.8
13 Government account series[3]	959.2	1,043.5	1,150.0	1,259.8	1,138.4	1,200.6	1,211.7	1,259.8
14 Non-interest-bearing	2.8	3.1	3.4	31.0	3.3	3.3	3.2	31.0
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	968.7	1,047.8	1,153.5		1,141.7	1,203.0	1,213.1	
16 Federal Reserve Banks	281.8	302.5	334.2		342.6	357.7	355.2	
17 Private investors	2,563.2	2,839.9	3,047.7		3,094.6	3,088.2	3,127.8	
18 Commercial banks	233.4	294.0	316.0		345.0[r]	330.7[r]	325.0	
19 Money market funds	80.0	79.4	80.5		70.5	59.5	59.9	
20 Insurance companies	168.7	197.5	216.0		236.9[r]	244.1[r]	250.0	
21 Other companies	150.8	192.5	213.0	n.a.	216.3	226.3	229.3	n.a.
22 State and local treasuries	520.3	534.8	564.0		517.4[r]	520.1[r]	521.0	
Individuals								
23 Savings bonds	138.1	157.3	171.9		175.0	177.1	178.6	
24 Other securities	125.8	131.9	137.9		140.1	144.0	148.6	
25 Foreign and international[5]	491.8	549.7	623.3		632.7[r]	632.5[r]	653.8	
26 Other miscellaneous investors[6]	651.3	702.4	725.0		760.7[r]	754.0[r]	761.6	

1. *Includes (not shown separately) securities issued to the Rural Electrification Administration*, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. *Consists of investments of foreign balances and international accounts in the United States.*
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

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

Millions of dollars, daily averages

Item	1994			1994, week ending					1995, week ending			
	Oct.[r]	Nov.[r]	Dec.	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18	Jan. 25
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	53,162	53,255	55,792	46,143[r]	57,688[r]	58,222[r]	58,171[r]	49,061[r]	55,855	66,421	66,093	52,203
Coupon securities, by maturity												
2 Five years or less	87,960	101,981	83,764	97,232[r]	115,150[r]	90,970[r]	80,915[r]	57,849[r]	59,195	90,630	109,568	109,685
3 More than five years	42,391	51,851	34,619	46,445[r]	50,490[r]	38,283[r]	28,409[r]	25,146[r]	24,992	39,174	45,847	39,817
4 Federal agency	17,773	18,993	23,472	21,497[r]	22,971[r]	22,667[r]	22,361[r]	25,435[r]	24,608	25,552	28,506	26,378
5 Mortgage-backed	37,022	30,516	24,508	18,616[r]	31,402[r]	35,749[r]	23,337[r]	10,989[r]	15,892	40,358	30,241	24,790
By type of counterparty												
With interdealer broker												
6 U.S. Treasury	106,257	120,872	100,469	107,727[r]	131,609[r]	111,200[r]	95,645[r]	73,664[r]	74,860	114,424	129,744	117,266
7 Federal agency	647	543	510	525[r]	468	684[r]	484[r]	399	523	597	655	714
8 Mortgage-backed	13,013	9,765	8,208	6,339	9,304[r]	11,065	9,975	3,380	5,982	13,741	11,492	11,019
With other												
9 U.S. Treasury	77,256	86,216	73,707	82,093[r]	91,719[r]	76,275[r]	71,850[r]	58,392[r]	65,182	81,801	91,764	84,438
10 Federal agency	17,125	18,450	22,962	20,972[r]	22,504[r]	21,983[r]	21,876[r]	25,036[r]	24,086	24,956	27,851	25,664
11 Mortgage-backed	24,009	20,751	16,300	12,277[r]	22,098[r]	24,685[r]	13,362[r]	7,609[r]	9,911	26,618	18,749	13,771
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
12 U.S. Treasury bills	1,080	1,667	1,377	1,675	2,672	1,442	843	865	589	504	1,577	1,067
Coupon securities, by maturity												
13 Five years or less	2,593	3,642	3,097	4,728	5,549	2,806	2,658	1,714	2,249	2,574	3,503	2,952
14 More than five years	12,402	14,287	10,277	14,202	17,302	11,238	8,474	5,509	6,740	11,893	12,927	10,268
15 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
16 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
17 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
18 Five years or less	4,712	2,722	1,353	1,866	1,877	864	1,548	1,063	1,504	2,498	4,455	2,254
19 More than five years	5,527	5,327	2,938	4,084	3,649	3,201	2,825	2,034	3,047	3,678	4,594	4,524
20 Federal agency	0	0	0	0	0	0	0	0	0	0	0	0
21 Mortgage-backed	559	463	330	458	467	268	235	324	392	581	342	390

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Monthly averages are based on the number of trading days in the month. Transactions are assumed evenly distributed among the trading days of the report week. *Immediate, forward, and futures transactions are reported at principal value,* which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

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

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

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

NOTE. "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

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

Millions of dollars

Item	1994			1994, week ending					1995, week ending		
	Oct.	Nov.	Dec.	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec 28	Jan. 4	Jan. 11	Jan. 18
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S Treasury bills	3,177	12,980	15,045	18,418	16,225	22,114	15,696	7,999	10,715	6,451	6,063
Coupon securities, by maturity											
2 Five years or less	−17,072[r]	6,880[r]	−6,583	−6,746[r]	8,827	−12,985[r]	−3,760[r]	−1,628	−4,560	−11,478	−12,416
3 More than five years	27,176[r]	−30,331[r]	31,305	−28,874[r]	−32,519	−30,416[r]	−32,084[r]	31,123	−29,150	−33,434	35,026
4 Federal agency	22,584	20,097[r]	20,263	17,977	21,742	19,650	19,508	21,122	17,995	18,012	19,871
5 Mortgage-backed	37,098[r]	35,323[r]	32,889	34,173[r]	31,719[r]	31,467	34,319[r]	33,082	35,146	31,658	31,304
NET FUTURES POSITIONS											
By type of deliverable security											
6 U.S. Treasury bills	−776	−275	−906	1,035	−383	−1,691	1,612	446	277	−1,485	81
Coupon securities, by maturity											
7 Five years or less	8,205	7,470	5,292	7,264	8,240	6,901	3,916	3,167	2,832	5,314	3,853
8 More than five years	83	2,308	860	1,566	1,506	342	345	766	1,978	3,403	2,685
9 Federal agency	0	0	0	0	0	0	0	0	0	0	0
10 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
	Financing[5]										
Reverse repurchase agreements											
11 Overnight and continuing	253,257[r]	248,670	238,704	257,407	267,953	245,936	227,393	215,630	233,813	236,713	244,351
12 Term	380,100[r]	343,089	355,245	300,136	364,244	374,706	353,877	350,856	302,271	345,503	353,508
Securities borrowed											
13 Overnight and continuing	181,291	180,702	181,785	176,715	183,995	176,735	183,162	180,017	189,326	181,843	175,727
14 Term	45,783	46,394	46,339	41,881	44,203	48,395	45,331	46,874	47,633	52,023	50,255
Securities received as pledge											
15 Overnight and continuing	2,058	2,392	3,346	3,146	3,472	3,258	3,016	3,351	4,011	4,318	3,268
16 Term	53	32	37	n.a.	n.a.	n.a.	26	16	110	n.a.	58
Repurchase agreements											
17 Overnight and continuing	454,948[r]	438,464	432,430	446,770	462,503	447,454	423,925	394,035	436,633	431,608	447,158
18 Term	352,177[r]	338,786	341,663	282,076	343,304	362,227	345,402	345,223	272,824	306,085	313,968
Securities loaned											
19 Overnight and continuing	5,592	6,262	5,994	6,454	6,407	6,119	5,403	5,750	6,689	6,877	6,031
20 Term	1,234	1,285	1,328	904	1,631	1,355	1,351	1,037	1,187	1,529	1,755
Securities pledged											
21 Overnight and continuing	34,263	33,695	35,928	35,831	38,562	33,544	34,771	35,697	38,583	35,606	33,191
22 Term	4,095	3,416	1,609	2,619	1,646	1,753	1,450	1,566	1,660	1,397	1,899
Collateralized loans											
23 Overnight and continuing	19,273	17,871	14,021	17,771	16,354	13,060	11,828	14,414	15,023	15,822	16,650
24 Term	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
MEMO: Matched book[6]											
Securities in											
25 Overnight and continuing	226,604[r]	224,758	223,889	213,850	246,477	228,039	217,211	201,905	228,378	228,823	232,307
26 Term	358,449[r]	323,287	326,161	282,540	336,578	341,469	325,365	322,628	276,235	319,933	324,174
Securities out											
27 Overnight and continuing	271,475[r]	260,138	255,975	251,808	280,575	261,263	244,323	233,666	265,477	275,129	282,169
28 Term	294,282[r]	272,124	279,824	223,467	280,174	294,017	284,788	286,163	219,517	255,201	262,886

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

6. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE: "n.a." indicates that data are not published because of insufficient activity.

Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 6, 1994.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1990	1991	1992	1993	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.
1 **Federal and federally sponsored agencies**	**434,668**	**442,772**	**483,970**	**570,711**	**659,206**	**674,020**	**0**	**0**	**0**
2 Federal agencies	42,159	41,035	41,829	45,193	43,416	43,861	42,544	39,037	39,662
3 Defense Department[1]	7	7	7	6	6	6	6	6	6
4 Export-Import Bank[2,3]	11,376	9,809	7,208	5,315	4,389	4,389	3,932	3,932	3,932
5 Federal Housing Administration[4]	393	397	374	255	82	101	112	114	117
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,948	8,421	10,660	9,732	9,473	9,773	8,973	7,773	8,073
8 Tennessee Valley Authority	23,435	22,401	23,580	29,885	29,466	29,592	29,521	27,212	27,534
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	392,509	401,737	442,141	525,518	615,790	630,159	0	0	0
11 Federal Home Loan Banks	117,895	107,543	114,733	141,577	166,137	169,284	174,414	185,894	193,920
12 Federal Home Loan Mortgage Corporation	30,941	30,262	29,631	49,993	78,929	81,270	83,947	88,680	90,709
13 Federal National Mortgage Association	123,403	133,937	166,300	201,112	230,484	237,564	239,320	242,575	247,743
14 Farm Credit Banks[8]	53,590	52,199	51,910	53,123	52,276	53,844	54,333	53,609	54,800
15 Student Loan Marketing Association[9]	34,194	38,319	39,650	39,784	48,069	48,313	49,692	0	0
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt[13]**	**179,083**	**185,576**	**154,994**	**128,187**	**113,689**	**112,804**	**109,357**	**106,935**	**105,662**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,370	9,803	7,202	5,309	4,383	4,383	3,926	3,926	3,926
21 Postal Service[6]	6,698	8,201	10,440	9,732	9,473	9,773	8,973	7,773	8,073
22 Student Loan Marketing Association	4,850	4,820	4,790	4,760	0	0	0	0	0
23 Tennessee Valley Authority	14,055	10,725	6,975	6,325	4,375	4,375	3,400	3,200	3,200
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	52,324	48,534	42,979	38,619	35,104	34,594	34,129	33,869	33,719
26 Rural Electrification Administration	18,890	18,562	18,172	17,578	17,372	17,402	17,316	17,322	17,365
27 Other	70,896	84,931	64,436	45,864	42,982	42,322	41,613	40,845	39,379

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because 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.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1992	1993	1994	1994							1995
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
1 **All issues, new and refunding**[1]	**226,818**	**279,945**	**152,917**	**15,076**	**13,400**	**12,175**	**7,810**	**10,537**	**11,685**	**9,754**	**7,331**
By type of issue											
2 General obligation	78,611	90,599	54,258	5,556	7,110	4,177	2,309	2,891	5,592	2,284	3,780
3 Revenue	136,580	189,346	92,100	9,223	5,340	8,133	5,325	6,899	6,093	7,970	3,551
By type of issuer											
4 State	24,874	27,999	19,363	1,733	4,686	1,675	1,009	952	1,528	151	739
5 Special district or statutory authority[2]	138,327	178,714	87,751	9,335	4,931	7,963	4,962	6,511	6,148	7,501	4,484
6 Municipality, county, or township	63,617	73,232	40,524	3,711	2,833	2,672	1,663	2,327	4,009	2,102	2,108
7 **Issues for new capital**	**101,865**	**91,434**	**107,288**	**9,913**	**10,843**	**10,479**	**6,155**	**8,893**	**10,137**	**8,637**	**5,473**
By use of proceeds											
8 Education	18,852	16,831	20,675	1,945	1,147	2,075	883	1,596	1,716	1,554	1,333
9 Transportation	14,357	9,167	10,387	2,033	290	1,088	334	1,135	799	301	587
10 Utilities and conservation	12,164	12,014	8,950	856	694	784	433	1,887	644	1,259	524
11 Social welfare	16,744	13,837	19,917	1,312	1,698	2,117	1,897	1,887	1,535	2,172	1,036
12 Industrial aid	6,188	6,862	9,054	935	959	1,128	403	420	688	1,085	260
13 Other purposes	33,560	32,723	37,250	2,645	5,560	3,401	2,011	2,396	4,750	2,063	1,733

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

SOURCES. Securities Data Company beginning January 1993; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1992	1993	1994	1994							
				May	June[r]	July[r]	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
1 **All issues**[1]	**559,827**	**754,969[r]**	n.a.	**44,161[r]**	**49,578**	**29,818**	**37,871[r]**	**29,416[r]**	**34,297**	**38,834**	**22,999**
2 **Bonds**[2]	**471,502**	**641,498**	n.a.	**40,456[r]**	**43,210**	**26,159**	**34,495[r]**	**25,983[r]**	**30,725**	**33,309**	**20,493**
By type of offering											
3 Public, domestic	378,058	486,879	364,942	33,280[r]	38,472	22,441	30,088[r]	22,736[r]	25,094	27,268	17,809
4 Private placement, domestic[3]	65,853	116,240	n.a.	n.a.	n a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,591	38,379	56,184	7,175	4,738	3,718	4,406	3,248	5,631	6,040	2,684
By industry group											
6 Manufacturing	82,058	88,002	31,971	3,266	2,093	2,316	2,596[r]	2,167[r]	2,498	2,481	1,508
7 Commercial and miscellaneous	43,111	60,293[r]	27,885	2,496	3,277	997	3,570[r]	2,112[r]	2,189	1,578	2,469
8 Transportation	9,979	10,756	4,573	150	1,082	248	315	229	227	239	269
9 Public utility	48,055	56,272	11,713	1,071	681	487	575[r]	707	695	744	273
10 Communication	15,394	31,950	11,986	944	618	429	345	526	279	333	419
11 Real estate and financial	272,904	394,226[r]	332,999	32,529[r]	35,459	21,682	27,094[r]	20,242[r]	24,837	27,934	15,556
12 **Stocks**[2]	**88,325**	**113,472**	n.a.	**3,705[r]**	**6,368**	**3,659**	**3,376**	**3,433**	**3,572**	**5,525**	**2,506**
By type of offering											
13 Public preferred	21,339	18,897	12,952	702[r]	1,396	584	710	555	1,202	279	178
14 Common	57,118	82,657	47,670	3,003[r]	4,972	3,075	2,666	2,877	2,370	5,246	2,327
15 Private placement[3]	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	22,723	22,271	↑	956	1,106	492	569	904	745	1,963	1,148
17 Commercial and miscellaneous	20,231	25,761		854[r]	1,834	701	805[r]	821	1,105	1,783	830
18 Transportation	2,595	2,237	n.a.	105	449	75	50	223	79	76	0
19 Public utility	6,532	7,050		239	297	0	180	78	4	333	165
20 Communication	2,366	3,439		32	28	0	0	0	0	0	20
21 Real estate and financial	33,879	52,021[r]	↓	1,519[r]	2,654	2,386	1,767[r]	1,407	1,639	1,351	343

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1992	1993	1994 May	1994 June	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.
1 **Sales of own shares**[2]	**647,055**	**851,885**	**65,179**	**65,333**	**59,258**	**64,833**	**62,263**	**59,285**	**56,849**	**74,215**
2 Redemptions of own shares	447,140	567,881	55,036	56,068	50,275	53,242	53,383	53,743	55,757	70,777
3 Net sales[3]	199,915	284,004	10,144	9,265	8,983	1,592	8,880	5,543	1,092	3,438
4 **Assets**[4]	**1,056,310**	**1,510,209**	**1,529,478**	**1,509,998**	**1,552,652**	**1,604,961**	**1,588,277**	**1,601,363**	**1,549,186**	**1,553,069**
5 Cash[5]	73,999	100,209	119,982	114,885	120,129	120,315	121,575	126,766	125,843	122,137
6 Other	982,311	1,409,838	1,409,496	1,395,113	1,432,523	1,484,646	1,466,702	1,474,597	1,423,344	1,430,932

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1992	1993	1994	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4
1 Profits with inventory valuation and capital consumption adjustment	405.1	485.8	n.a.	442.5	473.1	493.5	533.9	508.2	546.4	556.0	n.a.
2 Profits before taxes	395.9	462.4	n.a.	432.7	456.6	458.7	501.7	483.5	523.1	538.1	n.a.
3 Profits-tax liability	139.7	173.2	n.a.	159.8	171.8	169.9	191.5	184.1	201.7	208.6	n.a.
4 Profits after taxes	256.2	289.2	n.a.	273.0	284.8	288.9	310.2	299.4	321.4	329.5	n.a.
5 Dividends	171.1	191.7	205.2	188.2	190.7	193.2	194.6	196.3	202.5	207.9	213.9
6 Undistributed profits	85.1	97.5	n.a.	84.7	94.1	95.6	115.6	103.0	118.9	121.6	n.a.
7 Inventory valuation	6.4	6.2	18.7	11.2	10.0	3.0	-6.5	12.3	14.1	-19.6	31.2
8 Capital consumption adjustment	15.7	29.5	37.7	21.0	26.5	31.7	38.8	37.0	37.4	37.5	38.8

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3[1]	1994 Q4[1]
1 **Total nonfarm business**	**546.60**	**586.73**	**638.37**	**563.48**	**578.95**	**594.56**	**604.51**	**619.34**	**637.08**	**651.92**	**645.13**
Manufacturing											
2 Durable goods industries	73.32	81.45	92.78	78.19	80.33	82.74	83.64	86.03	91.71	98.97	94.44
3 Nondurable goods industries	100.69	98.02	99.77	95.80	97.22	99.74	98.51	99.02	102.28	98.39	99.39
Nonmanufacturing											
4 Mining	8.88	10.08	11.24	8.98	9.10	11.09	10.92	11.43	10.70	11.57	11.27
Transportation											
5 Railroad	6.67	6.14	6.72	6.16	5.94	5.89	6.55	7.46	5.36	6.65	7.40
6 Air	8.93	6.42	3.95	7.26	6.63	6.70	5.06	4.23	4.53	3.86	3.16
7 Other	7.04	9.22	10.53	8.96	8.92	8.74	10.23	10.77	9.70	10.22	11.42
Public utilities											
8 Electric	48.22	52.55	52.25	49.98	50.61	52.96	55.60	48.68	53.55	54.15	52.60
9 Gas and other	23.99	23.43	24.20	23.79	23.83	22.98	23.27	24.51	22.96	24.35	24.97
10 Commercial and other[2]	268.84	299.44	336.93	284.35	296.35	303.74	310.73	327.20	336.28	343.76	340.48

1. Figures are amounts anticipated by business
2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1991	1992	1993	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3
ASSETS										
1 Accounts receivable, gross[2]	484.6	491.8	482.8	477.9	473.7	474.0	482.8	494.5	511.3	524.1
2 Consumer	121.7	118.3	116.5	112.6	110.6	111.0	116.5	120.1	124.3	130.3
3 Business	295.8	301.3	294.6	292.7	291.8	291.9	294.6	302.3	313.2	317.2
4 Real estate	67.1	72.2	71.7	72.5	71.4	71.1	71.7	72.1	73.8	76.6
5 LESS: Reserves for unearned income	56.1	53.2	50.7	50.1	49.7	49.5	50.7	51.2	51.9	51.1
6 Reserves for losses	13.1	16.2	11.2	15.2	10.8	11.2	11.2	11.6	12.1	12.1
7 Accounts receivable, net	415.4	422.4	420.9	412.6	413.2	413.3	420.9	431.7	447.3	460.9
8 All other	144.9	142.5	170.9	150.6	151.5	163.9	170.9	171.2	174.6	177.2
9 **Total assets**	**560.3**	**564.9**	**591.8**	**563.3**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**
LIABILITIES AND CAPITAL										
10 Bank loans	42.3	37.6	25.3	34.1	29.4	25.8	25.3	24.2	23.3	21.6
11 Commercial paper	159.5	156.4	159.2	149.8	144.5	149.9	159.2	165.9	171.2	171.0
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	35.5	39.5	42.7	43.1	45.0	44.6	42.7	41.1	44.7	50.0
15 Not elsewhere classified	190.2	196.3	206.0	197.3	199.9	204.2	206.0	211.7	219.6	228.2
16 All other liabilities	68.4	68.0	87.1	72.5	77.8	83.8	87.1	90.5	89.9	95.0
17 Capital, surplus, and undivided profits	64.5	67.1	71.4	66.5	68.1	68.9	71.4	69.5	73.2	72.3
18 **Total liabilities and capital**	**560.3**	**564.9**	**591.8**	**563.3**	**564.7**	**577.3**	**591.8**	**602.9**	**621.9**	**638.1**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1992	1993	1994	1994 July	1994 Aug.	1994 Sept.	1994 Oct.	1994 Nov.	1994 Dec.
	Seasonally adjusted								
1 **Total**	**540,679**	**546,020**	**609,503**	**571,470**	**579,032**	**590,512**	**596,397**	**602,463**	**609,503**
2 Consumer	157,857	160,802	174,240	166,639	166,921	172,547	173,178	174,324	174,240
3 Real estate[2]	72,496	71,991	79,317	75,321	75,524	76,424	76,971	77,991	79,317
4 Business	310,325	313,226	355,947	329,510	336,587	341,542	346,248	350,148	355,947
	Not seasonally adjusted								
5 **Total**	**544,691**	**550,387**	**614,535**	**568,648**	**575,769**	**588,525**	**596,054**	**603,305**	**614,535**
6 Consumer	159,558	162,770	176,499	164,749	166,501	172,002	172,813	174,118	176,499
7 Motor vehicles	57,259	56,057	61,170	58,107	58,589	60,522	60,750	61,372	61,170
8 Other consumer[3]	61,020	60,396	73,970	65,095	66,608	69,784	70,812	71,502	73,970
9 Securitized motor vehicles[4]	29,734	36,024	31,769	31,848	31,787	32,372	31,592	31,494	31,769
10 Securitized other consumer[4]	11,545	10,293	9,590	9,699	9,517	9,324	9,659	9,750	9,590
11 Real estate[2]	72,243	71,727	79,020	75,379	76,012	76,585	77,235	77,907	79,020
12 Business	312,890	315,890	359,016	328,520	333,256	339,938	346,006	351,280	359,016
13 Motor vehicles	89,011	95,173	119,159	101,878	102,655	106,365	110,089	113,222	119,159
14 Retail[5]	20,541	18,091	21,464	20,670	20,272	21,164	21,645	22,113	21,464
15 Wholesale[6]	29,890	31,148	36,158	26,154	25,875	27,201	29,302	30,614	36,158
16 Leasing	38,580	45,934	61,537	55,054	56,508	58,000	59,142	60,495	61,537
17 *Equipment*	*151,424*	*145,452*	*156,508*	*151,480*	*151,388*	*152,782*	*152,675*	*154,312*	*156,508*
18 Retail	33,521	35,513	39,757	39,348	39,629	39,357	38,584	38,912	39,757
19 Wholesale[6]	8,680	8,001	9,812	8,859	8,968	9,119	9,134	9,484	9,812
20 Leasing	109,223	101,938	106,939	103,273	102,791	104,306	104,957	105,916	106,939
21 Other business[7]	60,856	53,997	60,079	54,444	56,389	58,101	59,314	59,893	60,079
22 Securitized business assets[4]	11,599	21,268	23,270	20,718	22,824	22,690	23,928	23,853	23,270
23 Retail	1,120	2,483	3,065	2,480	2,656	2,564	2,956	2,853	3,065
24 Wholesale	5,756	10,584	14,499	12,817	14,147	14,411	15,173	15,311	14,499
25 Leasing	4,723	8,201	5,706	5,421	6,021	5,715	5,799	5,689	5,706

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release For ordering address, see inside front cover

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

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

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital, small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1992	1993	1994	1994						1995
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	158.1	163.1	170.4	166.0	167.6	170.6	173.4	178.2	184.9	176.5
2 Amount of loan (thousands of dollars)	118.1	123.0	130.8	129.0	129.3	133.7	131.9	136.2	136.2	134.2
3 Loan-to-price ratio (percent)	76.6	78.0	78.8	79.4	79.0	79.4	78.3	78.0	76.9	78.0
4 Maturity (years)	25.6	26.1	27.5	27.5	28.0	27.9	27.6	27.9	28.0	28.0
5 Fees and charges (percent of loan amount)[2]	1.60	1.30	1.29	1.35	1.38	1.36	1.22	1.30	1.38	1.31
Yield (percent per year)										
6 Contract rate[1]	7.98	7.02	7.26	7.50	7.45	7.48	7.55	7.59	7.61	7.96
7 Effective rate[1,3]	8.25	7.24	7.47	7.71	7.67	7.70	7.76	7.81	7.83	8.18
8 Contract rate (HUD series)[4]	8.43	7.37	8.58	8.64	8.68	8.96	9.19	9.34	9.32	9.11
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.46	7.46	8.68	8.65	8.66	9.10	9.23	9.53	9.54	9.10
10 GNMA securities[6]	7.71	6.65	7.96	8.23	8.15	8.28	8.66	8.86	8.76	8.69
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	158,119	190,861	222,057	210,666	212,680	215,249	218,479	220,377	222,057	222,774
12 FHA/VA insured	22,593	23,857	28,377	25,477	25,604	25,800	26,226	27,118	28,377	28,368
13 Conventional	135,526	167,004	194,499	185,189	187,076	189,449	192,253	193,259	194,499	195,170
Mortgage transactions (during period)										
14 Purchases	75,905	92,037	62,389	4,628	4,077	4,266	5,003	3,549	3,399	2,154
Mortgage commitments (during period)										
15 Issued[7]	74,970	92,537	54,038	3,798	3,776	4,880	3,421	2,696	2,910	1,720
16 To sell[8]	10,493	5,097	1,820	0	0	0	48	20	55	57
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	33,665	55,012	72,693	62,993	64,118	66,478	69,340	70,757	72,693	73,553
18 FHA/VA insured	352	321	276	296	291	287	284	279	276	272
19 Conventional	33,313	54,691	72,416	62,697	63,827	66,191	69,057	70,477	72,416	73,281
Mortgage transactions (during period)										
20 Purchases	191,125	229,242	124,697	6,535	6,407	5,512	8,351	3,022	4,890	3,254
21 Sales	179,208	208,723	117,110	6,338	5,828	5,213	8,139	2,865	3,769	2,862
Mortgage commitments (during period)[9]										
22 Contracted	261,637	274,599	136,067	5,820	5,649	5,035	7,288	3,454	2,412	6,541

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance 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 rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1990	1991	1992	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3[p]
1 **All holders**	**3,763,628**	**3,926,154**	**4,056,233**	**4,174,202**	**4,215,480**	**4,239,496**	**4,290,640**	**4,346,606**
By type of property								
2 One- to four-family residences	2,617,044	2,781,416	2,963,391	3,098,344	3,147,255	3,178,389	3,225,062	3,276,039
3 Multifamily residences	309,369	306,410	295,417	290,690	290,489	288,988	290,109	291,907
4 Commercial	758,313	759,023	716,687	704,032	696,542	690,726	692,584	694,842
5 Farm	78,903	79,306	80,738	81,136	81,194	81,393	82,886	83,818
By type of holder								
6 Major financial institutions	1,914,315	1,846,726	1,769,187	1,769,950	1,767,835	1,746,474	1,763,249	1,784,191
7 Commercial banks[2]	844,826	876,100	894,513	922,670	940,444	937,944	956,793	981,350
8 One- to four-family	455,931	483,623	507,780	537,661	556,538	554,117	570,325	590,244
9 Multifamily	37,015	36,935	38,024	37,655	38,635	38,451	37,948	38,130
10 Commercial	334,648	337,095	328,826	326,507	324,409	324,122	326,605	330,568
11 Farm	17,231	18,447	19,882	20,848	20,862	21,254	21,916	22,408
12 Savings institutions[3]	801,628	705,367	627,972	609,654	598,330	584,531	585,671	587,375
13 One- to four-family	600,154	538,358	489,622	478,456	469,959	458,075	462,240	466,414
14 Multifamily	91,806	79,881	69,791	68,440	67,362	66,914	66,245	65,611
15 Commercial	109,168	86,741	68,235	62,439	60,704	59,245	56,887	55,058
16 Farm	500	388	324	320	305	297	299	292
17 Life insurance companies	267,861	265,258	246,702	237,626	229,061	223,999	220,785	215,466
18 One- to four-family	13,005	11,547	11,441	9,835	9,458	9,245	9,107	8,877
19 Multifamily	28,979	29,562	27,770	26,844	25,814	25,232	24,855	24,227
20 Commercial	215,121	214,105	198,269	191,660	184,305	180,152	177,463	172,977
21 Farm	10,756	10,044	9,222	9,287	9,484	9,370	9,360	9,385
22 Federal and related agencies	239,003	266,146	286,263	306,578	317,486	323,464	327,690	334,284
23 Government National Mortgage Association	20	19	30	43	22	20	12	12
24 One- to four-family	20	19	30	37	15	13	12	12
25 Multifamily	0	0	0	7	7	7	0	0
26 Farmers Home Administration[4]	41,439	41,713	41,695	41,424	41,386	41,209	41,370	41,390
27 One- to four-family	18,527	18,496	16,912	15,714	15,303	14,870	14,459	14,063
28 Multifamily	9,640	10,141	10,575	10,830	10,940	11,037	11,147	11,254
29 Commercial	4,690	4,905	5,158	5,347	5,406	5,399	5,526	5,587
30 Farm	8,582	8,171	9,050	9,533	9,739	9,903	10,239	10,485
31 Federal Housing and Veterans' Administrations	8,801	10,733	12,581	11,797	12,215	11,344	11,169	10,657
32 One- to four-family	3,593	4,036	5,153	4,850	5,364	4,738	4,826	4,503
33 Multifamily	5,208	6,697	7,428	6,947	6,851	6,606	6,343	6,154
34 Resolution Trust Corporation	32,600	45,822	32,045	19,925	17,284	14,241	13,908	15,401
35 One- to four-family	15,800	14,535	12,960	8,381	7,203	6,308	6,045	6,984
36 Multifamily	8,064	15,018	9,621	6,002	5,327	4,208	4,230	4,528
37 Commercial	8,736	16,269	9,464	5,543	4,754	3,726	3,633	3,889
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	104,870	112,283	137,584	160,721	166,642	172,343	175,377	177,200
40 One- to four-family	94,323	100,387	124,016	146,009	151,310	156,576	159,437	161,255
41 Multifamily	10,547	11,896	13,568	14,712	15,332	15,767	15,940	15,945
42 Federal Land Banks	29,416	28,767	28,664	28,810	28,460	28,181	28,475	28,538
43 One- to four-family	1,838	1,693	1,687	1,695	1,675	1,658	1,675	1,679
44 Farm	27,577	27,074	26,977	27,115	26,785	26,523	26,800	26,859
45 Federal Home Loan Mortgage Corporation	21,857	26,809	33,665	43,858	51,476	56,127	57,379	61,087
46 One- to four-family	19,185	24,125	31,032	41,314	48,929	53,571	54,799	58,432
47 Multifamily	2,672	2,684	2,633	2,544	2,547	2,556	2,580	2,655
48 Mortgage pools or trusts[5]	1,079,103	1,250,666	1,425,546	1,517,003	1,550,818	1,604,449	1,643,627	1,668,496
49 Government National Mortgage Association	403,613	425,295	419,516	415,076	414,066	423,446	435,709	444,976
50 One- to four-family	391,505	415,767	410,675	405,963	404,864	414,194	426,363	435,511
51 Multifamily	12,108	9,528	8,841	9,113	9,202	9,251	9,346	9,465
52 Federal Home Loan Mortgage Corporation	316,359	359,163	407,514	433,090	443,029	459,949	470,183	469,062
53 One- to four-family	308,369	351,906	401,525	428,155	438,494	455,779	466,361	465,614
54 Multifamily	7,990	7,257	5,989	4,935	4,535	4,170	3,822	3,448
55 Federal National Mortgage Association	299,833	371,984	444,979	481,880	495,525	507,376	514,855	523,512
56 One- to four-family	291,194	362,667	435,979	473,599	486,804	498,489	505,730	514,375
57 Multifamily	8,639	9,317	9,000	8,281	8,721	8,887	9,125	9,137
58 Farmers Home Administration[4]	66	47	38	30	28	26	22	20
59 One- to four-family	17	11	8	6	5	5	4	3
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	24	19	17	14	13	12	10	9
62 Farm	26	17	13	10	10	9	8	8
63 Private mortgage conduits	59,232	94,177	153,499	186,927	198,171	213,653	222,858	230,926
64 One- to four-family	53,335	84,000	132,000	158,000	164,000	177,000	179,500	182,300
65 Multifamily	731	3,698	6,305	7,991	8,701	9,202	11,514	13,891
66 Commercial	5,166	6,479	15,194	20,936	25,469	27,451	31,844	34,735
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	531,208	562,616	575,237	580,670	579,341	565,109	556,074	559,635
69 One- to four-family	350,247	370,246	382,572	388,669	387,334	373,752	364,178	365,772
70 Multifamily	85,969	83,796	85,871	86,391	86,516	86,700	87,014	87,462
71 Commercial	80,761	93,410	91,524	91,588	91,482	90,621	90,617	92,020
72 Farm	14,232	15,164	15,270	14,023	14,009	14,037	14,264	14,380

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. 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 finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 64 from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1992	1993	1994	1994 July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
				Seasonally adjusted					
1 **Total**	**731,098**	**794,300**	**911,214**	**854,469**	**869,628**	**879,961**	**891,603**	**903,832**	**911,214**
2 Automobile	257,678	282,036	324,444	305,193	309,721	315,162	318,036	322,684	324,444
3 Revolving	257,304	287,875	337,217	313,591	321,365	322,823	327,707	334,501	337,217
4 Other	216,117	224,389	249,552	235,685	238,542	241,976	245,860	246,646	249,552
				Not seasonally adjusted					
5 **Total**	**747,690**	**812,782**	**932,771**	**847,727**	**868,049**	**880,609**	**891,442**	**905,508**	**932,771**
By major holder									
6 Commercial banks	330,088	368,549	433,954	393,927	404,438	410,312	414,833	421,790	433,954
7 Finance companies	118,279	116,453	135,140	123,202	125,197	130,306	131,562	132,874	135,140
8 Credit unions	91,694	101,634	121,699	109,838	113,122	114,699	116,325	118,050	121,699
9 Savings institutions	37,049	37,855	38,750	38,055	37,975	37,943	38,122	38,275	38,750
10 Nonfinancial business	49,184	57,637	65,438	55,775	56,496	55,967	56,020	58,591	65,438
11 Pools of securitized assets[2]	121,396	130,654	137,790	126,930	130,821	131,382	134,580	135,928	137,790
By major type of credit[3]									
12 Automobile	258,226	282,825	325,461	304,026	310,925	316,778	320,182	322,980	325,461
13 Commercial banks	109,623	123,358	148,626	138,907	142,452	144,260	146,456	148,004	148,626
14 Finance companies	57,259	56,057	61,170	58,107	58,589	60,522	60,750	61,372	61,170
15 Pools of securitized assets[2]	33,888	39,490	33,765	34,436	34,584	35,149	34,394	33,664	33,765
16 Revolving	271,368	303,444	355,357	309,716	319,003	321,205	325,872	336,232	355,357
17 Commercial banks	132,966	149,527	180,206	156,940	161,417	164,724	165,561	171,318	180,206
18 Nonfinancial business	43,974	52,113	59,364	50,218	50,873	50,314	50,332	52,819	59,364
19 Pools of securitized assets[2]	74,931	79,887	92,701	81,704	85,644	85,051	88,762	90,775	92,701
20 Other	218,096	226,513	251,953	233,985	238,121	242,626	245,388	246,296	251,953
21 Commercial banks	87,499	95,664	105,122	98,080	100,569	101,328	102,816	102,468	105,122
22 Finance companies	61,020	60,396	73,970	65,095	66,608	69,784	70,812	71,502	73,970
23 Nonfinancial business	5,210	5,524	6,074	5,557	5,623	5,653	5,688	5,772	6,074
24 Pools of securitized assets[2]	12,577	11,277	11,324	10,790	10,593	11,182	11,424	11,489	11,324

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

Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

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

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

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1992	1993	1994	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.29	8.09	8.12	n.a.	n.a.	8.41	n.a.	n.a.	8.75	n.a.
2 24-month personal	14.04	13.47	13.19	n.a.	n.a.	13.33	n.a.	n.a.	13.59	n.a.
3 120-month mobile home	12.67	11.87	11.73	n.a.	n.a.	12.04	n.a.	n.a.	n.a.	n.a.
4 Credit card	17.78	16.83	16.15	n.a.	n.a.	16.25	n.a.	n.a.	n.a.	n.a.
Auto finance companies										
5 New car	9.93	9.48	9.79	9.96	10.17	10.32	10.13	10.39	10.53	10.72
6 Used car	13.80	12.79	13.49	13.78	13.86	13.92	13.98	14.01	14.19	14.48
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.0	54.5	54.0	53.3	53.9	54.2	54.3	54.9	54.6	53.9
8 Used car	47.9	48.8	50.2	50.0	50.2	50.1	50.2	50.2	50.3	50.3
Loan-to-value ratio										
9 New car	89	91	92	94	93	93	93	92	93	92
10 Used car	97	98	99	100	100	100	100	100	100	100
Amount financed (dollars)										
11 New car	13,584	14,332	15,375	15,180	15,319	15,283	15,419	15,827	15,971	16,187
12 Used car	9,119	9,875	10,709	10,656	10,735	10,755	10,906	10,554	11,202	11,309

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1989	1990	1991	1992	1993	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3
	Nonfinancial sectors											
1 Total net borrowing by domestic nonfinancial sectors	**729.0**	**635.6**	**475.8**	**536.1**	**628.1**	**481.4**	**740.5**	**613.3**	**677.2**	**651.2**	**543.4**	**612.3**
By sector and instrument												
2 U.S. government	146.4	246.9	278.2	304.0	256.1	240.5	336.4	173.4	274.2	210.6	122.9	134.1
3 Treasury securities	144.7	238.7	292.0	303.8	248.3	237.4	332.3	157.2	266.5	211.8	118.2	129.8
4 Budget agency issues and mortgages	1.6	8.2	-13.8	2	7.8	3.2	4.1	16.3	7.7	-1.3	4.7	4.4
5 Private	582.7	388.7	197.5	232.1	372.0	240.9	404.1	439.9	403.0	440.6	420.5	478.1
By instrument												
6 Tax-exempt obligations	69.8	48.7	68.7	31.1	78.1	88.7	130.3	66.2	27.4	22.6	-9.8	-41.2
7 Corporate bonds	73.8	47.1	78.8	67.5	75.2	85.7	75.7	72.0	67.4	35.1	38.9	24.6
8 Mortgages	281.2	199.5	161.4	123.9	155.6	99.8	152.2	222.1	148.5	151.5	162.2	219.4
9 Home mortgages	224.5	185.6	163.8	179.5	183.9	120.9	193.5	236.5	184.5	180.2	144.9	199.6
10 Multifamily residential	11.5	4.8	3.1	-11.2	-6.1	-5.5	-11.4	4.9	-2.6	-6.1	4.3	7.1
11 Commercial	47.8	9.3	4	-45.5	-22.5	-15.7	-30.9	-9.9	-33.6	-23.4	7.1	8.9
12 Farm	2.5	.3	.4	1.1	.5	.2	1.0	.4	.2	.8	6.0	3.7
13 Consumer credit	45.8	16.0	15.0	5.5	62.3	20.3	41.6	76.2	111.3	72.7	121.9	127.1
14 Bank loans n.e.c	27.3	.4	-40.9	-13.8	5.0	-16.2	-.2	7.8	28.5	74.2	73.0	93.5
15 Commercial paper	21.4	9.7	-18.4	8.6	10.0	-14.1	33.2	17.2	3.8	8.0	16.4	33.8
16 Other loans	63.3	67.4	37.1	9.2	-14.3	-23.3	-28.6	-21.7	16.2	76.5	17.8	20.9
By borrowing sector												
17 Household	281.6	218.9	170.9	217.7	284.5	167.5	264.1	368.5	337.7	299.4	303.6	370.5
18 Nonfinancial business	233.1	123.7	-35.9	-2.0	21.9	-11.6	26.7	24.1	48.2	131.4	144.7	156.4
19 Farm	.6	2.3	2.1	1.0	2.0	-2.3	2.7	4.1	3.6	3.1	11.8	3.6
20 Nonfarm noncorporate	40.3	10.1	-28.5	-43.9	-26.0	28.6	-33.4	-26.2	-15.6	8.4	16.5	26.9
21 Corporate	192.1	111.3	-9.6	40.9	45.8	19.3	57.4	46.3	60.2	119.9	116.4	125.9
22 State and local government	68.0	46.0	62.6	16.4	65.7	85.0	113.2	47.3	17.1	9.9	-27.8	-48.8
23 Foreign net borrowing in United States	10.2	23.9	13.9	21.3	46.9	38.9	42.8	83.1	22.9	-66.3	-1.9	-3.4
24 Bonds	4.9	21.4	14.1	14.4	59.4	66.5	45.3	84.5	41.4	29.0	11.1	6.6
25 Bank loans n.e.c.	1	2.9	3.1	2.3	.7	1.5	6.6	1.0	-6.3	6.0	-.8	.9
26 Commercial paper	13.1	12.3	6.4	5.2	-9.0	-21.7	-.6	-1.6	-12.0	-101.8	-5.2	-8.1
27 U.S. government and other loans	7.6	-7.0	-9.8	-.6	-4.2	-7.5	-8.4	-.8	-.1	.5	-7.0	-2.7
28 Total domestic plus foreign	**739.2**	**659.4**	**489.6**	**557.4**	**675.0**	**520.3**	**783.3**	**696.4**	**700.2**	**584.9**	**541.5**	**608.9**
	Financial sectors											
29 Total net borrowing by financial sectors	**225.1**	**202.9**	**152.6**	**237.1**	**286.1**	**180.4**	**175.5**	**438.9**	**349.8**	**477.0**	**294.9**	**345.6**
By instrument												
30 U.S. government-related	149.5	167.4	145.7	155.8	161.2	169.4	56.6	287.3	131.3	320.8	245.2	224.9
31 Government-sponsored enterprises securities	25.2	17.1	9.2	40.3	80.6	32.2	68.8	167.8	53.4	160.0	146.6	152.1
32 Mortgage pool securities	124.3	150.3	136.6	115.6	80.6	137.2	-12.2	119.5	77.9	180.0	98.6	72.8
33 Loans from U.S. government	.0	.1	.0	.0	.0	.0	0	.0	.0	-19.2	.0	.0
34 Private	75.7	35.5	6.8	81.3	125.0	11.0	118.9	151.6	218.5	156.2	49.7	120.7
35 Corporate bonds	41.5	46.3	67.6	78.5	118.3	99.0	92.4	143.4	138.3	148.6	59.9	65.3
36 Mortgages	.3	.6	.5	.6	3.6	1.4	1.4	6.2	5.5	.2	.6	.1
37 Bank loans n.e.c.	13.5	4.7	8.8	2.2	-14.0	-34.6	12.8	-16.1	-18.0	-18.3	-45.1	-17.6
38 Open market paper	31.3	8.6	-32.0	-.7	-6.2	-75.1	-16.2	-9.4	76.0	36.6	2.1	42.1
39 Loans from Federal Home Loan Banks	-11.0	-24.7	-38.0	.8	23.3	20.4	28.4	27.4	16.8	-10.8	32.3	30.7
By borrowing sector												
40 Government-sponsored enterprises	25.2	17.0	9.1	40.2	80.6	32.2	68.8	167.8	53.4	140.8	146.6	152.1
41 Federally related mortgage pools	124.3	150.3	136.6	115.6	80.6	137.2	-12.2	119.5	77.9	180.0	98.6	72.8
42 Private	75.7	35.5	6.8	81.3	125.0	11.0	118.9	151.6	218.5	156.2	49.7	120.7
43 Commercial banks	1.4	.7	-11.7	8.8	5.6	3.5	11.3	6.5	1.2	2.0	12.4	22.8
44 Bank holding companies	6.2	-27.7	-2.5	2.3	8.8	21.1	1.3	.5	12.2	3.5	8.2	11.7
45 Funding corporations	12.5	15.4	-6.5	13.2	2.9	-31.4	-1.6	7.9	36.7	47.4	-17.1	47.0
46 Savings institutions	-15.1	-30.2	-44.5	-6.7	11.1	9.7	12.6	13.5	8.8	-5.6	5.8	14.8
47 Credit unions	.0	.0	.0	.0	.2	.0	.3	.3	.1	.1	.2	.5
48 Life insurance companies	0	0	.0	0	.2	.1	.6	-.1	.4	.0	.0	.0
49 Finance companies	27.4	24.0	18.6	-3.6	.2	-19.6	-13.6	17.5	16.3	63.3	67.0	16.9
50 Mortgage companies	10.1	0	2.4	8.0	-1.0	25.2	32.4	-.8	-10.4	27.6	-33.2	-10.0
51 Real estate investment trusts (REITs)	1.4	.8	1.2	.3	3.5	.4	1.3	6.0	6.2	1.2	2.2	2.3
52 Issuers of asset-backed securities (ABSs)	28.3	52.3	51.0	56.3	81.5	62.0	60.5	85.8	117.6	81.8	4.0	22.3

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1989	1990	1991	1992	1993	1993				1994		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
53 **Total net borrowing, all sectors**	**964.4**	**862.3**	**642.2**	**794.5**	**961.2**	**700.7**	**958.8**	**1,135.3**	**1,050.0**	**1,061.9**	**836.4**	**954.5**
54 U.S. government securities	295.8	414.4	424.0	459.8	417.3	409.9	393.0	460.7	405.5	550.5	368.1	359.0
55 Tax-exempt securities	69.8	48.7	68.7	31.1	78.1	88.7	130.3	66.2	27.4	22.6	-9.8	41.2
56 Corporate and foreign bonds	120.2	114.7	160.5	160.4	252.9	251.2	213.4	299.9	247.1	212.6	109.8	96.5
57 Mortgages	281.6	200.1	161.9	124.5	159.2	101.2	153.5	228.3	154.0	151.8	162.7	219.6
58 Consumer credit	45.8	16.0	-15.0	5.5	62.3	20.3	41.6	76.2	111.3	72.7	121.9	127.1
59 Bank loans n.e.c.	40.7	2.2	29.1	9.4	-8.3	-49.2	19.2	-7.3	4.2	61.9	27.1	76.8
60 Open market paper	65.9	30.7	-44.0	13.1	5.1	-110.9	16.4	6.3	67.7	-57.2	13.3	67.8
61 Other loans	44.7	35.6	-84.9	9.5	4.7	-10.4	-8.7	4.9	32.9	47.0	43.1	49.0
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**-60.8**	**19.7**	**215.4**	**296.0**	**436.9**	**343.9**	**471.9**	**498.0**	**434.0**	**214.5**	**218.6**	**117.4**
63 Mutual funds	37.2	65.3	151.5	211.9	316.8	268.9	358.0	348.9	291.5	114.0	152.7	131.2
64 Corporate equities	98.0	45.6	64.0	84.1	120.1	75.0	113.9	149.1	142.4	100.5	65.8	-13.8
65 Nonfinancial corporations	-124.2	-63.0	18.3	27.0	21.3	8.2	23.2	32.3	21.5	9.6	-2.0	50.0
66 Financial corporations	9.0	10.0	15.1	26.4	38.2	35.2	38.6	38.2	40.9	40.7	29.0	21.6
67 Foreign shares purchased in United States	17.2	7.4	30.7	30.7	60.6	31.6	52.1	78.6	80.0	69.4	38.9	14.6

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1989	1990	1991	1992	1993	1993				1994		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**964.4**	**862.3**	**642.2**	**794.5**	**961.2**	**700.7**	**958.8**	**1,135.3**	**1,050.0**	**1,061.9**	**836.4**	**954.5**
2 Private domestic nonfinancial sectors	137.0	190.1	−7.5	72.0	6.8	−23.1	−3.7	−39.5	93.3	458.8	346.1	208.8
3 Households	94.7	157.2	−39.6	70.7	−9.6	−74.8	−75.6	−69.7	181.8	462.2	412.3	316.4
4 Nonfarm noncorporate business	−.8	−1.7	−3.7	−1.1	−3.2	−3.0	−3.2	−3.3	−3.5	−3.6	−1.8	−1.9
5 Nonfinancial corporate business	13.7	−3.7	6.7	29.2	18.0	−2.4	17.3	41.2	16.0	21.9	23.8	−1.7
6 State and local governments	29.3	38.3	29.2	−26.8	1.5	57.0	57.7	−7.7	−101.0	−21.6	−88.2	−104.0
7 U.S. government	−3.1	33.7	10.5	−11.9	−18.4	−23.2	−27.1	−15.4	−7.9	−40.8	−8.2	−6.6
8 Foreign	86.6	85.5	26.6	100.5	126.0	65.9	93.4	123.5	221.2	127.5	51.9	113.1
9 Financial sectors	743.8	553.0	612.5	633.9	846.8	681.1	896.2	1,066.6	743.3	516.4	446.7	639.3
10 Government sponsored enterprises	−4.1	13.9	15.2	69.0	90.2	16.7	128.0	144.8	71.2	92.4	101.1	135.6
11 Federally related mortgage pools	124.3	150.3	136.6	115.6	80.6	137.2	12.2	119.5	77.9	180.0	98.6	72.8
12 Monetary authority	−7.3	8.1	31.1	27.9	36.2	42.5	35.7	28.2	38.5	48.8	17.9	24.0
13 Commercial banking	177.2	125.1	80.8	95.3	142.2	100.5	133.4	146.7	188.1	184.7	112.7	183.5
14 U.S. commercial banks	146.1	94.9	35.7	69.5	149.6	103.4	137.4	160.3	197.3	120.6	128.4	164.7
15 Foreign banking offices	26.7	28.4	48.5	16.5	−9.8	−1.4	−14.3	−16.9	−6.5	59.0	−17.8	19.2
16 Bank holding companies	2.8	−2.8	−1.5	5.6	.0	−4.5	7.9	1.2	−4.8	3.1	.2	−2.4
17 Banks in U.S. affiliated areas	1.6	4.5	−1.9	3.7	2.4	3.0	2.4	2.2	2.1	2.1	1.9	1.9
18 Funding corporations	8.0	16.1	15.8	23.5	18.1	−3.8	1.1	32.4	42.6	17.8	35.3	18.7
19 Thrift institutions	90.0	−154.0	−123.5	−61.3	−2.0	−30.7	15.2	21.0	−13.3	13.5	42.1	44.7
20 Life insurance companies	101.8	94.4	83.2	79.1	105.1	113.0	109.4	111.8	86.4	53.7	6.1	33.3
21 Other insurance companies	29.7	26.5	32.6	12.8	33.3	27.3	36.0	37.6	32.1	27.9	20.8	16.0
22 Private pension funds	81.1	17.2	85.7	37.3	40.2	118.0	11.1	91.9	−60.1	−97.7	−30.7	−13.4
23 State and local government retirement funds	46.1	34.9	46.0	34.4	25.5	−9.8	47.5	27.4	36.9	45.3	51.2	41.1
24 Finance companies	32.0	29.0	−12.7	1.7	−9.0	−33.3	−34.7	9.4	22.6	72.1	49.8	59.0
25 Mortgage companies	20.1	.0	11.2	.1	.0	−50.4	65.1	−1.6	−13.3	−55.4	−66.2	−20.0
26 Mutual funds	23.8	41.4	90.3	123.7	164.0	148.6	194.4	174.6	138.4	−72.6	11.3	−18.6
27 Closed-end funds	6.6	.2	14.7	17.4	10.2	16.7	10.5	5.9	7.7	8.7	3.6	1.4
28 Money market funds	67.1	80.9	30.1	1.3	12.9	−57.3	33.3	25.3	50.3	−37.4	33.7	54.4
29 Real estate investment trusts (REITs)	.5	−.7	−.7	1.1	.6	.2	.8	1.0	.2	.7	.7	.7
30 Brokers and dealers	80.2	2.8	17.5	−6.9	9.2	75.2	52.5	−7.8	−82.8	−56.1	−52.6	−14.4
31 Asset-backed securities issuers (ABSs)	27.1	51.1	48.9	53.8	80.1	61.5	59.4	88.6	111.1	81.0	6.2	17.5
32 Bank personal trusts	19.7	15.9	10.0	8.0	9.5	9.1	10.0	9.9	8.9	9.3	5.2	2.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
33 **Net flows through credit markets**	**964.4**	**862.3**	**642.2**	**794.5**	**961.2**	**700.7**	**958.8**	**1,135.3**	**1,050.0**	**1,061.9**	**836.4**	**954.5**
Other financial sources												
34 Official foreign exchange	24.8	2.0	−5.9	1.6	.8	3.4	−4.0	1.7	2.2	−.2	−11.2	−.6
35 Special drawing rights certificates	3.5	1.5	.0	−2.0	.0	.0	.0	.0	.0	.0	.0	.0
36 Treasury currency	.6	1.0	.0	.2	.4	.3	.4	.4	.7	.7	.6	.8
37 Life insurance reserves	28.8	25.7	25.7	27.3	35.2	38.6	35.3	46.6	20.5	20.0	8.1	23.8
38 Pension fund reserves	321.2	165.1	360.3	249.7	304.7	331.7	333.7	359.9	193.6	−18.8	64.3	197.8
39 Interbank claims	−16.2	35.4	−3.9	61.7	42.1	63.8	130.2	−7.6	−18.1	150.8	195.7	−44.5
40 Checkable deposits and currency	6.4	43.3	86.4	113.8	117.3	99.7	214.4	73.1	81.9	173.1	−68.0	−81.0
41 Small time and savings deposits	98.7	63.7	1.5	−57.2	−70.3	−108.5	−67.8	−68.1	−36.6	2.5	−59.9	−61.5
42 Large time deposits	16.9	−66.1	−58.5	−73.2	−23.5	−21.6	−26.8	−59.5	13.7	−39.6	−4.8	80.6
43 Money market fund shares	90.1	70.3	41.2	3.9	15.8	−46.8	61.8	.6	47.7	−10.9	67.8	50.3
44 Security repurchase agreements	77.8	−24.2	−16.5	35.5	65.5	170.7	37.9	67.8	−14.4	12.8	176.3	68.3
45 Foreign deposits	35.7	38.2	−16.7	−7.2	−22.1	−11.9	−17.1	−50.7	−8.6	24.9	35.9	5.0
46 Mutual fund shares	37.2	65.3	151.5	211.9	316.8	268.9	358.0	348.9	291.5	114.0	152.7	131.2
47 Corporate equities	−98.0	−45.6	64.0	84.1	120.1	75.0	113.9	149.1	142.4	100.5	65.8	−13.8
48 Security credit	15.6	3.5	51.4	4.2	61.9	44.8	40.0	76.6	86.5	29.7	−17.3	−62.3
49 Trade debt	68.2	37.0	3.6	41.5	49.0	43.4	51.0	49.6	51.9	30.3	67.2	61.6
50 Taxes payable	2.4	−4.8	−6.2	8.5	4.6	7.9	7.3	−1.8	4.9	13.7	−3.4	5.9
51 Noncorporate proprietors' equity	−25.8	−28.3	−3.3	18.4	−10.2	−6.6	−14.8	6.2	−25.8	−45.8	−47.2	−39.9
52 Investment in bank personal trusts	19.6	29.7	16.1	−7.1	1.6	−4.2	−7.2	.1	17.6	15.4	−15.5	6.7
53 Miscellaneous	313.8	135.7	197.2	257.6	302.1	197.9	404.0	222.3	384.0	279.6	204.8	316.8
54 **Total financial sources**	**1,985.7**	**1,410.6**	**1,530.2**	**1,764.5**	**2,273.0**	**1,847.1**	**2,608.9**	**2,350.7**	**2,285.5**	**1,914.8**	**1,648.4**	**1,599.4**
Floats not included in assets (−)												
55 U.S. government checkable deposits	8.4	3.3	−13.1	.7	−1.5	4.7	2.9	2.1	−15.5	−2.4	.3	14.7
56 Other checkable deposits	−2.2	8.5	4.5	1.6	−1.3	−2.0	8.3	−5.2	−6.2	.6	−1.1	−6.2
57 Trade credit	7.0	9.1	9.7	4.1	16.5	5.8	25.7	22.2	12.5	−27.0	−10.3	−2.2
Liabilities not identified as assets (−)												
58 Treasury currency	−.2	.2	−.6	−.2	−.2	−.2	−.2	−.2	−.2	−.2	−.2	.0
59 Interbank claims	−4.4	1.6	26.2	−4.9	4.2	2.7	.5	−10.4	24.0	−29.1	5.3	11.4
60 Security repurchase agreements	32.4	−24.0	6.2	27.9	81.1	179.6	60.8	66.6	17.3	7.1	119.1	63.8
61 Taxes payable	2.7	.1	1.3	14.0	1.0	−6.9	18.2	1.2	−8.6	−.7	12.4	−1.4
62 Miscellaneous	−55.6	−35.4	−45.3	−46.0	−45.3	−101.5	−97.6	−18.4	36.4	−87.6	−173.7	79.9
63 **Total identified to sectors as assets**	**1,997.6**	**1,447.2**	**1,541.2**	**1,767.2**	**2,218.5**	**1,765.0**	**2,590.2**	**2,292.9**	**2,225.9**	**2,054.2**	**1,696.6**	**1,439.4**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1990	1991	1992	1993	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,712.6**	**11,181.5**	**11,720.7**	**12,363.1**	**11,816.1**	**12,008.9**	**12,155.3**	**12,363.1**	**12,485.5**	**12,629.7**	**12,775.0**
By sector and instrument											
2 U.S. government	2,498.1	2,776.4	3,080.3	3,336.5	3,140.2	3,201.2	3,247.3	3,336.5	3,387.7	3,395.5	3,432.5
3 Treasury securities	2,465.8	2,757.8	3,061.6	3,309.9	3,120.6	3,180.6	3,222.6	3,309.9	3,361.4	3,368.0	3,403.9
4 Budget agency issues and mortgages	32.4	18.6	18.8	26.6	19.6	20.6	24.7	26.6	26.3	27.5	28.6
5 Private	8,214.5	8,405.1	8,640.4	9,026.6	8,675.9	8,807.7	8,908.1	9,026.6	9,097.8	9,234.3	9,342.5
By instrument											
6 Tax-exempt obligations	1,039.9	1,108.6	1,139.7	1,217.8	1,160.7	1,202.2	1,210.0	1,217.8	1,222.3	1,229.5	1,209.9
7 Corporate bonds	1,008.2	1,086.9	1,154.4	1,229.6	1,175.9	1,194.8	1,212.8	1,229.6	1,238.4	1,248.1	1,254.3
8 Mortgages	3,758.5	3,920.0	4,043.9	4,206.5	4,061.5	4,109.9	4,166.6	4,206.5	4,230.5	4,281.5	4,337.4
9 Home mortgages	2,616.3	2,780.0	2,959.6	3,147.3	2,979.3	3,038.1	3,098.3	3,147.3	3,178.4	3,225.1	3,276.0
10 Multifamily residential	307.9	304.8	293.6	287.5	292.3	289.4	288.2	287.5	286.0	287.1	288.8
11 Commercial	755.4	755.8	710.3	690.6	709.2	701.4	699.0	690.6	684.7	686.5	688.7
12 Farm	78.9	79.3	80.4	81.2	80.8	81.0	81.1	81.2	81.4	82.9	83.8
13 Consumer credit	812.4	797.4	803.0	866.5	788.2	800.2	824.3	866.5	863.6	895.3	932.1
14 Bank loans n.e.c.	726.9	686.0	672.1	677.2	660.9	666.3	665.6	677.2	688.8	712.6	732.7
15 Commercial paper	116.9	98.5	107.1	117.8	113.9	124.0	123.2	117.8	129.9	135.7	138.7
16 Other loans	751.8	707.8	720.2	711.1	714.9	710.2	705.5	711.1	724.3	731.4	737.5
By borrowing sector											
17 Household	3,614.3	3,784.7	4,002.3	4,292.0	4,012.6	4,093.0	4,190.9	4,292.0	4,330.4	4,420.7	4,518.5
18 Nonfinancial business	3,751.7	3,709.3	3,710.5	3,741.5	3,715.7	3,729.8	3,729.1	3,741.5	3,772.9	3,816.4	3,848.4
19 Farm	135.4	135.0	136.0	138.3	133.4	136.7	138.7	138.3	136.7	142.4	144.3
20 Nonfarm noncorporate	1,147.0	1,116.4	1,074.1	1,049.1	1,067.2	1,059.4	1,052.2	1,049.1	1,050.4	1,055.1	1,061.2
21 Corporate	2,469.2	2,458.0	2,500.4	2,554.1	2,515.1	2,533.7	2,538.3	2,554.1	2,585.7	2,618.9	2,642.9
22 State and local government	848.6	911.1	927.5	993.2	947.6	984.9	988.0	993.2	994.4	997.2	975.7
23 **Foreign credit market debt held in United States**	**285.0**	**298.8**	**310.9**	**357.8**	**319.8**	**332.0**	**351.3**	**357.8**	**340.3**	**341.2**	**339.0**
24 Bonds	115.4	129.5	143.9	203.4	160.6	171.9	193.0	203.4	210.6	213.4	215.0
25 Bank loans n.e.c.	18.5	21.6	23.9	24.6	24.3	25.9	26.2	24.6	26.2	26.0	26.2
26 Commercial paper	75.3	81.8	77.7	68.7	72.3	72.1	71.7	68.7	43.3	42.0	39.9
27 U.S. government and other loans	75.7	65.9	65.3	61.1	62.7	62.0	60.3	61.1	60.3	59.9	57.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,997.6**	**11,480.3**	**12,031.6**	**12,720.8**	**12,135.9**	**12,340.9**	**12,506.6**	**12,720.8**	**12,825.8**	**12,971.0**	**13,114.0**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**2,599.5**	**2,752.1**	**3,004.7**	**3,297.3**	**3,047.0**	**3,096.6**	**3,204.7**	**3,297.3**	**3,412.3**	**3,492.5**	**3,577.1**
By instrument											
30 U.S. government-related	1,418.4	1,564.2	1,720.0	1,881.1	1,755.8	1,774.5	1,845.2	1,881.1	1,954.5	2,021.1	2,075.9
31 Government-sponsored enterprises securities	393.7	402.9	443.1	523.7	451.2	468.4	510.3	523.7	563.7	600.3	638.3
32 Mortgage pool securities	1,019.9	1,156.5	1,272.0	1,352.6	1,299.8	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6
33 Loans from U.S. government	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	.0	.0	.0
34 Private	1,181.1	1,187.9	1,284.8	1,416.1	1,291.3	1,322.2	1,359.5	1,416.1	1,457.9	1,471.4	1,501.1
35 Corporate bonds	572.4	640.0	724.8	844.1	751.0	774.8	810.5	844.1	879.3	895.0	911.1
36 Mortgages	4.3	4.8	5.4	8.9	5.7	6.0	7.6	8.9	9.0	9.1	9.2
37 Bank loans n.e.c.	69.6	78.4	80.5	66.5	70.3	73.3	69.2	66.5	60.3	48.9	44.5
38 Open market paper	417.7	385.7	394.3	393.5	379.3	375.9	373.2	393.5	408.8	409.9	420.1
39 Loans from Federal Home Loan Banks	117.1	79.1	79.9	103.1	85.0	92.1	98.9	103.1	100.4	108.5	116.2
By borrowing sector											
40 Government-sponsored enterprises	398.5	407.7	447.9	528.5	456.0	473.2	515.1	528.5	563.7	600.3	638.3
41 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,352.6	1,299.8	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6
42 Private financial sectors	1,181.1	1,187.9	1,284.8	1,416.1	1,291.3	1,322.2	1,359.5	1,416.1	1,457.9	1,471.4	1,501.1
43 Commercial banks	76.7	65.0	73.8	79.5	73.1	76.6	77.9	79.5	78.4	82.1	87.5
44 Bank holding companies	114.8	112.3	114.6	123.4	119.9	120.2	120.3	123.4	124.2	126.3	129.2
45 Funding corporations	145.7	139.1	161.6	169.9	162.2	166.5	166.3	169.9	190.4	191.1	200.3
46 Savings institutions	139.1	94.6	87.8	99.0	90.3	93.4	96.8	99.0	97.6	99.0	102.7
47 Credit unions	.0	.0	.0	.2	.0	.1	.2	.2	.3	.3	.4
48 Life insurance companies	.0	.0	.0	.2	.0	.2	.1	.2	.3	.3	.3
49 Finance companies	374.4	393.0	389.4	390.5	381.3	373.8	380.0	390.5	401.9	414.2	420.9
50 Mortgage companies	24.6	22.2	30.2	29.2	23.9	32.0	31.8	29.2	22.3	14.0	11.5
51 Real estate investment trusts (REITs)	12.4	13.6	13.9	17.4	14.0	14.4	15.8	17.4	17.7	18.3	18.8
52 Issuers of asset-backed securities (ABSs)	278.1	329.1	391.7	473.2	407.2	422.3	443.8	473.2	493.6	494.6	500.2
					All sectors						
53 **Total credit market debt, domestic and foreign**	**13,597.1**	**14,232.3**	**15,036.3**	**16,018.1**	**15,183.0**	**15,437.5**	**15,711.3**	**16,018.1**	**16,238.1**	**16,463.5**	**16,691.0**
54 U.S. government securities	3,911.7	4,335.7	4,795.5	5,212.8	4,891.2	4,970.9	5,087.7	5,212.8	5,342.2	5,416.5	5,508.3
55 Tax-exempt securities	1,039.9	1,108.6	1,139.7	1,217.8	1,160.7	1,202.2	1,210.0	1,217.8	1,222.3	1,229.5	1,209.9
56 Corporate and foreign bonds	1,696.0	1,856.5	2,023.1	2,277.0	2,087.4	2,141.5	2,216.3	2,277.0	2,328.3	2,356.5	2,380.4
57 Mortgages	3,762.9	3,924.8	4,049.3	4,215.5	4,067.2	4,116.0	4,174.2	4,215.5	4,239.5	4,290.6	4,346.6
58 Consumer credit	812.4	797.4	803.0	866.5	788.2	800.2	824.3	866.5	863.6	895.3	932.1
59 Bank loans n.e.c.	815.0	785.9	776.6	768.4	755.4	765.5	761.0	768.4	775.4	787.5	803.5
60 Open market paper	609.9	565.9	579.0	580.0	565.5	572.0	568.2	580.0	582.0	587.5	598.7
61 Other loans	949.4	857.5	870.2	880.1	867.4	869.1	869.6	880.1	884.9	899.8	911.5

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1990	1991	1992	1993	1993				1994		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**13,597.1**	**14,232.3**	**15,036.3**	**16,018.1**	**15,183.0**	**15,437.5**	**15,711.3**	**16,018.1**	**16,238.1**	**16,463.5**	**16,691.0**
2 Private domestic nonfinancial sectors	2,260.8	2,240.2	2,318.0	2,340.9	2,301.4	2,296.4	2,285.0	2,340.9	2,429.1	2,511.5	2,562.9
3 Households	1,499.3	1,446.5	1,523.1	1,557.5	1,501.8	1,501.4	1,488.3	1,557.5	1,657.1	1,747.0	1,826.8
4 Nonfarm noncorporate business	47.8	44.1	42.9	39.7	42.2	41.4	40.6	39.7	38.8	38.4	37.9
5 Nonfinancial corporate business	189.6	196.2	225.4	248.1	220.1	227.3	234.7	248.1	243.7	252.5	249.6
6 *State and local governments*	524.1	553.3	526.5	495.6	537.3	526.2	521.5	495.6	489.5	473.6	448.6
7 U.S. government	239.0	246.9	235.0	216.6	229.4	223.1	218.8	216.6	206.3	204.7	202.6
8 Foreign	918.3	958.1	1,052.7	1,175.1	1,061.8	1,084.0	1,118.1	1,175.1	1,206.8	1,219.1	1,250.4
9 *Financial sectors*	*10,179.0*	*10,787.2*	*11,430.6*	*12,285.5*	*11,590.3*	*11,834.0*	*12,089.4*	*12,285.5*	*12,395.9*	*12,528.2*	*12,675.1*
10 Government-sponsored enterprises	375.6	390.7	459.7	549.8	463.0	495.5	531.8	549.8	572.0	597.9	631.9
11 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,352.6	1,299.8	1,301.3	1,330.1	1,352.6	1,390.8	1,420.8	1,437.6
12 Monetary authority	241.4	272.5	300.4	336.7	303.6	318.2	324.2	336.7	341.5	351.6	356.8
13 Commercial banking	2,772.5	2,853.3	2,948.6	3,090.8	2,956.6	2,998.8	3,036.4	3,090.8	3,120.2	3,157.1	3,203.1
14 U.S. commercial banks	2,466.7	2,502.5	2,571.9	2,721.5	2,589.4	2,628.5	2,670.2	2,721.5	2,743.8	2,780.3	2,822.4
15 Foreign banking offices	270.8	319.2	335.8	326.0	326.7	327.1	322.3	326.0	331.8	331.7	335.7
16 Bank holding companies	13.4	11.9	17.5	17.5	16.4	18.4	18.7	17.5	18.2	18.3	17.7
17 Banks in U.S. affiliated areas	21.6	19.7	23.4	25.8	24.2	24.8	25.3	25.8	26.4	26.8	27.3
18 *Funding corporations*	35.7	51.5	75.0	93.1	74.0	74.3	82.4	93.1	97.5	106.3	111.0
19 Thrift institutions	1,320.5	1,192.6	1,134.5	1,132.5	1,124.8	1,129.8	1,136.2	1,132.5	1,134.0	1,145.7	1,157.9
20 Life insurance companies	1,116.5	1,199.6	1,278.8	1,383.9	1,313.3	1,343.9	1,372.1	1,383.9	1,404.2	1,409.1	1,417.8
21 Other insurance companies	344.0	376.6	389.4	422.7	396.3	405.3	414.6	422.7	429.6	434.8	438.8
22 Private pension funds	607.4	693.0	730.4	770.6	759.8	762.6	785.6	770.6	746.2	738.5	735.1
23 State and local government retirement funds	433.9	479.9	514.3	542.6	514.6	526.5	533.4	542.6	553.9	566.7	577.0
24 Finance companies	497.6	484.9	486.6	482.8	477.9	473.7	474.0	482.8	494.5	511.3	524.2
25 Mortgage companies	49.2	60.3	60.5	60.4	47.9	64.1	63.8	60.4	46.6	30.0	25.0
26 Mutual funds	360.2	450.5	574.2	738.2	611.4	659.9	703.6	738.2	720.0	722.9	718.2
27 Closed-end funds	35.6	50.3	67.7	77.9	71.9	74.5	76.0	77.9	80.1	81.0	81.3
28 Money market funds	372.7	402.7	404.1	417.0	404.5	403.9	400.6	417.0	422.2	422.0	425.1
29 Real estate investment trusts (REITs)	7.7	7.0	8.1	8.6	8.1	8.3	8.6	8.6	8.8	9.0	9.1
30 Brokers and dealers	106.5	124.0	117.1	126.3	135.9	149.0	147.1	126.3	112.3	99.2	95.6
31 Asset-backed securities issuers (ABSs)	268.9	317.8	377.9	458.0	393.3	408.1	430.2	458.0	478.2	479.8	484.2
32 Bank personal trusts	213.4	223.5	231.5	240.9	233.7	236.2	238.7	240.9	243.3	244.6	245.3
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
33 **Total credit market debt**	**13,597.1**	**14,232.3**	**15,036.3**	**16,018.1**	**15,183.0**	**15,437.5**	**15,711.3**	**16,018.1**	**16,238.1**	**16,463.5**	**16,691.0**
Other liabilities											
34 Official foreign exchange	61.3	55.4	51.8	53.4	54.5	53.9	55.6	53.4	56.4	54.9	55.5
35 Special drawing rights certificates	10.0	10.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
36 Treasury currency	16.3	16.3	16.5	17.0	16.6	16.7	16.8	17.0	17.1	17.3	17.5
37 Life insurance reserves	380.0	405.7	433.0	468.2	442.6	451.4	463.1	468.2	473.2	475.2	481.2
38 Pension fund reserves	3,484.2	4,138.3	4,516.5	4,945.1	4,652.7	4,710.4	4,869.4	4,945.1	4,890.7	4,880.8	5,016.8
39 Interbank claims	95.3	96.4	132.8	175.2	135.7	144.3	165.4	175.2	201.6	223.9	238.9
40 Deposits at financial institutions	5,005.3	5,044.8	5,059.1	5,141.8	5,055.3	5,097.1	5,088.5	5,141.8	5,155.8	5,182.8	5,201.3
41 Checkable deposits and currency	934.2	1,020.6	1,134.4	1,251.7	1,089.1	1,168.0	1,181.9	1,251.7	1,220.5	1,229.3	1,206.5
42 Small time and savings deposits	2,349.2	2,350.7	2,293.5	2,223.2	2,275.7	2,255.0	2,236.6	2,223.2	2,233.8	2,214.7	2,198.3
43 Large time deposits	546.9	488.4	415.2	391.7	410.6	401.1	389.4	391.7	382.6	378.9	402.0
44 Money market fund shares	498.4	539.6	543.6	559.4	556.6	549.8	547.9	559.4	582.4	576.4	586.1
45 Security repurchase agreements	372.3	355.8	392.3	457.8	446.2	450.4	472.5	457.8	472.4	510.3	534.0
46 Foreign deposits	304.3	289.6	280.1	258.0	277.1	272.8	260.2	258.0	264.3	273.2	274.5
47 Mutual fund shares	602.1	813.9	1,042.1	1,429.3	1,134.6	1,225.8	1,342.4	1,429.3	1,439.0	1,443.1	1,563.7
48 Security credit	137.4	188.9	217.3	279.3	225.0	234.7	254.5	279.3	282.7	278.1	263.2
49 Trade debt	942.2	935.9	977.4	1,026.4	976.9	989.7	1,009.6	1,026.4	1,022.3	1,039.5	1,062.5
50 Taxes payable	77.4	71.2	79.6	84.2	82.9	81.2	82.8	84.2	88.8	84.4	88.1
51 Investment in bank personal trusts	522.1	608.3	629.6	660.9	639.0	637.6	651.2	660.9	655.3	640.2	656.8
52 Miscellaneous	2,820.4	2,992.2	3,160.2	3,414.6	3,174.9	3,249.9	3,316.5	3,414.6	3,503.2	3,550.8	3,673.6
53 **Total liabilities**	**27,751.1**	**29,609.6**	**31,360.1**	**33,721.3**	**31,781.7**	**32,338.1**	**33,035.0**	**33,721.3**	**34,032.4**	**34,342.6**	**35,018.1**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.0	22.3	19.6	20.1	19.8	20.0	20.3	20.1	20.4	20.8	21.0
55 Corporate equities	3,530.2	4,863.6	5,462.9	6,186.5	5,647.3	5,683.7	5,941.7	6,186.5	6,052.2	5,877.7	6,135.1
56 Household equity in noncorporate business	2,529.1	2,444.4	2,411.5	2,427.7	2,419.5	2,434.2	2,445.3	2,427.7	2,457.8	2,478.9	2,487.3
Floats not included in assets (−)											
57 U.S. government checkable deposits	15.0	3.8	6.8	5.6	3.4	3.5	2.2	5.6	.3	.9	1.2
58 Other checkable deposits	35.9	40.4	42.0	40.7	36.7	41.6	33.7	40.7	36.3	38.7	30.6
59 Trade credit	−130.3	−129.3	−124.6	101.7	−130.9	135.0	−130.4	101.7	121.6	135.1	−136.0
Liabilities not identified as assets (−)											
60 Treasury currency	−4.1	−4.8	−4.9	−5.1	−5.0	−5.0	−5.1	5.1	5.2	−5.2	−5.3
61 Interbank claims	−32.0	4.2	−9.3	−4.7	−5.8	5.7	7.8	4.7	−7.7	7.4	3.5
62 Security repurchase agreements	3.0	9.2	38.1	119.2	94.9	108.0	132.6	119.2	133.0	160.3	186.3
63 Taxes payable	17.8	17.8	25.2	26.2	14.5	24.3	24.3	26.2	15.2	23.6	23.8
64 Miscellaneous	261.2	−330.7	−398.4	−451.0	−432.7	−409.3	−452.6	−451.0	−470.3	−441.1	−456.3
65 **Total identified to sectors as assets**	***34,188.3***	**37,337.6**	***39,679.1***	**42,726.5**	***40,293.1***	***40,853.6***	***41,845.5***	**42,726.5**	***42,982.9***	***43,085.3***	***44,020.8***

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1992	1993	1994	1994								1995
				May	June	July	Aug.	Sept	Oct.	Nov.[r]	Dec.	Jan.
1 **Industrial production**[1]	***107.6***	***112.0***	***118.1***	***117.4***	***118.0***	***118.2***	***119.1***	***119.0***	***119.5***[r]	***120.4***	***121.4***	***121.9***
Market groupings												
2 Products, total	106.5	110 7	115.9	115.3	115.9	116.2	116.7	116 4	116.9[r]	117.6	118.5	118.9
3 Final, total	109.0	113.4	118.4	117.8	118.4	118.5	119.2	118.9	119.2[r]	119.9	121.1	121 7
4 Consumer goods	105.9	109.4	113.2	112.8	113.5	113.3	113 8	113.0	113.0[r]	113 9	115.0[r]	115.4
5 Equipment	113.4	119.3	126.5	125.4	125.8	126 4	127.5	128.0	128.8[r]	129.2	130.5[r]	131.5
6 Intermediate	98.8	102 4	108.1	107.7	108.5	109.1	109.2	108 6	109.9	110.7	110.7[r]	110.5
7 Materials	109.2	114.1	121 4	120.5	121.2	121.4	122.8	122.9	123.4	124 6	125.9	126.4
Industry groupings												
8 Manufacturing	108.0	112.9	119 7	119.0	119.3	119 8	120.9	120.9	121 5[r]	122.6	123.8[r]	124.2
9 Capacity utilization, manufacturing (percent)[2]	79.2	80 9	83.4	83.2	83 2	83.3	83.8	83.6	83.8	84.4	85.0[r]	85.1
10 Construction contracts[3]	97.7	104.4	106.9	108.0	105.0	109 0	110.0	109.0	107.0	111.0	101.0	n.a.
11 Nonagricultural employment, total[4]	106.5	108.4	111.3	110.8	111.2	111.4	111.7	112.0	112.2	112 7	112.9	113.0
12 Goods-producing, total	94.2	94 3	95.6	95.3	95.6	95.6	95.8	95 9	96.1	96.6	96.7	97.0
13 Manufacturing, total	95.3	94 8	95.1	94.8	95.0	95.0	95.2	95 3	95.5	95.7	95.9[r]	96.1
14 Manufacturing, production workers	94.9	94.9	96.1	95.7	96.0	96 0	96.3	96.4	96.7	97 1	97.4[r]	97.6
15 Service-producing	110.5	112 9	116.3	115.7	116 1	116.5	116.8	117 1	117.3	117.8	118 1[r]	118.1
16 Personal income, total	135.6	141.4	150.0	149.0	149.3	150.0	150.7	151.7	153.7[r]	153.6	154.9	n.a.
17 Wages and salary disbursements	131.6	136 2	145.0	144.3	144.5	145.2	145.5	146.4	148.2[r]	148.1	149.1	n.a.
18 Manufacturing	118.0	120 0	126.0	124.9	125.3	125.6	126.2	126 7	128.8[r]	127.9	128.9	n.a.
19 Disposable personal income[5]	137.0	142.5	150.8	149.8	150.1	150.9	151.6	152.6	154.7[r]	154.6	155.9	n.a.
20 Retail sales[5]	126.9	135.2	145.4	143.0	144 3	144.5	146.6	147 8	149.6	150.2	150.4[r]	150.7
Prices[6]												
21 Consumer (1982-84=100)	140.3	144.5	148.2	147.5	148 0	148.4	149.0	149 4	149.5	149.7	149.7	150.3
22 Producer finished goods (1982=100)	123.2	124.7	125.5	125.3	125.6	126.0	126.5[r]	125.6[r]	125.8	126.1	126.2	126.5

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994 See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16-26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp 187-204.

2. Ratio of index of production to index of capacity Based on data from the Federal Reserve, DRI McGraw-Hill, U S Department of Commerce, and other sources.

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

4. Based on data from U.S. Department of Labor, *Employment and Earnings* Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*

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

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411-35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol 79 (June 1993), pp. 590-605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	*1992*[r]	*1993*[r]	*1994*	1994							1995
				June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	Jan.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	126,982	128,040	131,056	130,538	130,774	131,086	131,291	131,646	131,718	131,725	132,136
Employment											
2 Nonagricultural industries[3]	114,391	116,232	119,651	119,341	119,448	119,761	120,233	120,647	120,903	121,038	121,064
3 Agriculture	3,207	3,074	3,409	3,294	3,333	3,436	3,411	3,494	3,500	3,532	3,575
Unemployment											
4 Number	9,384	8,734	7,996	7,903	7,993	7,889	7,647	7,505	7,315	7,155	7,498
5 Rate (percent of civilian labor force)	7.4	6.8	6 1	6.1	6 1	6.0	5.8	5.7	5.6	5.4	5.7
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,604**	**110,525**	**113,423**	**113,334**	**113,624**	**113,914**	**114,186**	**114,348**	**114,882**	**115,092**	**115,226**
7 Manufacturing	18,104	18,003	18,064	18,044	18,045	18,095	18,096	18,142	18,183	18,218	18,257
8 Mining	635	611	604	605	601	603	605	599	600	596	599
9 Contract construction	4,492	4,642	4,916	4,927	4,944	4,942	4,972	4,974	5,044	5,044	5,071
10 Transportation and public utilities	5,721	5,787	5,842	5,849	5,857	5,866	5,865	5,867	5,888	5,915	5,930
11 Trade	25,354	25,675	26,362	26,328	26,439	26,484	26,565	26,629	26,772	26,868	26,896
12 Finance	6,602	6,712	6,789	6,798	6,797	6,801	6,794	6,786	6,791	6,791	6,792
13 Service	29,052	30,278	31,805	31,765	31,918	32,036	32,138	32,231	32,414	32,497	32,550
14 Government	18,653	18,817	19,041	19,018	19,023	19,087	19,151	19,120	19,190	19,163	19,131

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures

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

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month, excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

	Series	1994				1994				1994			
		Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]	Q4[p]
		Output (1987 = 100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1	**Total industry**	**115.7**	**117.4**	**118.8**	**120.4**	**139.0**	**140.0**	**140.9**	**141.9**	**83.2**	**83.8**	**84.3**	**84.9**
2	Manufacturing	116.8	118.9	120.5	122.7	142.0	143.1	144.2	145.3	82.3	83.1	83.6	84.4
3	Primary processing[3]	112.4	114.7	115.9	118.1	130.3	131.0	131.6	132.3	86.3	87.6	88.1	89.3
4	*Advanced processing*[4]	118.9	120.9	122.7	124.8	147.4	148.7	150.0	151.3	80.7	81.3	81.8	82.5
5	Durable goods	122.0	124.1	126.5	129.4	148.8	150.2	151.6	153.0	82.0	82.6	83.4	84.6
6	Lumber and products	104.4	105.4	106.6	107.2	115.1	115.5	116.0	116.5	90.7	91.2	91.9	92.0
7	Primary metals	110.6	114.4	114.1	119.5	124.7	125.0	125.2	125.4	88.6	91.6	91.1	95.3
8	Iron and steel	114.5	120.2	115.8	123.7	127.5	127.9	128.4	128.8	89.8	93.9	90.2	96.0
9	Nonferrous	105.3	106.9	111.4	113.9	120.6	120.5	120.5	120.5	87.3	88.7	92.4	94.5
10	Industrial machinery and equipment	152.1	157.6	162.6	167.8	176.5	179.0	181.6	184.1	86.2	88.0	89.6	91:1
11	Electrical machinery	150.3	156.8	163.5	169.3	175.8	179.9	184.1	188.3	85.5	87.1	88.8	89.9
12	Motor vehicles and parts	140.0	133.3	135.0	141.5	156.7	158.5	160.3	162.2	89.4	84.1	84.2	87.2
13	Aerospace and miscellaneous transportation equipment	83.7	84.2	82.1	80.9	130.1	129.8	129.4	129.1	64.4	64.9	63.5	62.6
14	Nondurable goods	111.0	113.1	113.8	115.1	134.0	134.8	135.5	136.3	82.9	83.9	84.0	84.5
15	Textile mill products	106.8	108.7	108.9	111.4	120.1	120.8	121.4	122.0	88.9	90.1	89.7	91.3
16	Paper and products	115.1	115.9	118.5	120.5	126.0	126.6	127.1	127.7	91.4	91.6	93.2	94.4
17	Chemicals and products	122.1	123.6	124.4	125.3	150.5	151.9	153.3	154.7	81.1	81.4	81.1	81.0
18	Plastics materials	120.6	124.3	126.9	...	129.2	130.0	130.8	...	93.4	95.6	97.0	...
19	Petroleum products	103.7	106.3	104.9	106.6	115.4	115.3	115.2	115.1	89.9	92.2	91.1	92.7
20	Mining	99.3	100.7	100.1	99.2	111.5	111.5	111.5	111.4	89.1	90.3	89.8	89.0
21	Utilities	119.3	117.2	118.1	116.7	134.6	135.0	135.4	135.8	88.6	86.8	87.2	85.9
22	Electric	117.6	118.0	118.2	117.3	132.1	132.6	133.1	133.6	89.0	89.0	88.8	87.8

	Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1994	1994					1995
		High	Low	High	Low	High	Low	Jan	Aug	Sept.	Oct.[r]	Nov.[r]	Dec.	Jan.[p]
		Capacity utilization rate (percent)[2]												
1	**Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.9**	**78.0**	**82.7**	**84.5**	**84.2**	**84.4**	**84.8**	**85.4**	**85.5**
2	Manufacturing	88.9	70.8	87.3	70.0	85.2	76.6	81.8	83.8	83.6	83.8	84.4	85.0	85.1
3	Primary processing[3]	92.2	68.9	89.7	66.8	89.0	77.9	85.9	88.3	88.2	88.3	89.4	90.2	89.7
4	Advanced processing[4]	87.5	72.0	86.3	71.4	83.5	76.2	80.1	82.1	81.8	82.1	82.4	83.0	83.2
5	Durable goods	88.8	68.5	86.9	65.0	84.0	73.7	81.5	83.7	83.6	83.9	84.4	85.3	85.6
6	Lumber and products	90.1	62.2	87.6	60.9	93.3	76.3	91.6	91.0	92.6	91.7	91.5	92.9	91.7
7	Primary metals	100.6	66.2	102.4	46.8	92.8	74.0	86.6	90.7	92.6	92.5	95.0	98.3	96.1
8	Iron and steel	105.8	66.6	110.4	38.3	95.7	72.1	87.0	88.0	92.0	92.4	94.7	101.0	97.4
9	Nonferrous	92.9	61.3	90.5	62.2	88.7	75.0	86.3	94.2	93.5	92.7	95.6	95.1	94.6
10	Industrial machinery and equipment	96.4	74.5	92.1	64.9	84.0	72.5	85.6	89.5	90.2	90.9	91.0	91.5	92.2
11	Electrical machinery	87.8	63.8	89.4	71.1	84.9	76.6	84.9	89.2	88.9	89.3	89.7	90.8	91.3
12	Motor vehicles and parts	93.4	51.1	93.0	44.5	85.1	57.6	88.9	86.1	85.3	85.7	87.2	88.8	89.6
13	Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.4	79.4	64.6	63.6	62.9	62.6	62.6	62.8	62.4
14	Nondurable goods	87.9	71.8	87.0	76.9	86.7	80.4	82.2	84.1	83.8	83.9	84.6	84.9	84.6
15	Textile mill products	92.0	60.4	91.7	73.8	92.1	78.9	88.4	89.8	89.0	90.8	91.5	91.5	91.3
16	Paper and products	96.9	69.0	94.2	82.0	94.8	86.5	90.6	94.6	93.2	93.2	95.0	94.9	93.0
17	Chemicals and products	87.9	69.9	85.1	70.1	85.9	78.9	80.9	81.4	80.4	80.2	81.3	81.4	81.7
18	Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.5	97.3	95.7	93.3	98.5	...	...
19	Petroleum products	96.7	81.1	89.5	68.2	88.5	83.7	90.0	91.4	91.4	90.4	93.5	94.1	93.3
20	Mining	94.4	88.4	96.6	80.6	86.5	86.0	87.7	89.7	89.8	89.0	88.3	89.6	89.9
21	Utilities	95.6	82.5	88.3	76.2	92.6	83.2	89.5	87.8	86.0	86.4	86.1	85.4	86.4
22	Electric	99.0	82.7	88.3	78.7	94.8	86.5	89.5	89.0	87.9	88.3	88.0	87.1	88.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics, stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, and miscellaneous manufacturing.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1994 avg.	1994 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.	1995 Jan.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**118.1**	**114.7**	**115.6**	**116.6**	**116.7**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.4**	**121.4**	**121.9**
2 Products	60.9	115.9	113.1	114.0	114.7	114.7	115.3	115.9	116.2	116.7	116.4	116.9	117.6	118.5	118.9
3 Final products	46.6	118.4	115.9	117.0	117.4	117.3	117.8	118.4	118.5	119.2	118.9	119.2	119.9	121.1	121.7
4 Consumer goods, total	28.5	113.2[r]	111.5	112.4	112.9	112.3	112.8	113.5	113.3	113.8	113.0	113.0	113.9	115.0	115.4
5 Durable consumer goods	5.5	119.4	118.6	121.1	119.0	117.8	116.4	118.0	118.0	120.7	119.1	119.4	120.6	123.3	124.1
6 Automotive products	2.5	125.5	126.6	131.5	126.4	124.1	120.1	121.0	119.5	124.9	123.8	124.5	127.1	131.3	132.2
7 Autos and trucks	1.6	125.4	128.3	134.8	127.7	125.0	118.1	118.5	115.0	126.0	122.5	122.3	126.5	131.5	132.7
8 Autos, consumer	.9	94.9	98.7	102.7	98.8	96.0	90.4	89.6	86.5	91.7	90.2	92.9	94.0	100.5	103.6
9 Trucks, consumer	.7	180.7	181.5	192.7	179.6	177.2	168.0	170.7	166.6	189.0	181.5	175.5	185.8	187.3	184.6
10 Auto parts and allied goods	.9	123.2[r]	120.4	121.9	121.1	119.8	121.9	123.8	126.6	120.0	123.9	126.6	125.7	128.3	128.4
11 Other	3.0	114.1[r]	111.8	112.2	112.7	112.5	113.2	115.4	116.7	117.1	115.2	115.2	115.1	116.5	117.2
12 Appliances televisions and air conditioners	.7	126.1[r]	124.0	121.6	124.3	120.7	125.6	132.8	129.7	135.1	130.2	124.9	127.5	131.2	130.5
13 Carpeting and furniture	.8	104.9	102.3	103.5	103.1	104.5	103.3	103.6	108.4	106.9	104.1	107.4	105.8	107.2	108.0
14 Miscellaneous home goods	1.5	113.8	111.4	112.7	112.8	113.2	113.1	114.2	115.3	114.6	114.6	114.9	114.5	114.9	116.3
15 Nondurable consumer goods	23.0	111.7[r]	109.8	110.4	111.5	111.0	112.0	112.5	112.2	112.2	111.7	111.5	112.4	113.1	113.4
16 Foods and tobacco	10.3	110.5[r]	106.5	107.6	109.8	110.2	110.9	110.5	110.6	111.2	111.9	112.2	112.6	113.3	113.8
17 Clothing	2.4	95.8	93.6	94.5	95.7	96.4	97.2	96.3	96.5	95.9	95.5	96.2	96.0	96.3	95.0
18 Chemical products	4.5	129.5[r]	127.7	128.7	130.3	128.4	129.5	131.4	131.1	129.8	127.5	127.2	129.9	132.0	133.7
19 Paper products	2.9	104.8	104.0	103.9	103.9	105.1	105.6	105.8	105.2	105.9	105.2	103.6	104.6	105.6	104.1
20 Energy	2.9	113.9[r]	118.4	117.3	114.5	110.0	112.4	115.5	114.3	113.1	110.5	109.8	110.8	109.8	110.9
21 Fuels	.9	106.8[r]	105.8	105.4	105.8	108.3	107.4	106.5	105.8	105.8	107.4	103.9	109.8	109.2	108.6
22 Residential utilities	2.1	116.9	123.6	122.2	118.1	110.5	114.4	119.3	117.8	116.1	111.8	112.2	111.0	110.0	111.7
23 Equipment	18.1	126.5[r]	122.7	123.8	124.3	124.9	125.4	125.8	126.4	127.5	128.0	128.8	129.2	130.5	131.5
24 Business equipment	14.0	146.8[r]	140.4	142.0	142.6	143.5	144.5	145.5	146.9	148.9	149.5	150.9	151.4	153.1	154.5
25 Information processing and related	5.7	176.5	167.1	168.5	170.0	170.2	171.8	173.7	177.1	179.7	181.1	183.2	185.1	188.1	189.8
26 Computer and office equipment	1.5	284.3[r]	265.5	267.6	270.9	270.8	271.6	276.5	282.6	288.9	295.8	300.5	306.1	312.2	318.6
27 Industrial	4.0	121.0[r]	114.6	116.4	117.8	119.2	120.7	120.6	122.1	122.3	123.0	124.4	124.3	125.5	126.5
28 Transit	2.6	138.0[r]	140.1	142.3	139.3	138.0	135.3	136.1	132.6	137.9	136.8	137.1	137.5	138.5	140.2
29 Autos and trucks	1.2	148.0	149.1	154.6	148.1	145.9	140.0	141.7	138.2	149.4	147.7	149.2	151.7	152.6	157.2
30 Other	1.7	129.4	121.1	122.3	123.3	127.1	129.4	130.5	132.6	133.5	133.3	134.3	133.1	132.7	134.0
31 Defense and space equipment	3.4	71.1	74.5	73.6	73.7	73.6	72.4	71.3	69.9	69.2	68.8	68.7	68.9	69.1	69.1
32 Oil and gas well drilling	.5	90.8	88.9	91.9	92.1	93.2	94.6	94.2	93.7	89.6	93.9	88.3	86.0	86.0	86.7
33 Manufactured homes	.2	137.3[r]	132.4	131.5	135.6	132.4	135.2	137.8	133.3	134.5	138.4	142.0	143.1	153.6	...
34 Intermediate products, total	14.3	108.1	104.6	104.9	106.3	106.9	107.7	108.5	109.1	109.2	108.6	109.9	110.7	110.7	110.5
35 Construction supplies	5.3	106.7	102.9	102.7	103.2	104.7	106.1	106.4	107.9	108.2	108.6	109.7	109.7	110.6	110.7
36 Business supplies	9.0	109.2	105.8	106.5	108.4	108.5	108.8	110.1	110.0	109.9	108.7	110.1	111.5	111.0	110.5
37 Materials	39.1	121.4	117.1	118.1	119.5	119.7	120.5	121.2	121.4	122.8	122.9	123.4	124.6	125.9	126.4
38 Durable goods materials	20.6	131.2	125.2	126.2	128.3	129.2	129.8	130.0	130.9	132.6	133.3	134.2	136.0	138.3	139.1
39 Durable consumer parts	3.9	132.2	129.9	129.7	131.5	130.1	129.7	129.2	130.4	133.2	133.1	133.8	135.8	139.3	140.1
40 Equipment parts	7.5	143.1[r]	134.1	135.6	137.9	139.6	140.5	142.1	143.8	145.2	146.7	149.0	150.7	152.4	154.3
41 Other	9.1	121.3[r]	116.0	117.1	119.3	120.4	121.2	120.8	121.1	122.3	122.8	122.7	124.6	126.8	126.8
42 Basic metal materials	3.0	119.7	114.4	116.9	117.6	119.7	120.0	119.6	118.8	119.3	121.1	121.3	123.3	126.0	124.1
43 Nondurable goods materials	8.9	118.3	114.6	115.6	116.7	115.9	118.2	118.1	118.6	120.3	119.8	120.3	121.4	121.3	120.6
44 Textile materials	1.1	105.3[r]	101.8	102.7	104.0	104.4	104.2	104.8	104.8	105.7	105.9	106.9	110.3	109.2	109.1
45 Paper materials	1.8	118.7	113.8	116.3	117.8	116.1	118.9	118.4	117.5	122.5	121.5	120.5	122.1	120.8	118.1
46 Chemical materials	4.0	123.0	119.5	120.0	120.6	120.6	123.8	122.9	123.4	124.8	124.0	124.6	125.5	125.4	125.2
47 Other	2.0	116.7[r]	113.4	114.0	115.6	113.3	114.8	116.5	118.6	118.1	118.2	119.5	119.5	120.9	120.7
48 Energy materials	9.6	105.2	103.8	104.7	105.0	104.8	104.6	106.7	105.2	106.1	105.6	105.2	105.1	105.8	106.6
49 Primary energy	6.3	100.3[r]	97.3	99.4	100.5	100.9	100.4	100.2	100.3	100.9	100.8	100.3	100.8	102.1	102.6
50 Converted fuel materials	3.3	115.0[r]	116.9	115.2	114.0	112.5	112.8	119.9	114.9	116.3	115.1	115.1	113.7	113.1	114.6
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.2	117.6	114.1	114.8	116.1	116.2	117.1	117.7	118.1	118.7	118.6	119.1	119.9	120.9	121.3
52 Total excluding motor vehicles and parts	95.2	117.1	113.5	114.3	115.5	115.7	116.6	117.3	117.7	118.2	118.0	118.5	119.3	120.3	120.6
53 Total excluding computer and office equipment	98.3	115.4[r]	112.2	113.1	114.0	114.1	114.8	115.4	115.5	116.4	116.1	116.6	117.4	118.4	118.8
54 Consumer goods excluding autos and trucks	26.9	112.4[r]	110.4	111.0	111.9	111.5	112.4	113.2	113.2	113.0	112.4	112.4	113.1	114.0	114.3
55 Consumer goods excluding energy	25.6	113.1[r]	110.7	111.9	112.7	112.5	112.8	113.2	113.2	113.8	113.3	113.3	114.2	115.6	115.9
56 Business equipment excluding autos and trucks	12.8	146.5[r]	139.4	140.7	142.0	143.2	144.8	145.7	147.7	148.8	149.5	151.0	151.3	153.0	154.1
57 Business equipment excluding computer and office equipment	12.5	130.8[r]	125.6	127.2	127.6	128.5	129.4	130.0	131.1	132.7	132.7	133.8	134.0	135.2	136.2
58 Materials excluding energy	29.5	127.2	121.9	122.9	124.8	125.1	126.2	126.4	127.2	128.8	129.2	129.9	131.6	133.1	133.5

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

Group	SIC code[2]	1992 proportion	1994 avg.	1994 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.	1995 Jan.[p]
				Index (1987 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**118.1**	**114.7**	**115.6**	**116.6**	**116.7**	**117.4**	**118.0**	**118.2**	**119.1**	**119.0**	**119.5**	**120.4**	**121.4**	**121.9**
60 Manufacturing	...	85.5	119.7	115.8	116.7	118.0	118.4	119.0	119.3	119.8	120.9	120.9	121.5	122.6	123.8	124.2
61 Primary processing	...	26.5	115.2	111.7	112.2	113.3	114.0	115.2	114.7	115.3	116.3	116.2	116.6	118.3	119.5	119.0
62 Advanced processing	...	59.0	121.8	117.7	118.9	120.2	120.5	120.8	121.5	121.9	123.1	123.1	123.8	124.7	125.9	126.7
63 Durable goods	...	45.1	125.5[r]	121.0	122.1	122.9	123.7	124.0	124.6	125.2	127.0	127.2	128.0	129.2	131.0	131.9
64 Lumber and products	24	2.0	105.9[r]	105.3	103.8	104.0	103.9	106.0	106.2	106.8	105.5	107.6	106.7	106.5	108.3	107.1
65 Furniture and fixtures	25	1.4	111.3[r]	105.8	107.6	107.7	110.2	110.1	111.8	114.0	115.5	112.4	114.8	112.9	114.0	115.2
66 Stone, clay, and glass products	32	2.1	104.8	101.8	101.8	103.7	105.0	105.5	104.4	104.3	105.8	105.8	105.4	106.9	108.6	109.0
67 Primary metals	33	3.1	114.5[r]	108.0	111.6	112.1	114.8	114.8	113.7	112.7	113.5	116.0	115.9	119.2	123.4	120.7
68 Iron and steel	331,2	1.7	118.3[r]	110.8	116.0	116.7	121.5	120.9	118.2	116.1	113.0	118.2	118.8	121.9	130.2	125.8
69 Raw steel	.	.1	107.9	102.0	105.8	106.0	105.3	105.7	106.3	104.7	107.0	109.9	109.0	114.2	121.9	...
70 Nonferrous	333–6,9	1.4	109.3	104.1	105.8	106.0	106.2	106.9	107.6	108.0	113.6	112.7	111.8	115.2	114.6	114.0
71 Fabricated metal products	34	5.0	110.7	107.2	106.6	108.5	109.6	110.0	110.2	111.7	112.4	111.6	112.2	113.3	114.4	115.7
72 Industrial and commercial machinery and computer equipment	35	7.9	160.0	150.3	151.9	154.0	156.1	157.7	158.9	160.6	162.6	164.6	166.5	167.6	169.3	171.5
73 Computer and office equipment	357	1.7	284.3[r]	265.5	267.6	270.9	270.8	271.6	276.5	282.6	288.9	295.8	300.5	306.1	312.2	318.6
74 Electrical machinery	36	7.3	160.0[r]	148.1	150.1	152.6	154.3	156.5	159.5	161.5	164.1	165.0	166.9	168.9	172.2	174.6
75 Transportation equipment	37	9.6	109.7[r]	110.8	112.3	110.7	109.5	107.6	107.5	105.7	109.5	108.8	109.0	110.4	112.1	112.6
76 Motor vehicles and parts	371	4.8	137.9[r]	138.7	142.6	138.8	136.2	131.6	132.2	129.6	138.1	137.4	138.4	141.5	144.5	146.3
77 Autos and light trucks	371	2.5	131.9	135.2	141.9	134.7	131.7	124.4	124.6	120.8	131.9	128.4	128.6	132.8	138.4	140.0
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.8	82.7[r]	84.1	83.3	83.8	84.1	84.6	83.8	82.8	82.3	81.4	80.8	80.7	81.0	80.4
79 Instruments	38	5.4	107.5	105.9	106.3	106.9	106.6	106.4	106.8	108.5	108.7	108.0	108.2	108.4	108.8	109.4
80 Miscellaneous	39	1.3	116.2	112.6	113.5	114.1	115.2	115.4	115.8	118.6	117.1	117.0	118.4	118.6	117.8	118.4
81 Nondurable goods	.	40.5	113.2	110.0	110.7	112.5	112.4	113.4	113.4	113.6	114.0	113.7	114.2	115.3	115.9	115.7
82 Foods	20	9.4	112.8	109.9	109.9	112.9	111.9	112.8	112.8	113.4	113.7	114.6	113.4	114.2	114.8	115.0
83 Tobacco products	21	1.6	96.2[r]	87.0	93.6	93.0	98.1	98.5	95.9	93.7	96.2	96.1	104.5	101.2	102.9	103.8
84 Textile mill products	22	1.8	109.0	106.0	106.4	107.9	108.6	108.9	108.7	109.4	109.0	108.3	110.6	111.7	111.8	111.8
85 Apparel products	23	2.2	96.2	93.5	94.9	95.7	96.2	97.1	97.0	97.0	96.8	96.8	96.9	96.8	96.8	96.0
86 Paper and products	26	3.6	117.4	114.0	115.7	115.7	114.4	116.7	116.6	116.6	120.2	118.7	118.9	121.3	121.4	119.1
87 Printing and publishing	27	6.8	101.2[r]	98.2	98.8	101.3	101.7	101.6	102.4	102.1	101.5	100.9	101.4	102.1	102.4	101.5
88 Chemicals and products	28	9.9	123.9	121.3	121.8	123.1	122.4	124.0	124.4	124.7	124.7	123.7	123.8	125.7	126.3	127.2
89 Petroleum products	29	1.4	105.3[r]	104.0	103.8	103.4	107.5	107.0	104.5	104.3	105.2	105.3	104.0	107.6	108.3	107.3
90 Rubber and plastic products	30	3.5	133.5[r]	128.3	128.2	130.9	130.8	132.4	132.8	134.5	134.5	134.7	136.7	138.3	139.9	139.8
91 Leather and products	31	.3	85.9	86.8	85.4	87.0	87.6	85.9	85.5	86.3	85.5	85.4	85.6	85.1	84.9	83.4
92 Mining	...	6.8	99.8	97.8	99.5	100.5	100.7	100.7	100.6	100.1	100.0	100.1	99.2	98.4	99.9	100.2
93 Metal	10	.4	159.4[r]	164.2	161.6	165.2	157.0	156.4	162.8	159.5	156.6	160.0	158.9	154.3	156.5	157.2
94 Coal	12	1.0	112.0	101.6	112.0	117.7	118.3	111.5	113.4	108.6	111.4	110.7	110.2	110.1	117.8	119.2
95 Oil and gas extraction	13	4.7	92.9	92.4	92.7	92.9	93.2	94.3	93.8	93.9	93.5	93.7	92.2	91.4	91.8	91.8
96 Stone and earth minerals	14	.6	107.0[r]	103.6	104.8	104.7	105.9	108.1	105.6	107.9	106.6	106.7	109.3	109.8	110.3	111.0
97 Utilities	.	7.7	118.2[r]	120.3	119.6	117.9	114.7	115.8	121.1	119.0	118.8	116.5	117.2	116.9	116.0	117.6
98 Electric	491,3PT	6.1	117.8[r]	118.1	117.5	117.2	116.4	116.2	121.4	119.0	118.4	117.1	117.9	117.5	116.6	118.1
99 Gas	492,3PT	1.6	119.9	128.9	128.1	120.5	107.9	114.1	120.0	118.9	120.4	114.2	114.4	114.3	113.9	115.7
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.7	118.6	114.4	115.2	116.7	117.3	118.2	118.6	119.2	119.8	119.9	120.5	121.5	122.6	122.9
101 Manufacturing excluding office and computing machines	...	83.8	116.5	112.8	113.7	114.9	115.3	115.9	116.2	116.6	117.6	117.5	118.1	119.2	120.3	120.6
		Gross value (billions of 1987 dollars, annual rates)														
MAJOR MARKETS																
102 **Products, total**	.	**1,707.0**	**2,006.5**	**1,964.4**	**1,977.8**	**1,985.6**	**1,985.8**	**1,990.7**	**2,002.5**	**2,002.1**	**2,020.2**	**2,015.6**	**2,020.4**[r]	**2,039.0**[r]	**2,056.4**[r]	**2,062.3**
103 Final	.	1,314.6	1,576.6	1,547.1	1,559.9	1,563.6	1,559.9	1,561.7	1,571.1	1,569.3	1,586.6	1,584.2	1,584.4[r]	1,600.0[r]	1,615.8[r]	1,623.2
104 Consumer goods	...	866.6	982.6	972.5	979.6	981.3	976.0	977.1	983.0	979.0	987.3	981.5	977.0[r]	989.1[r]	998.8[r]	999.8
105 Equipment	...	448.0	594.0[r]	574.6	580.4	582.3	583.9	584.5	588.1	590.3	599.3	602.7	607.3[r]	610.9[r]	617.0[r]	623.3
106 Intermediate	...	392.5	429.9[r]	417.3	417.8	422.0	425.9	429.0	431.4	432.9	433.5	431.4	436.0[r]	439.0[r]	440.6[r]	439.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For the ordering address, see the inside front cover. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1994. See "Industrial Production and Capacity Utilization: A Revision," *Federal Reserve Bulletin*, vol. 81 (January 1995), pp. 16–26. For a detailed description of the industrial production index, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76, (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1992	1993	1994	1994 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,095	1,199	1,369	1,331[r]	1,377[r]	1,383[r]	1,336[r]	1,347[r]	1,382[r]	1,416[r]	1,391	1,355	1,421
2 One-family	911	986	1,061	1,073[r]	1,068[r]	1,099[r]	1,054[r]	1,036[r]	1,047[r]	1,052	1,028	1,011	1,094
3 Two-family or more	184	213	307	258[r]	309[r]	284[r]	282[r]	311[r]	335[r]	364[r]	363	344	327
4 Started	1,200	1,288	1,455	1,499[r]	1,463[r]	1,489[r]	1,370[r]	1,440[r]	1,463	1,511[r]	1,451	1,536	1,527
5 One-family	1,030	1,126	1,197	1,259[r]	1,209[r]	1,197[r]	1,174[r]	1,219	1,174[r]	1,235[r]	1,164	1,186	1,223
6 Two-family or more	169	162	259	240[r]	254[r]	292[r]	196[r]	221[r]	289[r]	276[r]	287	350	304
7 Under construction at end of period[1]	612	680	772	732	740	748	751	758	768	772	779	791	803
8 One-family	473	543	566	585	585	582	584	585	587	589	587	590	595
9 Two-or-more-family	140	137	207	147	155	166	167	173	181	183	192	201	208
10 Completed	1,158	1,193	1,343	1,273	1,354	1,446	1,329	1,282	1,342	1,400	1,364	1,372	1,350
11 One-family	964	1,040	1,157	1,115	1,192	1,257	1,151	1,160	1,145	1,157	1,157	1,136	1,144
12 Two-or-more-family	194	153	186	158	162	189	178	122	197	243	207	236	206
13 Mobile homes shipped	210	254	304	304[r]	292[r]	296[r]	295[r]	289[r]	295[r]	307[r]	314	322	347
Merchant builder activity in one-family units													
14 Number sold	610	666	670	722	673	692	628	630	673	692[r]	709	641	637
15 Number for sale at end of period[1]	266	294	347	298	298	301	313	317	322	328[r]	337	339	347
Price of units sold (thousands of dollars)[2]													
16 Median	121.3	126.1	130.3	132.3	129.0	129.9	133.5	124.4	133.3	129.7[r]	132.5	128.3	135.0
17 Average	144.9	147.6	153.6	152.8	152.9	151.8	158.4	144.4	154.9	157.2[r]	153.0	154.3	159.4
EXISTING UNITS (one-family)													
18 Number sold	3,520	3,800	3,946	4,110[r]	4,110[r]	4,110	4,010[r]	3,940[r]	3,910[r]	3,870[r]	3,820	3,690	3,760
Price of units sold (thousands of dollars)[2]													
19 Median	103.6	106.5	109.6	107.9[r]	109.1[r]	109.9[r]	113.3[r]	112.4[r]	113.0[r]	108.9[r]	107.5	108.7	109.1
20 Average	130.8	133.1	136.4	134.7[r]	135.7[r]	136.7[r]	141.3[r]	139.7[r]	141.2[r]	135.8[r]	133.0	134.7	135.6
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**435,355**	**466,365**	**506,846**	**496,042**	**497,035**	**504,356**	**506,144**	**505,445**	**505,470**	**514,197**	**521,376**	**524,366**	**530,041**
22 Private	316,115	341,101	377,646	371,681	374,091	378,235	379,345	376,463	376,216	382,287	384,888	392,293	394,365
23 Residential	187,870	210,455	237,984	236,767	238,049	241,162	240,694	237,775	236,871	238,529	239,337	242,440	244,385
24 Nonresidential	128,245	130,646	139,662	134,914	136,042	137,073	138,651	138,688	139,345	143,758	145,551	149,853	149,980
25 Industrial buildings	20,720	19,533	21,670	19,905	21,221	21,338	20,960	21,117	22,012	22,621	22,318	24,804	23,802
26 Commercial buildings	41,523	42,627	48,235	46,602	47,481	47,912	48,410	48,607	48,185	50,180	50,535	51,797	52,497
27 Other buildings	21,494	23,626	23,843	23,918	23,824	23,956	24,439	23,838	23,648	24,784	24,107	24,368	25,186
28 Public utilities and other	44,508	44,860	45,914	44,489	43,516	43,867	44,842	45,126	45,500	46,173	48,591	48,884	48,495
29 Public	119,238	125,262	129,197	124,361	122,944	126,121	126,799	128,982	129,255	131,910	136,488	132,073	135,676
30 Military	2,502	2,454	2,338	2,231	1,959	2,024	2,277	2,351	2,357	2,364	2,585	2,273	2,437
31 Highway	34,899	37,355	40,220	38,830	39,508	40,655	40,300	40,305	40,057	40,797	41,685	40,011	39,651
32 Conservation and development	6,021	5,976	6,262	5,206	5,851	5,677	4,605	5,935	5,754	7,521	7,155	7,007	7,997
33 Other	75,816	79,477	80,377	78,094	75,626	77,765	79,617	80,391	81,087	81,228	85,063	82,782	85,591

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

SOURCES. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Jan. 1995[1]
	1994 Jan.	1995 Jan.	1994[r]				1994[r]					
			Mar.	June	Sept.	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.5**	**2.8**	**2.2**	**2.7**	**3.6**	**1.9**	**.2**	**.1**	**.1**	**.2**	**.3**	**150.3**
2 Food	2.8	2.6	−.3	2.8	5.1	3.9	.2	.1	.1	.8	−.3	147.5
3 Energy items	−2.0	2.9	3.1	−3.0	9.2	.4	−.6	−.3	.5	−.1	.3	104.2
4 All items less food and energy	2.9	2.9	2.9	3.1	2.6	2.0	.2	.2	.2	.1	.4	158.7
5 Commodities	1.3	1.7	.6	3.9	.9	.3	.2	.0	.0	.1	.4	137.7
6 Services	3.6	3.5	3.9	2.7	3.6	2.6	.2	.2	.2	.2	.5	170.8
PRODUCER PRICES (1982=100)												
7 Finished goods	.2	1.6	2.9	.0	1.9	2.2	−.3	−.4	.6	.4	.3	126.5
8 Consumer foods	2.2	.6	−.9	−5.5	1.9	9.2	−.2	.0	.8	1.4	−.6	127.8
9 Consumer energy	−3.9	3.9	14.7	−2.6	3.2	.0	−2.4	−1.2	2.2	−1.0	2.3	76.5
10 Other consumer goods	−.3	1.2	1.5	2.0	1.7	.6	.1	−.3	.1	.3	.1	140.3
11 Capital equipment	1.9	1.9	2.7	3.0	2.1	.0	.2	−.5	.1	.4	.3	135.8
Intermediate materials												
12 Excluding foods and feeds	7	5.6	3.1	2.8	6.2	7.6	.4	.3	1.0	.5	1.0	122.7
13 Excluding energy	1.5	6.0	1.9	3.9	6.8	8.3	.8	.6	.9	.5	1.0	132.3
Crude materials												
14 Foods	6.3	−9.0	−4.9	−18.0	−13.5	−.8	−.2	−1.1	.7	.2	−.1	102.1
15 Energy	−7.3	−5.9	10.1	21.0	−19.2	−13.8	−5.7	−.4	−1.0	−2.3	−.1	68.6
16 Other	10.1	17.4	25.1	−.8	20.3	26.7	.8	.6	3.1	2.3	3.0	173.7

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1992	1993	1994	1993	1994			
				Q4	Q1	Q2	Q3	Q4
GROSS DOMESTIC PRODUCT								
1 **Total**	**6,020.2**	**6,343.3**	**6,736.9**	**6,478.1**	**6,574.7**	**6,689.9**	**6,791.7**	**6,891.1**
By source								
2 Personal consumption expenditures	4,136.9	4,378.2	4,627.0	4,469.6	4,535.0	4,586.4	4,657.5	4,728.9
3 Durable goods	492.7	538.0	590.9	562.8	576.2	580.3	591.5	615.6
4 Nondurable goods	1,295.5	1,339.2	1,393.8	1,355.2	1,368.9	1,381.4	1,406.1	1,418.9
5 Services	2,348.7	2,501.0	2,642.2	2,551.6	2,589.9	2,624.7	2,659.9	2,694.5
6 Gross private domestic investment	788.3	882.0	1,037.5	922.5	966.6	1,034.4	1,055.1	1,093.9
7 Fixed investment	785.2	866.7	979.8	913.5	942.5	967.0	992.5	1,017.1
8 Nonresidential	561.4	616.1	697.5	646.3	665.4	683.3	709.1	732.0
9 Structures	171.1	173.4	182.6	176.7	172.7	181.8	184.6	191.3
10 Producers' durable equipment	390.3	442.7	514.9	469.6	492.7	501.5	524.5	540.8
11 Residential structures	223.8	250.6	282.3	267.2	277.1	283.6	283.4	285.1
12 Change in business inventories	3.0	15.4	57.7	9.0	24.1	67.4	62.6	76.8
13 Nonfarm	2.7	20.1	51.3	10.7	22.3	60.4	53.4	68.9
14 Net exports of goods and services	30.3	65.3	102.1	71.2	86.7	97.6	109.6	114.3
15 Exports	638.1	659.1	716.1	680.3	674.2	704.5	730.5	755.3
16 Imports	668.4	724.3	818.2	751.4	760.9	802.1	840.1	869.6
17 Government purchases of goods and services	1,125.3	1,148.4	1,174.5	1,157.2	1,159.8	1,166.7	1,188.8	1,182.6
18 Federal	449.0	443.6	436.6	439.8	437.8	435.1	444.3	429.2
19 State and local	676.3	704.7	737.9	717.4	722.0	731.5	744.5	753.4
By major type of product								
20 Final sales, total	6,017.2	6,327.9	6,679.1	6,469.2	6,550.6	6,622.5	6,729.1	6,814.3
21 Goods	2,292.0	2,390.4	2,528.1	2,452.6	2,489.1	2,493.7	2,543.6	2,585.9
22 Durable	968.6	1,032.4	1,116.7	1,072.9	1,098.2	1,099.4	1,125.8	1,143.2
23 Nondurable	1,323.4	1,358.1	1,411.4	1,379.7	1,390.9	1,394.3	1,417.8	1,442.7
24 Services	3,227.2	3,405.5	3,574.7	3,459.3	3,503.8	3,555.4	3,603.6	3,635.9
25 Structures	498.1	532.0	576.4	557.2	557.7	573.4	581.9	592.6
26 Change in business inventories	3.0	15.4	57.7	9.0	24.1	67.4	62.6	76.8
27 Durable goods	13.0	8.6	37.5	9.0	20.6	38.2	44.1	46.9
28 Nondurable goods	16.0	6.7	20.3	.0	3.5	29.2	18.5	29.9
MEMO								
29 **Total GDP in 1987 dollars**	**4,979.3**	**5,134.5**	**5,342.3**	**5,218.0**	**5,261.1**	**5,314.1**	**5,367.0**	**5,426.8**
NATIONAL INCOME								
30 **Total**	**4,829.5**	**5,131.4**	n.a	**5,262.0**	**5,308.7**	**5,430.7**	**5,494.9**	n.a.
31 Compensation of employees	3,591.2	3,780.4	4,005.1	3,845.8	3,920.0	3,979.3	4,023.7	4,097.4
32 Wages and salaries	2,954.8	3,100.8	3,279.2	3,148.4	3,208.3	3,257.2	3,293.9	3,357.4
33 Government and government enterprises	567.3	583.8	602.7	587.8	595.7	601.9	604.4	608.9
34 Other	2,387.5	2,517.0	2,676.5	2,560.7	2,612.6	2,655.4	2,689.6	2,748.5
35 Supplement to wages and salaries	636.4	679.6	725.9	697.4	711.7	722.0	729.7	740.0
36 Employer contributions for social insurance	307.7	324.3	344.8	330.6	338.5	343.6	346.0	350.9
37 Other labor income	328.7	355.3	381.1	366.8	373.2	378.4	383.7	389.1
38 Proprietors' income[1]	418.7	441.6	473.1	462.9	471.0	471.3	467.0	483.3
39 Business and professional[1]	374.4	404.3	433.9	418.5	423.8	431.9	437.1	442.7
40 Farm[1]	44.4	37.3	39.2	44.4	47.2	39.3	29.8	40.7
41 Rental income of persons[2]	5.5	24.1	27.7	30.3	15.3	34.1	32.6	28.7
42 Corporate profits[1]	405.1	485.8	n.a	533.9	508.2	546.4	556.0	n.a
43 Profits before tax[3]	395.9	462.4	n.a	501.7	483.5	523.1	538.1	n.a
44 Inventory valuation adjustment	6.4	6.2	18.7	6.5	12.3	14.1	19.6	28.8
45 Capital consumption adjustment	15.7	29.5	37.7	38.8	37.0	37.4	37.5	38.6
46 Net interest	420.0	399.5	n.a	389.1	394.2	399.7	415.7	n.a

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

SOURCE. U.S. Department of Commerce, *Survey of Current Business*

2.17 PERSONAL INCOME AND SAVING

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

Account	1992	1993	1994	1993	1994			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**5,154.3**	**5,375.1**	**5,701.8**	**5,484.6**	**5,555.8**	**5,659.9**	**5,734.5**	**5,857.1**
2 Wage and salary disbursements	2,974.8	3,080.8	3,279.2	3,148.4	3,208.3	3,257.2	3,293.9	3,357.4
3 Commodity-producing industries	757.6	773.8	818.2	791.0	801.9	811.6	821.8	837.7
4 Manufacturing	578.3	588.4	617.6	601.7	609.4	612.8	618.3	630.0
5 Distributive industries	682.3	701.9	748.6	712.6	728.6	742.5	753.5	769.9
6 Service industries	967.6	1,021.4	1,109.6	1,057.0	1,082.0	1,101.2	1,114.3	1,140.9
7 Government and government enterprises	567.3	583.8	602.7	587.8	595.7	601.9	604.4	608.9
8 Other labor income	328.7	355.3	381.1	366.8	373.2	378.4	383.7	389.1
9 Proprietors' income[1]	418.7	441.6	473.1	462.9	471.0	471.3	467.0	483.3
10 Business and professional[1]	374.4	404.3	433.9	418.5	423.8	431.9	437.1	442.7
11 Farm[1]	44.4	37.3	39.2	44.4	47.2	39.3	29.8	40.7
12 Rental income of persons[2]	5.5	24.1	27.7	30.3	15.3	34.1	32.6	28.7
13 Dividends	161.0	181.3	194.3	184.1	185.7	191.7	196.9	202.7
14 Personal interest income	665.2	637.9	664.3	627.7	631.1	649.4	674.2	702.3
15 Transfer payments	860.2	915.4	963.7	931.0	947.4	957.6	969.0	980.7
16 Old age survivors, disability, and health insurance benefits	414.0	444.4	473.7	452.1	463.8	470.7	476.5	483.7
17 LESS: Personal contributions for social insurance	248.7	261.3	281.5	266.6	276.3	279.9	282.9	287.0
18 EQUALS: Personal income	5,154.3	5,375.1	5,701.8	5,484.6	5,555.8	5,659.9	5,734.5	5,857.1
19 LESS: Personal tax and nontax payments	648.6	686.4	742.5	707.0	723.0	746.4	744.1	756.5
20 EQUALS: Disposable personal income	4,505.8	4,688.7	4,959.3	4,777.6	4,832.8	4,913.5	4,990.3	5,100.7
21 LESS: Personal outlays	4,257.8	4,496.2	4,755.1	4,588.2	4,657.3	4,712.4	4,787.0	4,863.8
22 EQUALS: Personal saving	247.9	192.6	204.2	189.4	175.5	201.1	203.3	236.9
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,489.7	19,878.8	20,469.3	20,119.1	20,235.2	20,389.7	20,536.5	20,713.0
24 Personal consumption expenditures	13,110.4	13,390.8	13,711.2	13,518.9	13,639.8	13,650.9	13,716.6	13,836.3
25 Disposable personal income	14,279.0	14,341.0	14,696.0	14,451.0	14,535.0	14,625.0	14,697.0	14,924.0
26 Saving rate (percent)	5.5	4.1	4.1	4.0	3.6	4.1	4.1	4.6
GROSS SAVING								
27 **Gross saving**	**722.9**	**787.5**	n.a.	**825.8**	**886.2**	**923.3**	**922.6**	n.a.
28 Gross private saving	980.8	1,002.5	n.a.	1,011.4	1,037.3	1,041.4	1,052.7	n.a.
29 Personal saving	247.9	192.6	204.2	189.4	175.5	201.1	203.3	236.9
30 Undistributed corporate profits[1]	94.3	120.9	n.a.	147.9	127.7	142.3	139.5	n.a.
31 Corporate inventory valuation adjustment	-6.4	-6.2	18.7	6.5	-12.3	-14.1	19.6	-28.8
Capital consumption allowances								
32 Corporate	396.8	407.8	432.2	411.1	432.2	425.9	432.6	438.2
33 Noncorporate	261.8	261.2	283.2	263.0	301.8	272.1	277.3	281.6
34 Government surplus, or deficit (–), national income and product accounts	-257.8	-215.0	n.a.	185.6	151.1	118.1	130.1	n.a.
35 Federal	282.7	-241.4	n.a.	-220.1	176.2	145.1	154.0	n.a.
36 State and local	24.8	26.3	n.a.	34.5	25.2	27.0	23.9	n.a.
37 **Gross investment**	**731.7**	**789.8**	n.a.	**809.3**	**850.2**	**899.3**	**901.5**	n.a.
38 Gross private domestic investment	788.3	882.0	1,037.5	922.5	966.6	1,034.4	1,055.1	1,093.9
39 Net foreign investment	56.6	92.3	n.a.	-113.2	116.4	-135.1	-153.6	n.a.
40 **Statistical discrepancy**	**8.8**	**2.3**	n.a.	**-16.5**	**-36.1**	**-24.0**	**-21.1**	n.a.

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

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1991	1992	1993	1993		1994		
				Q3	Q4	Q1	Q2	Q3[p]
1 Balance on current account	6,952	67,886	103,896	27,856	30,587	32,317	37,906	41,722
2 Merchandise trade balance[2]	74,068	96,097	132,575	36,488	33,169	- 36,962	41,632	- 44,633
3 Merchandise exports	416,913	440,361	456,866	111,736	119,679	118,018	122,683	127,817
4 Merchandise imports	490,981	536,458	589,441	148,224	- 152,848	154,980	164,315	172,450
5 Military transactions, net	5,485	- 3,034	763	87	- 444	338	177	376
6 Other service transactions, net	51,082	58,747	57,613	14,317	13,637	12,972	14,809	14,746
7 Investment income, net	14,833	4,540	3,946	2,015	- 590	- 811	2,809	- 3,948
8 U.S. government grants	23,959	15,010	-14,620	3,114	5,591	2,371	3,590	- 2,789
9 U.S. government pensions and other transfers	- 3,461	3,735	3,785	986	- 987	968	974	1,550
10 Private remittances and other transfers	13,811	13,297	13,712	3,513	3,443	3,839	3,887	3,924
11 Change in U.S. government assets other than official reserve assets, net (increase,)	2,900	- 1,652	306	192	- 321	490	462	118
12 Change in U.S official reserve assets (increase,)	5,763	3,901	1,379	545	673	- 59	3,537	165
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	177	2,316	537	118	113	101	108	111
15 Reserve position in International Monetary Fund	- 367	2,692	- 44	48	80	3	251	273
16 Foreign currencies	6,307	4,277	797	- 378	480	45	3,394	- 327
17 Change in U.S. private assets abroad (increase,)	60,175	- 63,759	146,213	34,915	62,628	- 48,667	11,030	20,111
18 Bank-reported claims[3]	4,763	22,314	32,238	7,335	9,293	1,236	15,248	3,458
19 Nonbank-reported claims	11,097	45	598	4,838	303	1,941	- 4,264	...
20 U.S. purchases of foreign securities, net	44,740	45,114	119,983	40,777	30,349	24,605	14,007	7,146
21 U.S. direct investments abroad, net	31,295	41,004	57,870	6,311	22,683	- 24,767	8,007	9,507
22 Change in foreign official assets in United States (increase, +)	17,199	40,858	71,681	19,259	23,962	11,530	8,925	17,496
23 U.S. Treasury securities	14,846	18,454	48,702	19,098	22,856	1,193	6,033	15,207
24 Other U.S. government obligations	1,301	3,949	4,062	1,345	970	50	2,355	2,003
25 Other U.S government liabilities[4]	1,177	2,572	1,666	1,121	825	938	252	526
26 Other U.S. liabilities reported by U.S. banks[3]	- 1,484	16,571	14,666	- 2,489	587	10,139	1,241	539
27 Other foreign official assets[5]	1,359	688	2,585	184	102	790	-956	779
28 Change in foreign private assets in United States (increase, +)	80,935	105,646	159,017	52,675	66,200	83,548	40,332	49,943
29 U.S. bank-reported liabilities[3]	3,994	15,461	18,452	27,618	7,370	35,200	25,539	16,826
30 U.S. nonbank-reported liabilities	3,115	13,573	14,282	1,169	4,733	5,867	3,662	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,857	24,849	3,474	7,996	9,260	- 7,434	5,661
32 Foreign purchases of other U.S securities, net	35,144	29,867	80,068	17,445	38,008	21,258	13,152	14,162
33 Foreign direct investments in United States, net	26,086	9,888	21,366	2,969	8,093	11,963	5,413	13,294
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	39,670	17,108	21,096	8,427	4,047	14,525	- 4,320	5,323
36 Due to seasonal adjustment	...	...	...	6,643	103	5,810	639	6,919
37 Before seasonal adjustment	39,670	17,108	21,096	1,785	3,944	- 20,335	4,959	1,596
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase,)	5,763	3,901	1,379	545	673	59	3,537	165
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,286	70,015	18,138	23,137	10,592	8,673	16,970
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	4,882	5,942	3,847	- 3,194	229	1,674	- 4,149	3,592

1. Seasonal factors are not calculated for lines 12-16, 18-20, 22-34, and 38-40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5

3. Reporting banks include all types of depository institution as well as some brokers and dealers.

4. Associated primarily 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.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1992	1993	1994	1994						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Goods and services, balance**	-40,384	75,725	106,109	-8,845	10,953	9,060	9,354	10,097	-10,035	7,340
2 Merchandise	96,097	132,575	-166,287	14,020	15,955	14,101	14,433	15,051	15,140	12,660
3 Services	55,713	56,850	58,178	5,175	5,002	5,041	5,079	4,954	5,105	5,320
4 Goods and services, exports	616,924	641,677	696,430	58,333	56,297	60,292	60,063	59,847	61,613	63,572
5 Merchandise	440,361	456,866	502,804	42,028	40,128	44,121	43,596	43,380	44,872	46,699
6 Services	176,563	184,811	193,626	16,305	16,169	16,171	16,467	16,467	16,741	16,873
7 Goods and services, imports	657,308	717,402	-804,539	67,178	-67,250	-69,352	69,417	69,944	71,648	70,912
8 Merchandise	536,458	589,441	-669,091	-56,048	56,083	58,222	58,029	58,431	60,012	-59,359
9 Services	120,850	127,961	135,448	11,130	11,167	-11,130	-11,388	-11,513	11,636	11,553
MEMO										
10 **Balance on merchandise trade, Census basis**	**−84,501**	**−115,568**	**−151,098**	**−13,028**	**−14,845**	**−12,758**	**−13,388**	**−13,815**	**−14,062**	**−11,410**

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1991	1992	1993	1994						1995
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Total**	**77,719**	**71,323**	**73,442**	**75,443**	**75,740**	**76,532**	**78,172**	**74,000**	**74,335**	**76,027**
2 Gold stock, including Exchange Stabilization Fund[1]	11,057	11,056	11,053	11,052	11,054	11,054	11,053	11,052	11,051	11,050
3 Special drawing rights[2,3]	11,240	8,503	9,039	9,696	9,837	9,971	10,088	10,017	10,039	10,154
4 Reserve position in International Monetary Fund[2]	9,488	11,759	11,818	12,183	12,161	12,067	12,339	12,037	12,030	12,120
5 Foreign currencies[4]	45,934	40,005	41,532	42,512	42,688	43,440	44,692	40,894	41,215	42,703

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, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

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

Millions of dollars, end of period

Asset	1991	1992	1993	1994						1995
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Deposits**	**968**	**205**	**386**	**181**	**188**	**342**	**223**	**230**	**250**	**185**
Held in custody										
2 U.S. Treasury securities[2]	281,107	314,481	379,394	423,715	427,574	429,819	439,854	444,339	441,866	439,139
3 Earmarked gold[3]	13,303	13,118	12,327	12,056	12,044	12,044	12,039	12,037	12,033	12,033

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1992	1993	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**[1]	**412,624**	**482,858**	**501,827**	**516,466**	**518,785**	**520,585**	**531,073**	**523,530**	**518,959**
By type									
2 Liabilities reported by banks in the United States[2]	54,967	69,808	80,887	84,889	79,806	82,582	79,436	73,525	71,824
3 U.S. Treasury bills and certificates[3]	104,596	150,900	141,338	146,244	143,400	138,261	147,849	143,132	139,450
U.S. Treasury bonds and notes									
4 Marketable	210,931	212,253	228,823	233,720	242,936	247,624	250,465	253,111	253,691
5 Nonmarketable[4]	4,532	5,652	5,875	5,913	5,952	5,990	6,031	6,069	6,109
6 U.S. securities other than U.S. Treasury securities[5]	37,598	44,245	44,904	45,700	46,691	46,128	47,292	47,693	47,885
By area									
7 Europe[1]	189,230	206,921	221,957	227,466	226,234	225,600	223,205	217,415	214,398
8 Canada	13,700	15,285	15,996	18,656	18,597	19,287	18,402	17,339	17,046
9 Latin America and Caribbean	37,973	55,898	42,646	42,749	44,224	44,427	47,844	45,303	41,331
10 Asia	164,690	197,758	211,250	217,931	221,100	222,971	232,191	233,654	236,176
11 Africa	3,723	4,052	4,110	3,862	4,259	4,388	4,232	4,673	4,179
12 Other countries[6]	3,306	2,942	5,866	5,800	4,369	3,910	5,197	5,144	5,827

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; zero coupon bonds are included at current value.
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.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

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

Millions of dollars, end of period

Item	1990	1991	1992	1993 Dec.	1994 Mar.	June	Sept.
1 Banks' liabilities	70,477	75,129	72,796	78,120	86,459	72,312	82,183
2 Banks' claims	66,796	73,195	62,799	59,262	72,696	55,978	58,536
3 Deposits	29,672	26,192	24,240	19,404	19,684	20,499	19,623
4 Other claims	37,124	47,003	38,559	39,858	53,012	35,479	38,913
5 Claims of banks' domestic customers[2]	6,309	3,398	4,432	3,058	3,655	4,182	4,987

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

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

Millions of dollars, end of period

Item	1992	1993	1994	1994						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**810,259**	**920,995**	**1,000,713**	**991,779**	**997,239**	**993,475**	**993,564**	**1,006,836[r]**	**983,777**	**1,000,713**
2 Banks' own liabilities	606,444	622,847	711,367	685,581	697,021	692,920	706,331	708,805[r]	685,895	711,367
3 Demand deposits	21,828	21,574	25,217	24,521	23,549	22,962	23,541	24,627	23,969	25,217
4 Time deposits[2]	160,385	175,116	185,702	183,568	185,826	184,552	178,006	181,169	178,629	185,702
5 Other[3]	93,237	110,144	107,954	118,657	127,500	118,816	134,614	133,661[r]	123,874	107,954
6 Own foreign offices[4]	330,994	316,013	392,494	358,835	360,146	366,590	370,170	369,348	359,423	392,494
7 Banks' custodial liabilities[5]	203,815	298,148	289,346	306,198	300,218	300,555	287,233	298,031[r]	297,882	289,346
8 U.S. Treasury bills and certificates[6]	127,644	176,523	162,502	171,315	170,064	170,592	164,341	174,239[r]	168,832	162,502
9 Other negotiable and readily transferable instruments[7]	21,974	36,289	41,555	49,915	46,257	46,416	39,033	37,681	39,886	41,555
10 Other	54,197	85,336	85,289	84,968	83,897	83,547	83,859	86,111[r]	89,164	85,289
11 Nonmonetary international and regional organizations[8]	9,350	10,936	4,639	9,042	7,318	5,323	7,279	7,574[r]	6,207	4,639
12 Banks' own liabilities	6,951	5,639	4,209	5,667	5,511	4,328	6,302	5,797[r]	5,441	4,209
13 Demand deposits	46	15	29	31	29	36	28	83	35	29
14 Time deposits[2]	3,214	2,780	2,641	3,223	3,469	2,691	2,699	2,845	2,817	2,641
15 Other[3]	3,691	2,844	1,539	2,413	2,013	1,601	3,575	2,869[r]	2,589	1,539
16 Banks' custodial liabilities[5]	2,399	5,297	430	3,375	1,807	995	977	1,777	766	430
17 U.S. Treasury bills and certificates[6]	1,908	4,275	281	2,825	1,082	836	767	1,572	501	281
18 Other negotiable and readily transferable instruments[7]	486	1,022	149	548	725	159	205	205	265	149
19 Other	5	0	0	2	0	0	5	0	0	0
20 Official institutions[9]	159,563	220,708	211,274	222,225	231,133	223,206	220,843	227,285[r]	216,657	211,274
21 Banks' own liabilities	51,202	64,231	58,373	67,641	73,967	67,619	72,109	67,580[r]	60,735	58,373
22 Demand deposits	1,302	1,601	1,642	2,029	1,472	1,232	1,691	2,028	1,682	1,642
23 Time deposits[2]	17,939	21,654	22,997	24,925	27,497	25,948	26,909	23,801	20,634	22,997
24 Other[3]	31,961	40,976	33,734	40,687	44,998	40,439	43,509	41,751[r]	38,419	33,734
25 Banks' custodial liabilities[5]	108,361	156,477	152,901	154,584	157,166	155,587	148,734	159,705	155,922	152,901
26 U.S. Treasury bills and certificates[6]	104,596	150,900	139,450	141,338	146,244	143,400	138,261	147,849	143,132	139,450
27 Other negotiable and readily transferable instruments[7]	3,726	5,482	13,245	13,112	10,863	12,054	10,407	11,820	12,773	13,245
28 Other	39	95	206	134	59	133	66	36	17	206
29 Banks[10]	547,320	588,448	672,104	646,058	649,670	652,508	646,547	653,356[r]	642,150	672,104
30 Banks' own liabilities	476,117	476,426	563,155	530,866	536,234	536,398	538,016	545,107[r]	531,993	563,155
31 Unaffiliated foreign banks	145,123	160,413	170,661	172,031	176,088	169,808	167,846	175,759[r]	172,570	170,661
32 Demand deposits	10,170	9,719	13,080	12,323	11,792	11,837	10,555	11,023	11,259	13,080
33 Time deposits[2]	90,296	105,192	111,544	108,366	106,888	107,110	101,741	106,646	106,317	111,544
34 Other[3]	44,657	45,502	46,037	51,342	57,408	50,861	55,550	58,090[r]	54,994	46,037
35 Own foreign offices[4]	330,994	316,013	392,494	358,835	360,146	366,590	370,170	369,348	359,423	392,494
36 Banks' custodial liabilities[5]	71,203	112,022	108,949	115,192	113,436	116,110	108,531	108,249[r]	110,157	108,949
37 U.S. Treasury bills and certificates[6]	11,087	10,707	11,073	10,834	10,138	12,249	10,951	10,771	11,675	11,073
38 Other negotiable and readily transferable instruments[7]	7,555	17,020	14,279	22,347	21,446	22,049	15,388	13,248	13,565	14,279
39 Other	52,561	84,295	83,597	82,011	81,852	81,812	82,192	84,230[r]	84,917	83,597
40 Other foreigners	94,026	100,903	112,696	114,454	109,118	112,438	118,895	118,621[r]	118,763	112,696
41 Banks' own liabilities	72,174	76,551	85,630	81,407	81,309	84,575	89,904	90,321	87,726	85,630
42 Demand deposits	10,310	10,239	10,466	10,138	10,256	9,857	11,267	11,493	10,993	10,466
43 Time deposits[2]	48,936	45,490	48,520	47,054	47,972	48,803	46,657	47,877	48,861	48,520
44 Other[3]	12,928	20,822	26,644	24,215	23,081	25,915	31,980	30,951	27,872	26,644
45 Banks' custodial liabilities[5]	21,852	24,352	27,066	33,047	27,809	27,863	28,991	28,300[r]	31,037	27,066
46 U.S. Treasury bills and certificates[6]	10,053	10,641	11,698	16,318	12,600	14,107	14,362	14,047[r]	13,524	11,698
47 Other negotiable and readily transferable instruments[7]	10,207	12,765	13,882	13,908	13,223	12,154	13,033	12,408	13,283	13,882
48 Other	1,592	946	1,486	2,821	1,986	1,602	1,596	1,845[r]	4,230	1,486
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,111	17,567	17,928	27,075	25,589	25,338	19,160	16,813	17,417	17,928

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

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1] - Continued

Item	1992	1993	1994	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
AREA										
1 **Total, all foreigners**	**810,259**	**920,995**	**1,000,713**	**991,779**	**997,239**	**993,475**	**993,564**	**1,006,836[r]**	**983,777**	**1,000,713**
2 **Foreign countries**	**800,909**	**910,059**	**996,074**	**982,737**	**989,921**	**988,152**	**986,285**	**999,262[r]**	**977,570**	**996,074**
3 Europe	307,670	376,988	389,631	412,178	422,577	419,932	406,937	413,278[r]	393,101	389,631
4 Austria	1,611	1,917	3,649	3,578	3,364	3,349	3,014	3,610	4,264	3,649
5 Belgium and Luxembourg	20,567	28,627	21,757	25,298	25,145	27,159	27,593	23,591	22,346	21,757
6 Denmark	3,060	4,517	2,776	3,473	2,877	2,634	2,128	2,374	2,307	2,776
7 Finland	1,299	1,872	1,433	2,649	2,504	1,747	2,319	2,601	1,587	1,433
8 France	41,411	39,741	44,703	43,246	41,410	41,911	43,143	44,209	41,160	44,703
9 Germany	18,630	26,613	27,002	33,114	30,838	31,046	31,889	33,136	31,049	27,002
10 Greece	913	1,519	1,390	1,377	1,153	1,199	1,227	1,711	1,477	1,390
11 Italy	10,041	11,559	10,699	12,771	11,537	11,725	10,781	10,701	9,685	10,699
12 Netherlands	7,365	16,096	15,990	18,691	18,446	17,199	18,754	18,034	17,310	15,990
13 Norway	3,314	2,966	2,336	4,018	3,731	3,195	2,861	3,400	2,807	2,336
14 Portugal	2,465	3,366	2,845	2,920	2,865	2,867	3,023	2,861[r]	2,919	2,845
15 Russia	577	2,511	2,063	4,497	4,593	3,794	2,899	2,337	2,367	2,063
16 Spain	9,793	20,493	14,587	15,839	17,137	15,455	14,198	16,324	15,037	14,587
17 Sweden	2,953	2,572	3,093	4,043	5,709	4,149	4,651	3,467	3,361	3,093
18 Switzerland	39,440	41,555	41,861	38,075	41,378	43,486	41,050	41,834	41,756	41,861
19 Turkey	2,666	3,227	3,303	3,250	3,515	3,238	3,013	3,133	3,032	3,303
20 United Kingdom	111,805	133,936	163,120	163,338	171,239	174,078	160,361	171,954[r]	162,775	163,120
21 Yugoslavia[11]	504	570	245	434	230	227	224	220	240	245
22 Other Europe and other former U.S.S.R.[12]	29,256	33,331	26,979	31,567	34,906	31,474	33,909	27,981[r]	27,822	26,979
23 Canada	22,420	20,227	23,948	25,480	26,625	26,341	24,660	23,115	23,295	23,948
24 Latin America and Caribbean	317,228	357,380	414,550	381,263	375,700	377,864	384,805	386,867[r]	391,946	414,550
25 Argentina	9,477	14,477	17,177	13,750	14,592	14,806	13,783	15,577	15,950	17,177
26 Bahamas	82,284	73,150	105,265	85,817	87,264	83,260	86,011	88,168[r]	89,597	105,265
27 Bermuda	7,079	7,830	7,801	8,975	10,103	8,422	10,334	8,936	7,615	7,801
28 Brazil	5,584	5,301	9,120	5,708	6,261	5,697	5,670	6,195	6,722	9,120
29 British West Indies	153,033	190,446	220,629	206,466	198,471	204,677	208,452	205,671[r]	210,511	220,629
30 Chile	3,035	3,183	3,114	3,523	3,353	2,988	3,407	3,078	3,741	3,114
31 Colombia	4,580	3,171	4,600	3,929	3,773	3,726	4,027	4,471	4,413	4,600
32 Cuba	3	33	13	11	12	13	13	7	7	13
33 Ecuador	993	880	874	812	819	847	823	830	825	874
34 Guatemala	1,377	1,207	1,116	1,143	1,207	1,142	1,103	1,076	1,035	1,116
35 Jamaica	371	410	520	475	518	531	565	589	513	520
36 Mexico	19,454	28,018	12,227	21,286	20,182	20,821	19,937	21,254	19,191	12,227
37 Netherlands Antilles	5,205	4,195	4,518	4,885	4,301	5,058	4,268	4,146	4,838	4,518
38 Panama	4,177	3,582	4,540	3,861	4,087	3,843	4,082	4,077	4,598	4,540
39 Peru	1,080	926	896	930	916	1,027	1,079	1,027	935	896
40 Uruguay	1,955	1,611	1,594	1,597	1,420	1,336	1,399	1,471	1,189	1,594
41 Venezuela	11,387	12,786	13,949	11,655	12,004	13,157	13,297	13,805	13,829	13,949
42 Other	6,154	6,174	6,597	6,440	6,417	6,513	6,555	6,489[r]	6,437	6,597
43 Asia	143,540	144,639	155,108	148,721	151,279	152,530	158,328	163,346	157,086	155,108
China										
44 People's Republic of China	3,202	4,011	10,063	6,158	5,018	4,394	5,062	5,625	8,017	10,063
45 Republic of China (Taiwan)	8,408	10,633	9,795	8,375	8,811	8,737	8,863	9,483	10,929	9,795
46 Hong Kong	18,499	17,233	17,188	19,111	18,759	18,679	18,819	18,244	17,572	17,188
47 India	1,399	1,114	2,337	2,136	1,695	1,777	2,187	2,376	2,378	2,337
48 Indonesia	1,480	1,986	1,560	2,002	1,676	1,835	1,828	1,734	1,613	1,560
49 Israel	3,773	4,435	5,149	3,762	3,822	3,436	3,204	6,607	5,066	5,149
50 Japan	58,435	61,466	64,030	64,084	65,671	65,755	68,242	66,145	63,331	64,030
51 Korea (South)	3,337	4,913	5,104	4,581	5,310	4,873	4,622	4,740	5,016	5,104
52 Philippines	2,275	2,035	2,709	3,150	3,396	3,214	3,135	3,158	3,064	2,709
53 Thailand	5,582	6,137	6,466	4,851	5,222	6,364	6,503	5,682	5,926	6,466
54 Middle Eastern oil-exporting countries[13]	21,437	15,824	15,435	14,374	14,935	15,928	17,138	17,232	17,678	15,435
55 Other	15,713	14,852	15,272	16,137	16,964	17,538	18,725	22,320	16,496	15,272
56 Africa	5,884	6,633	6,457	6,411	6,153	6,360	6,278	6,375	6,939	6,457
57 Egypt	2,472	2,208	1,840	1,999	1,706	1,914	2,014	1,996	2,097	1,840
58 Morocco	76	99	93	78	80	82	72	66	67	93
59 South Africa	190	451	433	290	289	417	197	245	693	433
60 Zaire	19	12	9	7	8	8	9	9	10	9
61 Oil-exporting countries[14]	1,346	1,303	1,343	1,204	1,291	1,156	1,186	1,176	1,227	1,343
62 Other	1,781	2,560	2,739	2,833	2,779	2,783	2,800	2,883	2,845	2,739
63 Other	4,167	4,192	6,380	8,684	7,587	5,125	5,277	6,281	5,203	6,380
64 Australia	3,043	3,308	5,144	5,804	6,288	3,935	3,966	5,114	4,094	5,144
65 Other	1,124	884	1,236	2,880	1,299	1,190	1,311	1,167	1,109	1,236
66 Nonmonetary international and regional organizations	9,350	10,936	4,639	9,042	7,318	5,323	7,279	7,574[r]	6,207	4,639
67 International[15]	7,434	6,851	3,634	7,058	5,446	3,998	5,350	5,847	4,361	3,634
68 Latin American regional[16]	1,415	3,218	551	847	612	418	1,058	950	1,094	551
69 Other regional[17]	501	867	454	1,137	1,260	907	871	777[r]	752	454

11 Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

12 Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

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

14 Comprises Algeria, Gabon, Libya, and Nigeria.

15 Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

16 Principally the Inter-American Development Bank.

17 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Area or country	1992	1993	1994	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total, all foreigners**	**499,437**	**483,600**	**478,500**	**476,201**	**468,933**	**478,179**	**474,585**	**478,822[r]**	**463,235**	**478,500**
2 **Foreign countries**	**494,355**	**481,195**	**474,367**	**473,780**	**467,537**	**476,220**	**471,321**	**476,817[r]**	**461,942**	**474,367**
3 Europe	123,377	121,253	123,897	119,779	123,072	124,237	119,758	131,486[r]	119,232	123,897
4 Austria	331	413	692	416	470	442	282	440	369	692
5 Belgium and Luxembourg	6,404	6,535	6,640	7,113	6,915	6,543	7,250	6,323	6,237	6,640
6 Denmark	707	382	1,039	539	622	464	521	880	668	1,039
7 Finland	1,418	594	696	695	735	507	599	591	718	696
8 France	14,723	11,497	12,127	13,750	13,263	15,992	14,829	16,292	12,906	12,127
9 Germany	4,222	7,693	6,651	7,264	7,927	9,996	8,650	8,496	8,114	6,651
10 Greece	717	679	592	661	583	657	613	520	518	592
11 Italy	9,047	8,845	6,052	6,093	6,039	5,518	5,308	6,652	5,920	6,052
12 Netherlands	2,468	3,063	2,914	3,003	3,006	2,948	2,854	3,358	3,360	2,914
13 Norway	355	396	504	620	751	826	650	905	981	504
14 Portugal	325	834	938	989	1,035	1,040	1,182	1,056	1,006	938
15 Russia	3,147	2,310	1,587	1,605	1,541	1,378	1,272	1,220	1,172	1,587
16 Spain	2,755	2,766	3,521	2,497	1,900	2,664	2,211	2,731	2,174	3,521
17 Sweden	4,923	4,082	4,122	3,383	3,601	4,168	3,903	3,156	3,596	4,122
18 Switzerland	4,717	6,567	7,484	6,674	9,028	6,938	5,854	7,670	6,544	7,484
19 Turkey	962	1,287	860	1,210	1,208	1,152	1,024	1,142	909	860
20 United Kingdom	63,430	60,997	66,039	61,170	62,492	61,264	60,518	68,211[r]	62,525	66,039
21 Yugoslavia[2]	569	536	265	340	275	273	258	266	266	265
22 Other Europe and other former U.S.S.R.[3]	2,157	1,777	1,174	1,757	1,681	1,467	1,980	1,577	1,249	1,174
23 Canada	13,845	18,413	17,878	20,496	19,888	19,678	19,226	16,384	17,749	17,878
24 Latin America and Caribbean	218,078	224,112	220,108	221,604	215,608	223,297	220,137	221,254	216,044	220,108
25 Argentina	4,958	4,427	5,781	5,506	5,811	5,876	5,585	5,588	5,715	5,781
26 Bahamas	60,835	65,060	66,584	64,088	67,955	63,358	63,096	65,196	61,209	66,584
27 Bermuda	5,935	8,034	7,492	6,276	5,783	7,328	5,430	5,186	6,697	7,492
28 Brazil	10,773	11,812	9,493	11,285	10,547	10,051	10,278	10,188	9,759	9,493
29 British West Indies	101,507	97,997	94,163	98,112	89,528	100,519	100,657	99,345	95,773	94,163
30 Chile	3,397	3,616	3,773	3,419	3,327	3,410	3,391	3,429	3,624	3,773
31 Colombia	2,750	3,179	4,003	3,366	3,326	3,414	3,459	3,670	3,768	4,003
32 Cuba	0	0	0	0	8	0	0	12	3	0
33 Ecuador	884	680	685	707	683	604	624	628	632	685
34 Guatemala	262	286	365	312	308	320	310	337	335	365
35 Jamaica	162	195	254	194	186	210	204	255	251	254
36 Mexico	14,991	15,838	17,513	16,463	16,378	16,459	16,223	16,825	17,290	17,513
37 Netherlands Antilles	1,379	2,367	1,025	2,366	2,118	2,139	1,295	1,158	1,781	1,025
38 Panama	4,654	2,892	2,193	2,197	2,335	2,386	2,372	2,307	2,304	2,193
39 Peru	730	653	959	908	926	924	943	857	884	959
40 Uruguay	936	952	485	608	748	706	711	800	652	485
41 Venezuela	2,525	2,907	1,832	2,428	2,240	2,146	2,055	1,934	1,921	1,832
42 Other	1,400	3,217	3,508	3,369	3,401	3,447	3,504	3,539	3,446	3,508
43 Asia	131,789	110,751	106,319	104,859	102,408	102,391	105,597	101,197[r]	103,048	106,319
China										
44 People's Republic of China	906	2,299	835	784	951	764	1,177	822	817	835
45 Republic of China (Taiwan)	2,046	2,628	1,388	1,948	1,786	1,807	1,256	1,467	1,485	1,388
46 Hong Kong	9,642	10,878	9,173	9,782	10,045	9,921	13,066	10,354	11,228	9,173
47 India	529	589	986	784	791	829	950	971[r]	1,021	986
48 Indonesia	1,189	1,522	1,454	1,319	1,369	1,363	1,343	1,326	1,361	1,454
49 Israel	820	826	691	671	638	675	663	860	696	691
50 Japan	79,172	59,616	58,880	55,496	53,286	52,597	52,872	50,032	53,356	58,880
51 Korea (South)	6,179	7,569	9,998	7,974	8,112	8,553	8,639	8,948[r]	8,933	9,998
52 Philippines	2,145	1,408	636	654	514	533	562	639	583	636
53 Thailand	1,867	2,154	2,818	2,979	2,839	2,784	2,686	2,756	2,676	2,818
54 Middle Eastern oil-exporting countries[4]	18,540	14,398	13,733	16,565	16,342	16,080	15,293	15,424	14,454	13,733
55 Other	8,754	6,864	5,727	5,903	5,735	6,485	7,090	7,598	6,438	5,727
56 Africa	4,279	3,857	2,989	3,784	3,456	3,659	3,473	3,147	3,085	2,989
57 Egypt	186	196	225	281	234	229	250	237	229	225
58 Morocco	441	481	429	518	479	485	490	468	480	429
59 South Africa	1,041	633	649	556	492	656	569	480	454	649
60 Zaire	4	4	2	4	3	3	3	3	3	2
61 Oil-exporting countries[5]	1,002	1,129	843	1,235	1,194	1,189	1,103	955	879	843
62 Other	1,605	1,414	841	1,190	1,054	1,097	1,058	1,004	1,040	841
63 Other	2,987	2,809	3,176	3,258	3,105	2,958	3,130	3,349	2,784	3,176
64 Australia	2,243	2,072	2,224	1,489	1,587	1,390	1,810	2,158	1,687	2,224
65 Other	744	737	952	1,769	1,518	1,568	1,320	1,191	1,097	952
66 Nonmonetary international and regional organizations[6]	5,082	2,405	4,133	2,421	1,396	1,959	3,264	2,005	1,293	4,133

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
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 Europe."

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

Millions of dollars, end of period

Type of claim	1992	1993[r]	1994	1994 June	July	Aug.	Sept.	Oct.[r]	Nov.	Dec.[p]
1 **Total**	**559,495**	**535,131**	...	**532,770**	...	...	**528,287[r]**	...	...	
2 Banks' claims	499,437	483,600	478,500	476,201	468,933	478,179	474,585	478,822	463,235	478,500
3 Foreign public borrowers	31,367	28,904	22,859	21,250	21,536	22,392	24,419	22,144	20,551	22,859
4 Own foreign offices[2]	303,991	286,880	283,657	289,930	283,848	287,022	283,308	287,017	276,364	283,657
5 Unaffiliated foreign banks	109,342	98,165	109,214	101,908	100,922	102,200	100,414	106,566	102,768	109,214
6 Deposits	61,550	47,039	57,953	51,016	50,849	49,809	50,736	52,709	50,413	57,953
7 *Other*	47,792	51,126	51,261	50,892	50,073	52,391	49,678	53,857	52,355	51,261
8 All other foreigners	54,737	69,651	62,770	63,113	62,627	66,565	66,444	63,095	63,552	62,770
9 Claims of banks' domestic customers[3]	60,058	51,531	...	56,569	...	...	53,702[r]	...	...	...
10 Deposits	15,452	20,006	...	24,051	...	...	24,441	...	...	...
11 Negotiable and readily transferable instruments[4]	31,474	17,842	...	18,853	...	...	16,246[r]	...	...	...
12 Outstanding collections and other claims	13,132	13,683	...	13,665	...	...	13,015	...	...	...
MEMO										
13 Customer liability on acceptances	8,655	7,854	...	7,493	...	...	7,605	...	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,623	26,073	n.a.	23,748	22,880	23,026	24,574[r]	23,154	27,532	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution, as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

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

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1990	1991	1992	1993 Dec.	1994 Mar.	June	Sept.[r]
1 **Total**	**206,903**	**195,302**	**195,119**	**195,180**	**193,306**	**185,359**	**190,159**
By borrower							
2 Maturity of one year or less	165,985	162,573	163,325	166,567	166,741	160,270	164,659
3 Foreign public borrowers	19,305	21,050	17,813	17,563	15,953	12,786	16,703
4 All other foreigners	146,680	141,523	145,512	149,004	150,788	147,484	147,956
5 Maturity of more than one year	40,918	32,729	31,794	28,613	26,565	25,089	25,500
6 Foreign public borrowers	22,269	15,859	13,266	10,813	9,260	8,056	7,379
7 All other foreigners	18,649	16,870	18,528	17,800	17,305	17,033	18,121
By area							
Maturity of one year or less							
8 Europe	49,184	51,835	53,300	56,432	58,919	51,037	57,719
9 Canada	5,450	6,444	6,091	7,545	7,272	8,258	7,202
10 Latin America and Caribbean	49,782	43,597	50,376	56,720	58,942	56,552	56,779
11 Asia	53,258	51,059	45,709	40,341	36,007	37,992	36,161
12 Africa	3,040	2,549	1,784	1,821	1,620	1,798	1,496
13 *All other*[3]	5,272	7,089	6,065	3,708	3,981	4,633	5,302
Maturity of more than one year							
14 Europe	3,859	3,878	5,367	4,404	3,840	3,327	3,609
15 Canada	3,290	3,595	3,287	2,553	2,548	2,451	2,607
16 Latin America and Caribbean	25,774	18,277	15,312	13,863	13,023	12,420	12,145
17 Asia	5,165	4,459	5,038	5,412	4,704	4,607	4,841
18 Africa	2,374	2,335	2,380	1,934	2,001	1,849	1,836
19 All other[3]	456	185	410	447	449	435	462

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

2. Maturity is time remaining to maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1990	1991	1992		1993				1994		
			Sept	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept
1 **Total**	**320.1**	**343.6**	**344.5**	**346.5**	**361.1[r]**	**377.1[r]**	**388.4[r]**	**404.1[r]**	**489.3[r]**	**493.9[r]**	**503.0[r]**
2 G-10 countries and Switzerland	132.2	137.6	136.0	132.9	142.5[r]	150.0	153.3	161.1[r]	178.1[r]	165.9[r]	184.0[r]
3 Belgium and Luxembourg	0	6.0	6.2	5.6	6.1	7.0	7.1	7.4	8.1[r]	8.8[r]	9.6[r]
4 France	10.4	11.0	15.3	15.3	13.5	14.0	12.3	11.7	16.4	18.8	19.3
5 Germany	10.6	8.3	10.9	9.3	9.9	10.8	12.4	12.6	28.7	24.4[r]	24.3
6 Italy	5.0	5.6	6.4	6.5	6.7	7.9	8.7	7.7[r]	15.5	14.0	11.6
7 Netherlands	.0	4.7	3.7	2.8	3.6	3.7	3.7	4.7	4.1	3.6	3.4
8 Sweden	2.2	1.9	2.2	2.3	3.0	2.5	2.5	2.5	2.8	2.9	2.6
9 Switzerland	4.4	3.4	5.2	4.8	5.3	4.7	5.6	5.9	6.3	6.5	6.2
10 United Kingdom	60.9	68.5	61.0	60.8	65.7	73.5	74.7	84.5	69.9[r]	57.7	81.1[r]
11 Canada	5.9	5.8	6.3	6.3	8.2	8.0	9.7	6.7[r]	7.6	9.5	9.8
12 Japan	24.0	22.6	18.9	19.3	20.4	17.9	16.8	17.4	18.7[r]	19.5[r]	16.0
13 Other industrialized countries	22.9	22.8	25.0	24.0	25.4	27.2	26.0	24.6	41.2	41.6[r]	41.5
14 Austria	1.4	.6	.7	1.2	1.2	1.3	.6	.4	1.0	1.0	1.0
15 Denmark	1.1	.9	1.5	9	8	1.0	1.1	1.0	1.1	1.1	.8
16 Finland	.7	.7	1.0	7	.7	.9	.6	.4	1.0	.8	.8
17 Greece	2.7	2.6	3.0	3.0	2.7	3.1	3.2	3.2	3.8	4.6	4.3
18 Norway	1.6	1.4	1.6	1.2	1.8	1.8	2.1	1.7	1.6	1.6	1.6
19 Portugal	.6	.6	.5	4	.7	.9	1.0	.8	1.2	1.1	1.0
20 Spain	8.3	8.3	9.7	8.9	9.5	10.5	9.3	8.9	12.3	11.7[r]	13.1[r]
21 Turkey	1.7	1.4	1.5	1.3	1.4	2.1	2.1	2.1	2.4	2.1	1.8
22 Other Western Europe	1.2	1.8	1.5	1.7	2.0	1.7	2.2	2.6	3.0	2.8	1.0
23 South Africa	1.8	1.9	1.7	1.7	1.6	1.3	1.2	1.1	1.2	1.2	1.2
24 Australia	1.8	2.7	2.3	2.9	2.9	2.5	2.8	2.3	12.7	13.7	15.0
25 OPEC[2]	12.8	14.5	15.9	16.1	16.6	15.7	14.8	16.7	22.5[r]	21.5	21.5
26 Ecuador	1.0	.7	.7	.6	6	.6	.5	.5	.5	.5	.4
27 Venezuela	5.0	5.4	5.4	5.2	5.1	5.5	5.4	5.1	4.7	4.4	3.9
28 Indonesia	2.7	2.7	3.0	3.0	3.1	3.1	2.8	3.2	3.4	3.2	3.2
29 Middle East countries	2.5	4.2	5.4	6.2	6.6	5.4	4.9	6.7	12.8	12.4	13.0
30 African countries	1.7	1.5	1.4	1.1	1.1	1.1	1.1	1.2	1.1[r]	1.1	1.0
31 Non-OPEC developing countries	65.4	63.9	72.8	72.1	74.4	76.7[r]	77.0	82.6[r]	93.5[r]	93.9	91.9
Latin America											
32 Argentina	5.0	4.8	6.2	6.6	7.1[r]	6.6	7.2	7.7	8.7	9.8	10.5
33 Brazil	14.4	9.6	10.8	10.8	11.6	12.3	11.7	12.0	12.5	11.8	9.1
34 Chile	3.5	3.6	4.2	4.4	4.6	4.6	4.7	4.7	5.1	5.1	5.4
35 Colombia	1.8	1.7	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.4	2.4
36 Mexico	13.0	15.5	17.1	16.0	16.8	16.8	17.5	17.7	18.7	18.3	19.5
37 Peru	.5	.4	.5	.5	4	4	.3	.4	.5	.6	.6
38 Other	2.3	2.1	2.5	2.6	2.7[r]	2.7	2.7[r]	3.0	2.7[r]	2.7	2.7
Asia											
China											
39 Peoples Republic of China	.2	.3	.3	.7	6	1.6	.5	2.0	8	.7	1.0
40 Republic of China (Taiwan)	3.5	4.1	5.0	5.2	5.3	5.9	6.4	7.3	7.5	7.1	6.9
41 India	3.3	3.0	3.6	3.2	3.1	3.1	2.9	3.2	3.6	3.7	3.9
42 Israel	5	.5	.4	.4	5	.4	.4	.5	.4	.4	.4
43 Korea (South)	6.2	6.8	7.4	6.6	6.5	6.9	6.5	6.7	13.9	14.1	13.9
44 Malaysia	1.9	2.3	3.0	3.1	3.4	3.7	4.1	4.4	5.2	5.2	3.9
45 Philippines	3.8	3.7	3.6	3.6	3.4	2.9	2.6	3.1	3.4	3.2	2.9
46 Thailand	1.5	1.7	2.2	2.2	2.2	2.4	2.8	3.1	2.9	3.3	3.4
47 Other Asia	1.7	2.0	2.7	2.7	2.7	2.6	3.0	2.9	3.1	3.5	3.6
Africa											
48 Egypt	4	.4	.3	.2	.2	.2	.2	.4	.4	.5	.3
49 Morocco	.8	.7	.6	.6	.5	.6	.6	.7[r]	.7	.7	.7
50 Zaire	.0	.0	.0	0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	.7	9	1.0	.8	9	.8	.8	1.0	.9	.9
52 Eastern Europe	2.3	2.4	3.1	3.1	2.9	3.2	3.0	3.1[r]	3.4[r]	3.0	3.4
53 Russia[4]	.2	.9	1.8	1.9	1.7	1.9	1.7	1.6	1.5	1.2	1.1
54 Yugoslavia[5]	1.2	.9	.7	.6	.6	.6	.6	.6	.5	.5	.5
55 Other	.9	7	7	.6	.7	.8[r]	.7	.9	1.4	1.4	1.9
56 Offshore banking centers	44.7	54.2	54.5	58.3	60.3[r]	58.0	67.9	72.5	78.3	76.6	77.8[r]
57 Bahamas	2.9	11.9	8.9	6.9	9.7	7.1	12.7	12.6	15.5[r]	13.6[r]	16.5[r]
58 Bermuda	4.4	2.3	3.8	6.2	4.1	4.5	5.5	8.1	8.4	6.1	5.3
59 Cayman Islands and other British West Indies	11.7	15.8	16.9	21.8	17.6	15.6	15.1	17.0[r]	17.2	20.0[r]	20.2[r]
60 Netherlands Antilles	7.9	1.2	.7	1.1	1.6	2.5	2.8	2.3	2.7	2.4	1.7
61 Panama[6]	1.4	1.4	2.0	1.9	2.0	2.1	2.1	2.4	2.0	1.9	1.8
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	14.4	15.2	13.8	16.7	16.9	19.1	18.7	19.7	21.8	20.3
64 Singapore	6.6	7.1	6.8	6.5	8.4	9.3	10.4	11.2	12.7	10.7[r]	11.8[r]
65 Other[7]	.0	.0	.0	.0	.0	.0	.0	.1	.0	.0	.1
66 Miscellaneous and unallocated[8]	39.9	48.0	36.8	39.7	38.8	46.2	46.3	43.3	72.0	91.0	82.6[r]

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of *U.S. depository institutions as well as some types of brokers and dealers. To eliminate* 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.

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

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. As of December 1992, excludes Croatia, Bosnia and Hercegovina, and Slovenia.

6. Includes Canal Zone.

7. *Foreign branch claims only.*

8. 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 of liability, and area or country	1990	1991	1992	1993			1994		
					June	Sept.	Dec.	Mar.	June	Sept.[p]
1	**Total**	**46,043**	**44,708**	**45,331**	**46,502**	**48,513**	**49,645**	**51,728**	**55,265**	**56,377**
2	Payable in dollars	40,786	39,029	37,276	36,988	39,270	38,361	38,074	42,463	41,900
3	Payable in foreign currencies	5,257	5,679	8,055	9,514	9,243	11,284	13,654	12,802	14,477
	By type									
4	Financial liabilities	21,066	22,518	23,661	25,100	26,731	28,254	30,111	33,226	35,148
5	Payable in dollars	16,979	18,104	16,780	16,935	18,705	18,175	18,481	22,424	22,553
6	Payable in foreign currencies	4,087	4,414	6,881	8,165	8,026	10,079	11,630	10,802	12,595
7	*Commercial liabilities*	24,977	22,190	21,670	21,402	21,782	21,391	21,617	22,039	21,229
8	Trade payables	10,683	9,252	9,566	9,358	9,215	8,787	8,944	9,855	9,504
9	Advance receipts and other liabilities	14,294	12,938	12,104	12,044	12,567	12,604	12,673	12,184	11,725
10	Payable in dollars	23,807	20,925	20,496	20,053	20,565	20,186	19,593	20,039	19,347
11	Payable in foreign currencies	1,170	1,265	1,174	1,349	1,217	1,205	2,024	2,000	1,882
	By area or country									
	Financial liabilities									
12	Europe	10,978	12,003	13,207	14,199	16,445	18,185	20,293	23,564	23,120
13	Belgium and Luxembourg	394	216	414	268	278	175	525	503	650
14	France	975	2,106	1,623	2,219	2,077	2,326	2,589	1,590	2,241
15	Germany	621	682	889	863	855	975	1,214	939	1,467
16	Netherlands	1,081	1,056	606	585	573	534	564	533	648
17	Switzerland	545	408	569	491	378	634	1,200	631	633
18	United Kingdom	6,357	6,528	8,430	9,118	11,694	12,925	13,595	18,151	16,166
19	Canada	229	292	544	493	663	859	508	698	618
20	Latin America and Caribbean	4,153	4,784	4,053	4,199	3,719	3,359	3,553	3,282	3,159
21	Bahamas	371	537	379	476	1,301	1,148	1,157	1,052	1,112
22	Bermuda	0	114	114	124	114	0	120	115	15
23	Brazil	0	6	19	18	18	18	18	18	7
24	British West Indies	3,160	3,524	2,850	2,901	1,600	1,533	1,613	1,454	1,364
25	Mexico	5	7	12	11	15	17	14	13	15
26	Venezuela	4	4	6	5	5	5	5	5	5
27	Asia[2]	5,295	5,381	5,818	6,039	5,754	5,689	5,601	5,643	8,099
28	Japan	4,065	4,116	4,750	4,857	4,725	4,620	4,589	4,709	6,897
29	Middle Eastern oil-exporting countries[3]	5	13	19	19	23	23	24	24	31
30	Africa	2	6	6	130	132	133	133	9	133
31	Oil-exporting countries[4]	0	4	0	123	124	123	124	0	123
32	All other[5]	409	52	33	40	18	29	23	30	19
	Commercial liabilities									
33	Europe	10,310	8,701	7,398	6,804	7,048	6,830	6,545	6,903	6,830
34	Belgium and Luxembourg	275	248	298	269	257	239	252	254	287
35	France	1,218	1,039	700	774	642	654	553	711	741
36	Germany	1,270	1,052	729	603	571	684	577	669	551
37	Netherlands	844	710	535	576	600	688	628	642	648
38	Switzerland	775	575	350	441	536	375	387	472	390
39	United Kingdom	2,792	2,297	2,505	2,186	2,319	2,051	2,155	2,309	2,349
40	Canada	1,261	1,014	1,002	939	845	881	1,037	1,062	1,061
41	Latin America and Caribbean	1,672	1,355	1,533	1,824	1,754	1,663	1,907	2,004	1,784
42	Bahamas	12	3	3	6	4	21	8	2	6
43	Bermuda	538	310	307	356	340	348	493	416	198
44	Brazil	145	219	209	226	214	216	211	217	148
45	British West Indies	30	107	33	16	35	26	19	23	32
46	Mexico	475	307	457	658	576	483	556	705	670
47	Venezuela	130	94	142	172	173	126	150	194	192
48	Asia[2]	9,483	9,334	10,594	10,518	10,915	10,961	10,904	10,898	10,427
49	Japan	3,651	3,721	3,612	3,390	3,726	4,310	4,612	4,385	4,231
50	Middle Eastern oil-exporting countries[3]	2,016	1,498	1,889	1,815	1,968	1,526	1,533	1,813	1,675
51	Africa	844	715	568	665	641	464	490	523	482
52	Oil-exporting countries[4]	422	327	309	378	320	171	199	247	271
53	Other[5]	1,406	1,071	575	652	579	592	734	649	645

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p 550.
2. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria
5. 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 of claim, and area or country	1990	1991	1992	1993			1994		
				June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**35,348**	**45,262**	**45,073**	**45,680**	**46,002**	**48,853**	**48,849**	**50,664**	**49,046**
2 Payable in dollars	32,760	42,564	42,281	42,245	42,314	45,523	45,312	47,028	45,750
3 Payable in foreign currencies	2,589	2,698	2,792	3,435	3,688	3,330	3,537	3,636	3,296
By type									
4 Financial claims	19,874	27,882	26,509	25,632	26,902	28,537	28,607	29,706	27,782
5 Deposits	13,577	20,080	17,695	14,298	14,512	16,815	16,943	17,449	17,563
6 Payable in dollars	12,552	19,080	16,872	13,329	13,503	16,041	16,117	16,598	16,914
7 Payable in foreign currencies	1,025	1,000	823	969	1,009	774	826	851	649
8 Other financial claims	6,297	7,802	8,814	11,334	12,390	11,722	11,664	12,257	10,219
9 Payable in dollars	5,280	6,910	7,890	10,185	11,282	10,641	10,575	11,163	9,274
10 Payable in foreign currencies	1,017	892	924	1,149	1,108	1,081	1,089	1,094	945
11 Commercial claims	15,475	17,380	18,564	20,048	19,100	20,316	20,242	20,958	21,264
12 Trade receivables	13,657	14,468	16,007	17,565	16,122	17,372	17,404	18,187	18,542
13 Advance payments and other claims	1,817	2,912	2,557	2,483	2,978	2,944	2,838	2,771	2,722
14 Payable in dollars	14,927	16,574	17,519	18,731	17,529	18,841	18,620	19,267	19,562
15 Payable in foreign currencies	548	806	1,045	1,317	1,571	1,475	1,622	1,691	1,702
By area or country									
Financial claims									
16 Europe	9,645	13,441	9,331	9,745	8,376	8,136	7,545	8,093	8,000
17 Belgium and Luxembourg	76	13	8	74	70	131	122	83	114
18 France	371	269	764	781	708	785	753	859	825
19 Germany	367	283	326	383	362	452	419	407	331
20 Netherlands	265	334	515	500	485	502	503	480	503
21 Switzerland	357	581	490	494	512	515	520	495	747
22 United Kingdom	7,971	11,534	6,252	6,579	5,230	4,608	4,136	4,696	4,416
23 Canada	2,934	2,642	1,833	2,034	2,103	2,206	2,573	3,547	3,126
24 Latin America and Caribbean	6,201	10,717	13,893	10,095	12,965	15,834	15,363	15,393	14,019
25 Bahamas	1,090	827	778	827	980	968	1,157	1,187	1,005
26 Bermuda	3	8	40	258	197	125	34	65	52
27 Brazil	68	351	686	590	590	599	567	370	341
28 British West Indies	4,635	9,056	11,747	7,484	10,000	12,807	12,463	12,940	11,786
29 Mexico	177	212	445	665	882	865	782	507	453
30 Venezuela	25	40	29	24	25	161	26	33	32
31 Asia	860	640	864	3,016	2,754	1,785	2,646	2,209	2,154
32 Japan	523	350	668	2,485	2,213	1,047	1,782	1,351	662
33 Middle Eastern oil-exporting countries[2]	8	5	3	10	5	3	5	2	19
34 Africa	37	57	83	125	88	99	76	74	87
35 Oil-exporting countries[3]	0	1	9	1	1	1	0	1	1
36 All other[4]	195	385	505	617	616	477	404	390	396
Commercial claims									
37 Europe	7,044	8,193	8,451	9,083	8,201	8,897	8,534	8,726	8,604
38 Belgium and Luxembourg	212	194	189	173	163	184	173	179	172
39 France	1,240	1,585	1,537	1,511	1,438	1,941	1,817	1,761	1,759
40 Germany	807	955	933	1,046	935	999	923	920	861
41 Netherlands	555	645	552	565	410	417	351	288	323
42 Switzerland	301	295	362	442	376	424	404	675	532
43 United Kingdom	1,775	2,086	2,094	2,561	2,287	2,268	2,219	2,338	2,377
44 Canada	1,074	1,121	1,286	1,359	1,360	1,355	1,440	1,451	1,486
45 Latin America and Caribbean	2,375	2,655	3,043	3,456	3,071	3,210	3,505	3,809	3,857
46 Bahamas	14	13	28	17	20	11	12	17	33
47 Bermuda	246	264	255	239	225	173	210	285	236
48 Brazil	326	427	357	788	407	462	422	494	470
49 British West Indies	40	41	40	43	39	70	58	66	48
50 Mexico	661	842	924	913	866	946	986	1,000	1,043
51 Venezuela	192	203	345	317	286	295	291	303	384
52 Asia	4,127	4,591	4,866	5,220	5,538	5,836	5,772	6,041	6,359
53 Japan	1,460	1,899	1,903	1,885	2,519	2,154	2,339	2,327	2,437
54 Middle Eastern oil-exporting countries[2]	460	620	693	673	456	709	656	601	606
55 Africa	488	430	554	516	493	513	512	483	456
56 Oil-exporting countries[3]	67	95	78	99	107	84	101	90	68
57 Other[4]	367	390	364	414	437	505	479	448	502

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol 65 (July 1979), 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

Transaction, and area or country	1993	1994	1994 Jan.–Dec.	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	319,728	355,264	355,264	28,273	24,332	29,312	28,849	27,794	28,728	28,223
2 Foreign sales	298,145	352,654	352,654	30,249	25,174	26,400	30,431	29,841	27,656	30,172
3 Net purchases, or sales (−)	**21,583**	**2,610**	**2,610**	**−1,976**	**−842**	**2,912**	**−1,582**	**−2,047**	**1,072**	**−1,949**
4 Foreign countries	**21,311**	**2,600**	**2,600**	**−1,967**	**−846**	**2,914**	**−1,596**	**−2,079**	**1,049**	**−1,951**
5 Europe	10,665	6,597	6,597	−378	−291	1,424	−1,198	−1,394	216	−1,445
6 France	−103	−216	−216	−241	−68	−22	−63	−198	−25	−117
7 Germany	1,647	2,362	2,362	119	56	73	−104	−158	−57	−159
8 Netherlands	−600	1,851	1,851	89	357	266	−134	316	264	211
9 Switzerland	2,986	30	30	74	82	136	−104	−655	−555	10
10 United Kingdom	4,560	642	642	−322	−830	866	−641	−557	565	−1,256
11 Canada	−3,213	−1,109	−1,109	−529	−313	−366	57	−416	−116	157
12 Latin America and Caribbean	5,724	−1,601	−1,601	−839	−476	989	−625	−516	673	−565
13 Middle East[1]	−328	−1,076	−1,076	−111	−94	−281	−431	−75	1	−85
14 Other Asia	8,198	−1,040	−1,040	−219	280	1,031	589	335	273	−149
15 Japan	3,825	1,284	1,284	171	555	1,132	761	251	272	−171
16 Africa	63	30	30	6	−7	0	10	12	−4	−25
17 Other countries	202	799	799	103	55	117	2	−25	6	161
18 Nonmonetary international and regional organizations	**272**	**10**	**10**	**−9**	**4**	**−2**	**14**	**32**	**23**	**2**
BONDS[2]										
19 Foreign purchases	283,946	291,771	291,771	31,875	25,166	22,963	19,131	20,204	22,169	18,939
20 Foreign sales	217,932	230,888	230,888	21,123	18,898	15,686	17,540	16,304	15,306	14,745
21 Net purchases, or sales (−)	**66,014**	**60,883**	**60,883**	**10,752**	**6,268**	**7,277**	**1,591**	**3,900**	**6,863**	**4,194**
22 Foreign countries	**65,476**	**59,948**	**59,948**	**10,624**	**5,883**	**7,344**	**1,574**	**3,901**	**6,879**	**3,854**
23 Europe	22,586	38,197	38,197	6,031	4,531	5,152	2,406	3,546	4,401	2,704
24 France	2,346	243	243	47	21	−18	−16	105	−106	4
25 Germany	885	647	647	52	52	34	−355	449	200	451
26 Netherlands	−290	3,018	3,018	868	29	610	−64	125	344	28
27 Switzerland	−627	1,156	1,156	144	−192	−9	292	4	489	117
28 United Kingdom	19,686	32,212	32,212	5,624	4,409	4,497	1,997	1,475	3,137	1,741
29 Canada	1,668	3,018	3,018	422	625	519	194	460	201	462
30 Latin America and Caribbean	15,697	5,081	5,081	1,553	−527	−81	−1,852	−981	1,290	694
31 Middle East[1]	3,257	750	750	339	375	157	−76	56	−86	−176
32 Other Asia	20,846	12,171	12,171	2,263	766	1,558	857	745	1,079	146
33 Japan	11,569	5,431	5,431	1,396	712	763	340	375	445	−277
34 Africa	1,149	44	44	9	−23	18	2	20	−4	8
35 Other countries	273	687	687	7	136	21	43	55	−2	16
36 Nonmonetary international and regional organizations	**538**	**935**	**935**	**128**	**385**	**−67**	**17**	**−1**	**−16**	**340**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−63,287	−47,071	−47,071	−6,715	−3,093	−4,568	679	−4,372[r]	−2,546	−2,017
38 Foreign purchases	245,561	384,025	384,025	31,098	29,291	30,534	37,367	29,813[r]	28,230	25,666
39 Foreign sales[3]	308,848	431,096	431,096	37,813	32,384	35,102	36,688	34,185[r]	30,776	27,683
40 Bonds, net purchases, or sales (−)	−70,136	−20,272	−20,272	427	−2,282	861	−1,150	−4,638[r]	−2,862	1,206
41 Foreign purchases	828,922	904,587	904,587	71,762	59,351	67,288	78,604	66,413[r]	66,459	68,804
42 Foreign sales	899,058	924,859	924,859	71,335	61,633	66,427	79,754	71,051[r]	69,321	67,598
43 Net purchases, or sales (−), of stocks and bonds	**−133,423**	**−67,343**	**−67,343**	**−6,288**	**−5,375**	**−3,707**	**−471**	**−9,010[r]**	**−5,408**	**−811**
44 Foreign countries	**−133,584**	**−67,863**	**−67,863**	**−6,281**	**−5,557**	**−3,890**	**56**	**−8,860[r]**	**−5,361**	**−1,566**
45 Europe	−90,005	−9,719	−9,719	4,268	−2,490	−174	−2,931	−4,891[r]	−906	−654
46 Canada	−14,997	−7,319	−7,319	−769	−2,041	−600	865	−814[r]	−910	1,679
47 Latin America and Caribbean	−9,229	−22,350	−22,350	−4,997	−1,437	−2,287	4,819	−1,481[r]	−2,296	−510
48 Asia	−15,300	−23,457	−23,457	−4,309	339	−321	−1,913	−1,503[r]	454	−2,070
49 Africa	−185	−875	−875	−45	29	48	−22	−73	−519	−96
50 Other countries	−3,868	−4,143	−4,143	−429	43	−556	−762	−98	−1,184	85
51 Nonmonetary international and regional organizations	**161**	**520**	**520**	**−7**	**182**	**183**	**−527**	**−150**	**−47**	**755**

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

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

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1993	1994	1994 Jan.–Dec.	1994 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total estimated**	**23,451**	**77,648**	**77,648**	**−5,353**	**1,710**	**15,160**	**11,085**	**10,587[r]**	**13,106**	**11,549**
2 Foreign countries	23,225	77,667	77,667	−4,901	2,043	14,744	11,163	9,492[r]	13,069	11,898
3 Europe	2,403	38,418	38,418	2,702	4,891	8,274	3,922	−1,430	7,780	8,224
4 Belgium and Luxembourg	1,218	1,053	1,053	−170	−78	529	15	32	19	430
5 Germany	−9,975	6,669	6,669	143	714	1,795	−243	254	924	725
6 Netherlands	515	1,412	1,412	560	120	15	−68	954	2	156
7 Sweden	1,421	794	794	257	100	−158	105	−37	211	61
8 Switzerland	−1,501	395	395	158	−416	−259	441	718	−1,512	656
9 United Kingdom	6,167	22,657	22,657	−5,562	4,820	5,361	3,522	−1,822	7,728	6,196
10 Other Europe and former U.S.S.R.	782	5,438	5,438	1,912	−369	1,021	180	−93	412	0
11 Canada	10,309	3,178	3,178	−11	2,937	1,888	1,515	−420	−1,352	−557
12 Latin America and Caribbean	−4,572	−9,845	−9,845	−7,080	−7,273	−2,310	−666	6,680[r]	713	984
13 Venezuela	390	−270	270	−9	17	132	19	7	43	91
14 Other Latin America and Caribbean	5,806	−20,048	−20,048	−6,744	−7,663	3,172	1,487	−449[r]	2,086	80
15 Netherlands Antilles	844	10,473	10,473	−327	373	−5,350	2,172	7,122	2,756	813
16 Asia	20,581	46,247	46,247	5,128	2,522	5,987	6,761	4,386	4,942	3,642
17 Japan	17,070	29,584	29,584	5,099	−812	3,681	3,210	2,190	4,551	2,067
18 Africa	1,156	240	240	16	5	80	200	135	−11	58
19 Other	1,846	571	571	−252	−1,039	825	−569	141	997	−453
20 Nonmonetary international and regional organizations	226	19	−19	−452	−333	416	78	1,095	37	−349
21 International	−279	108	108	−395	−425	317	−65	1,074	73	−268
22 Latin American regional	654	75	75	54	23	−4	−1	6	4	−3
MEMO										
23 Foreign countries	23,225	77,667	77,667	−4,901	2,043	14,744	11,163	9,492[r]	13,069	11,898
24 Official institutions	1,322	41,438	41,438	2,679	4,897	9,216	4,688	2,841[r]	2,646	580
25 Other foreign[2]	21,903	36,229	36,229	−7,580	−2,854	5,528	6,475	6,651[r]	10,423	11,318
Oil-exporting countries										
26 Middle East[2]	−8,836	21	21	−495	12	621	3	445	623	−405
27 Africa[3]	−5	0	0	0	0	1	0	0	0	−1

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

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

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

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Feb. 28, 1995		Country	Rate on Feb. 28, 1995		Country	Rate on Feb. 28, 1995	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.5	May 1994	Germany	4.5	May 1994	Norway	4.75	Feb 1994
Belgium	4.5	May 1994	Italy	8.25	Feb. 1995	Switzerland	3.5	Apr. 1994
Canada	8.38	Feb. 1995	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	5.0	May 1994	Netherlands	4.5	May 1994			
France[2]	5.0	July 1994						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for 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 that the central bank transacts the largest proportion of its credit operations.

2. *Since February 1981, the rate has been that at which the Bank of France discounts* Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1992	1993	1994	1994					1995	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Eurodollars	3.70	3.18	4.63	4.80	5.01	5.52	5.78	6.27	6.23	6.14
2 United Kingdom	9.56	5.88	5.45	5.47	5.65	5.83	5.98	6.30	6.50	6.68
3 Canada	6.76	5.14	5.57	5.71	5.61	5.56	5.77	6.75	7.86	8.14
4 Germany	9.42	7.17	5.25	4.89	4.95	5.12	5.10	5.29	5.04	5.00
5 Switzerland	7.67	4.79	4.03	4.21	4.00	4.02	3.86	4.07	3.95	3.77
6 Netherlands	9.25	6.73	5.09	4.88	4.98	5.12	5.15	5.35	5.09	5.03
7 France	10.14	8.30	5.72	5.46	5.50	5.52	5.49	5.82	5.76	5.70
8 Italy	13.91	10.09	8.45	8.88	8.68	8.80	8.72	8.98	9.10	9.07
9 Belgium	9.31	8.10	5.65	5.47	5.34	5.15	5.09	5.42	5.29	5.33
10 Japan	4.39	2.96	2.24	2.28	2.31	2.33	2.33	2.34	2.31	2.27

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1992	1993	1994	1994				1995	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Australia/dollar[2]	73 521	67.993	73.161	74.200	73.787	75.492	77.389	76.469	74.473
2 Austria/schilling	10.992	11.639	11.409	10.904	10.695	10.838	11.063	10.769	10.573
3 Belgium/franc	32.148	34.581	33.426[r]	31.895[r]	31.284	31.694	32.329	31.542	30.908
4 Canada/dollar	1.2085	1.2902	1.3664	1 3540	1.3503	1.3647	1.3893	1.4132	1.4005
5 China, P.R./yuan	5.5206	5.7795	8.6295	8.5581	8.5492	8.5370	8.3833	8.4608	8.4553
6 Denmark/krone	6 0372	6.4863	6.3561	6.1038	5.9479	6.0268	6.1614	6.0311	5.9302
7 Finland/markka	4.4865	5.7251	5.2340	4.9689	4.6866	4.7388	4.8590	4.7505	4.6547
8 France/franc	5.2935	5.6669	5.5459	5.2975	5.2025	5.2867	5.4132	5.2912	5.2252
9 Germany/deutsche mark	1.5618	1.6545	1.6216	1.5491	1.5195	1.5396	1.5716	1.5302	1.5022
10 Greece/drachma	190.81	229.64	242.50	235 98	233.06	237.38	242.96	238.21	236.17
11 Hong Kong/dollar	7.7402	7.7357	7.7290	7 7275	7.7276	7.7306	7.7379	7.7439	7.7314
12 India/rupee	28.156	31.291	31.394	31 372	31.373	31.394	31.389	31.374	31.380
13 Ireland/pound[2]	170.42	146.47	149.69	154 61	158.64	156.39	153.36	155.67	156.20
14 Italy/lira	1,232.17	1,573 41	1,611.49	1,565.79	1,548.29	1,583.81	1,633.71	1,611.53	1,620.58
15 Japan/yen	126.78	111 08	102.18	98.77	98.35	98.04	100.18	99.72	98.24
16 Malaysia/ringgit	2.5463	2.5738	2.6237	2.5575	2.5589	2.5604	2.5626	2.5556	2.5526
17 Netherlands/guilder	1.7587	1.8585	1.8190	1.7372	1.7028	1.7261	1.7601	1.7159	1.6844
18 New Zealand/dollar[2]	53.792	54.127	59.358	60.297	60.898	62.093	63.726	64.018	63.448
19 Norway/krone	6.2142	7.1009[r]	7.0553	6.7961	6.6166	6.7297	6.8561	6.6968	6.5974
20 Portugal/escudo	135.07	161.08	165.93	157.91	155.26	157.27	161.21	157.86	155.36
21 Singapore/dollar	1.6294	1.6158	1.5275	1.4885	1.4761	1.4682	1.4657	1.4532	1.4541
22 South Africa/rand	2.8524	3.2729	3.5526[r]	3.5570	3.5420	3.5256	3.5614[r]	3.5404	3.5629
23 South Korea/won	784.66	805.75	806.93	803.69	801.98	799.46	794.81	793.08	793.19
24 Spain/peseta	102.38	127.48	133.88[r]	128.60[r]	126.34	128.34	132.31	132.62	130.52
25 Sri Lanka/rupee	44.013	48.211	49.170	49.260	49.112	49.163	49.531	49.870	49.895
26 Sweden/krona	5.8258	7.7956	7.7161	7 5227	7.2631	7.3637	7.5161	7.4774	7.3914
27 Switzerland/franc	1.4064	1.4781	1.3667	1.2892	1.2648	1.2956	1.3289	1.2863	1.2715
28 Taiwan/dollar	25.160	26.416	26.465[r]	26.210	26.132	26.188	26.381[r]	26.300	26.339
29 Thailand/baht	25 411	25.333	25.161	24.968	25.001	24.992	25.109	25.133	25.020
30 United Kingdom/pound[2]	176.63	150.16	153.19	156.61	160.64	158.92	155.87	157.46	157.20
MEMO									
31 United States/dollar[3]	86.61	93.18	91.32	88.08[r]	86.66	87.71	89.64	88.29	87.29

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

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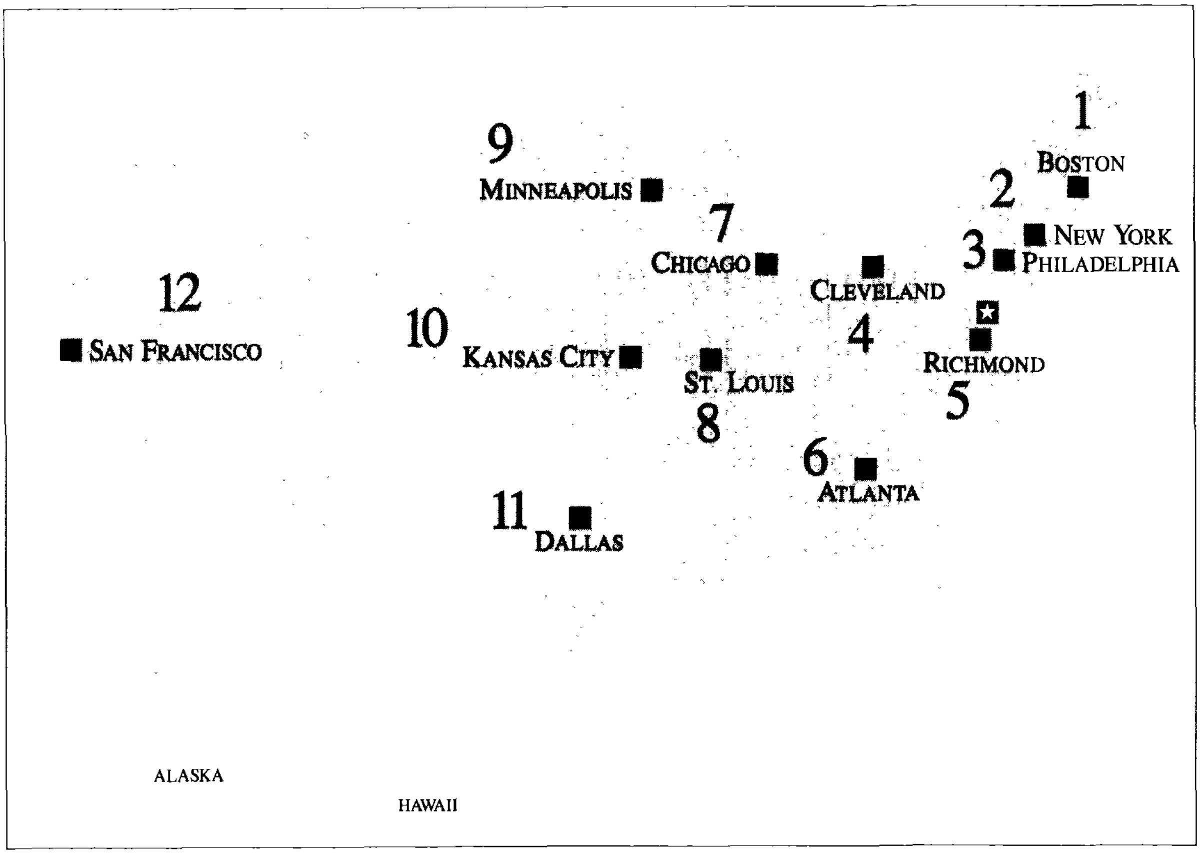

LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

— Branch boundary

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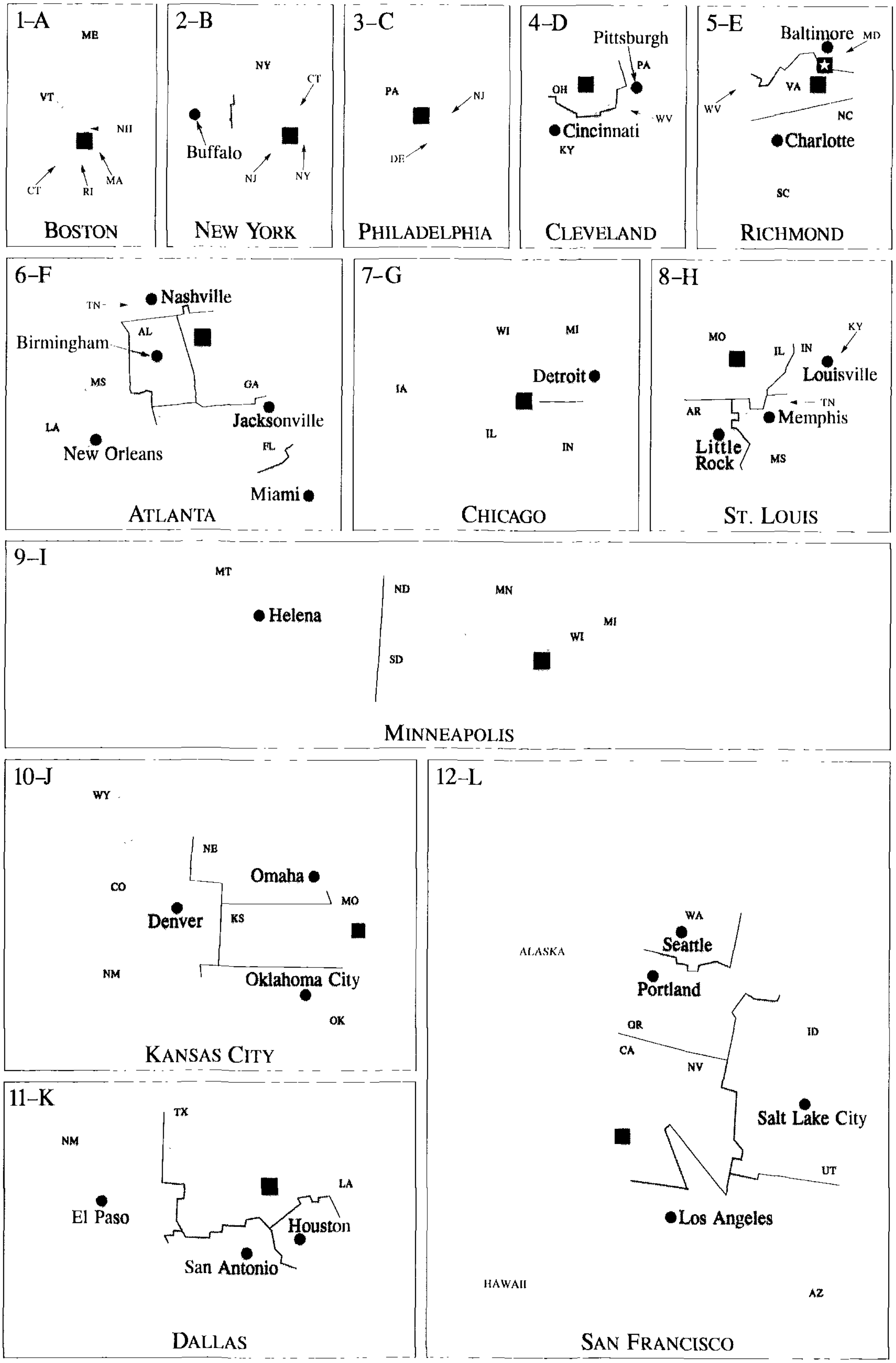
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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