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Monetary Policy Report to the Congress

Report submitted to the Congress on July 20, 1994, pursuant to the Full Employment and Balanced Growth Act of 1978[1]

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1994 AND 1995

The favorable performance of the U.S. economy continued in the first half of 1994. Economic activity advanced at a brisk pace, building on the substantial gains in late 1993, and broad measures of inflation moved still lower. Unemployment declined and industrial capacity utilization rose, substantially reducing the remaining slack in resource use.

In this context, monetary policy has been directed this year at heading off a buildup of inflationary pressures that could jeopardize the continuation of the economic expansion. To do so, the Federal Reserve has had to move away from its highly accommodative policy stance of recent years. That stance had been adopted to counteract unusual restraint on domestic spending associated in large part with the efforts of both borrowers and lenders to strengthen their financial condition. Data available in late 1993 and early 1994 suggested that the restraint on spending had dissipated and that the economic expansion had become strong and self-sustaining. Against this background, the Federal Reserve has firmed money market conditions in four steps this year.

Despite disruptions caused by severe winter storms, real gross domestic product (GDP) rose at an annual rate of 3½ percent in the first quarter, and available indicators point to another sizable gain in the second quarter. Business fixed investment has continued to grow rapidly this year, as firms have sought to improve efficiency by installing state-of-the-art equipment; rising utilization rates have spurred interest in expansion of capacity as well. Consumer outlays have trended higher this year, buoyed by the considerable gains in income and an increased willingness to borrow or use savings; lately, though, spending growth appears to have moderated somewhat. The rise in long-term interest rates that began last fall has damped the growth of housing activity this year, but the effect has been relatively mild, in part because homes remain quite affordable by the standards of the past two decades. In the labor market, the employment gains during the first half of this year were substantially more rapid than those in 1993, and the unemployment rate has continued to move lower.

Inflation generally was moderate during the first half of 1994. Retail food and energy prices changed little, on balance, over the period, holding the rise in the consumer price index (CPI) to 2½ percent at an annual rate. At the same time, the prices of a wide range of materials used in manufacturing and construction have been boosted considerably by strong demand and the resulting higher rates of resource utilization. Looking ahead, retail energy prices likely will rise over the summer, pushed up by the rebound in crude oil prices in recent months; in addition, the decline in the dollar since the beginning of the year, if not reversed, probably will exert some upward pressure on prices.

The Federal Reserve's policy actions this year have raised the federal funds rate to around 4¼ percent, from 3 percent, and have boosted the discount rate to 3½ percent, also from 3 percent. Other market interest rates have risen 1¼ to 1¾ percentage points since the beginning of the year. Increases in intermediate- and long-term rates have been unusually large relative to the adjustment of short-term rates, reflecting stronger-than-anticipated economic growth and market expectations of greater inflationary pressures as well as actual and expected tightening actions by the Federal Reserve to contain those pressures. On occasion, the declining value of the dollar also appeared to contribute

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

to higher yields. Markets have been volatile at times this year as investors have adjusted to a changing economic and policy outlook. The uncertain conditions encouraged investors to try to reduce their risk exposure, and the associated attempts to make large shifts in portfolios over short periods seemed to add to the upward pressure on long-term rates at times.

Despite the rise in U.S. interest rates, the dollar has declined considerably this year, with its trade-weighted foreign exchange value against the Group of Ten (G-10) countries falling about 8 percent. Rising long-term interest rates abroad, associated with brighter prospects for economic growth, tended to offset the effect on the dollar of higher U.S. rates. Moreover, other factors, including diminished hopes for a prompt resolution of trade tensions with Japan and market concerns about future inflation in the United States, fostered downward pressure on the dollar. This pressure was especially intense in late April and early May and again in the second half of June and first half of July. The U.S. Treasury and the Federal Reserve made substantial dollar purchases on three occasions during these periods to deal with volatile trading conditions and movements in the dollar judged to be inconsistent with economic fundamentals. Other governments shared the concern of U.S. officials, and the more recent operations were coordinated with the monetary authorities of a large number of other countries, including the other members of the Group of Seven (G-7).

The strength of spending and a renewed willingness to use and extend credit contributed to a pickup in borrowing by households and businesses in the second half of last year, and this trend extended into the first half of 1994. However, the composition of borrowing has been affected by financial market conditions. Rising and more volatile long-term interest rates have encouraged businesses to rely more heavily on sources of shorter-term financing, such as finance companies and banks, and have prompted households to shift to adjustable rate mortgages. Banks, which had been hampered by balance sheet problems of their own in recent years, sought business and household loans more aggressively by continuing to ease credit standards and the nonprice terms of lending. Total commercial bank credit has increased moderately this year, and thrift institution credit, which contracted sharply between 1989 and 1993, appears to have expanded a bit. In contrast to the strength of private borrowing, the growth of federal government debt has slowed this year, reflecting the subdued growth of expenditures and sharply higher tax receipts associated with fiscal policy actions and the robust economy. As a result, the total debt of the domestic nonfinancial sectors expanded at about a 5¼ percent annual rate from the fourth quarter of 1993 through May, close to its pace over the second half of last year and well within its monitoring range of 4 to 8 percent.

Growth of the broad money aggregates has not kept pace with that of nominal GDP again this year. M2 increased at about a 1¼ percent annual rate from the fourth quarter of last year through June, while M3 fell slightly, placing these aggregates around the lower bounds of their respective annual growth ranges. In the usual pattern, increases in rates on retail deposits and on money market mutual funds have lagged the rise in market interest rates, inducing a redirection of savings from M2 into market instruments and boosting M2 velocity. With returns on interest-paying checking accounts virtually unchanged, compensating balance requirements for demand deposits reduced by rising rates, and transactions balances also depressed by several special influences, M1 growth this year has slowed to less than half its rate of advance in 1993; through June, this aggregate had expanded at about a 4 percent annual rate since the fourth quarter of last year. Owing to the anemic expansion of transactions deposits, total reserves fell slightly over the first half of the year. Only continued strong demand for currency, much of which reflected use abroad, has supported growth of M1 and the monetary base.

In contrast to 1992 and 1993, shifts into bond and stock mutual funds were not a major factor in the rise in M2 velocity this year. Falling securities prices created capital losses for bond and equity mutual funds, prompting some fund holders to reevaluate the risks and prospective returns of such investments. Bond mutual funds experienced outflows this spring, and a portion of the proceeds was directed to less-risky money market mutual funds, thus elevating M2 for a time. Even with more subdued moves in securities prices since the late spring, many small investors have retained a more cautious view of the possible risks and rewards of holding capital market instruments, and total inflows to bond and stock mutual funds have remained considerably weaker than in the past few years. The effect of these slower flows on M2 has been offset by shifts into direct holdings of market instruments, such as Treasury bills. As a consequence, the sum of M2 and household holdings of bond and stock mutual funds has decelerated sharply this year.

1. Ranges for growth of monetary and credit aggregates[1]
Percent

Aggregate	1993	1994	Provisional for 1995
M2	1–5	1–5	1–5
M3	0–4	0–4	0–4
Debt[2]	4–8	4–8	3–7

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Monitoring range for debt of domestic nonfinancial sectors.

Money and Debt Ranges for 1994 and 1995

At its July 1994 meeting, the Federal Open Market Committee reviewed the annual ranges for money growth for 1994 that it had established in February. In light of the experience of the first half of the year and the likelihood that funds would continue to be diverted from deposits to higher-yielding market instruments, the Committee expected a substantial increase in the level of M2 velocity over 1994. M3 velocity also was seen as likely to rise quite sharply, given the funding patterns of depository institutions, which had been favoring sources of funds not included in M3, such as capital and borrowing from overseas offices. As a consequence, the Committee continued to expect that money growth within, though perhaps toward the lower end of, the ranges of 1 percent to 5 percent for M2 and 0 percent to 4 percent for M3 would be consistent with its broader objective of fostering financial conditions that would sustain economic expansion and contain price pressures. It therefore voted to retain these ranges for 1994 (table 1). With little information to suggest any new trends in velocity for 1995, the Committee chose simply to carry forward the 1994 ranges for M2 and M3 as provisional ranges for those aggregates for 1995. The Committee noted that these ranges, especially that for M2, provided an indication of the longer-run growth of this aggregate that might be expected with the attainment of reasonable price stability and a return to the past pattern of velocity fluctuating around a constant long-run level. Considerable uncertainty about the behavior of velocity is likely to persist, however, and the Committee will continue to monitor a broad range of financial and economic indicators in addition to the monetary aggregates when determining the appropriate stance of policy.

The Committee also decided to retain its current monitoring range of 4 percent to 8 percent for growth of the debt aggregate during 1994. With debt expanding at a rate close to that of nominal income, the Committee's expectation for the growth of nominal GDP for the year suggested that the debt aggregate would finish the year comfortably within this range. However, the Committee expected that in 1995, macroeconomic performance consistent with sustainable expansion would involve some slowing of the growth of nominal spending and moderate growth of debt; indeed, rapid credit growth might suggest the possibility of a borrow-and-spend psychology typical of strengthening inflation. Consequently, the Committee voted to set a provisional monitoring range for debt growth for 1995 of 3 percent to 7 percent, a reduction of 1 percentage point at each end of the range.

Economic Projections for 1994 and 1995

The members of the Board of Governors and the Reserve Bank presidents, all of whom participate in the deliberations of the Federal Open Market Committee, generally anticipate that the growth of real GDP will moderate during the second half of this year and into 1995 from the unsustainable pace in recent quarters (table 2). Employment gains through the end of 1995 are expected to roughly balance the net flow of individuals into the labor force, leaving the unemployment rate about unchanged from its average level in the second quarter of this year. Inflation is expected to pick up a little over the next year and one-half.

The forecasts of the Board members and Reserve Bank presidents for economic growth in 1994 are quite close to those made in February. Most continue to expect that real GDP will rise 3 percent to

2. Economic projections for 1994 and 1995

Percent

Measure	FOMC members and nonvoting Reserve Bank presidents		Administration
	Range	Central tendency	
	1994		
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	5¼–6½	5½–6	5.8
Real GDP	3–3½	3–3¼	3.0
Consumer price index[2]	2½–3½	2¾–3	2.9
Average level, fourth quarter			
Unemployment rate[3]	6–6¼	6–6¼	6.2
	1995		
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	4½–6¼	5–5½	5.6
Real GDP	2¼–2¾	2½–2¾	2.7
Consumer price index[2]	2–4½	2¾–3½	3.2
Average level, fourth quarter			
Unemployment rate[3]	5¾–6½	6–6¼	6.2

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. All urban consumers.
3. Civilian labor force.

3¼ percent over the four quarters of this year. For 1995, the central tendency of the forecasts is a range of 2½ percent to 2¾ percent. The unemployment rate anticipated for the fourth quarter of 1994 has been revised down about ½ percentage point from that projected in February.[2] The forecasts of the unemployment rate in the fourth quarter of 1994 are now bunched between 6 percent and 6¼ percent; this range is also the central tendency of the projections for the fourth quarter of 1995.

These forecasts are based on the expectation that the next several quarters will be a period of transition to a more moderate expansion accompanied by reasonably full use of available resources. This transition is already evident in the housing market and, perhaps, in consumer outlays as well. The resulting deceleration in private domestic spending is expected to be offset, in part, by a smaller decline in net exports than that registered over the past several quarters; this projection for the external sector largely reflects an expectation of stronger economic expansion abroad.

The Board members and Reserve Bank presidents generally expect the rise in the consumer price index over the four quarters of 1994 to end up in the range of 2¾ percent to 3 percent. So far this year, retail energy prices have been flat on balance and retail food prices have moved up only a little, restraining the rise in the total CPI. However, given the run-up in crude oil prices of late and the improbability of another large drop in the prices of fruits and vegetables, the rate of inflation projected for the next year and one-half is slightly higher than that posted recently. The decline in the dollar to date, if not reversed, also could exert some mild upward pressure on inflation.

The Administration recently released its mid-year update of economic and budgetary projections. The projections for nominal and real GDP growth, inflation, and unemployment for 1994 and 1995 fall within the ranges anticipated by Federal Reserve officials and are essentially consistent with the central tendency of those ranges. Thus, it appears that the monetary ranges set by the Federal Open Market Committee are compatible with the goals of the Administration.

Both Federal Reserve policymakers and the Administration anticipate further economic expansion accompanied by relatively low inflation. The Federal Reserve can do its part to prolong and enhance this favorable performance of the economy by continuing to set monetary policy in accord with the long-run objective of price stability. An environment of stable prices is a necessary condition for attaining the maximum sustainable growth of productivity and living standards. However, the outcome for the economy will also depend on government policy in other areas. In this regard, the Congress and the Administration can help ensure that the nation's economy reaches its full potential by working to keep the federal budget deficit on a downward course, by promoting an open world trading system, and by adopting regulatory policies that preserve the flexibility of labor, product, and financial markets and minimize the costs imposed on the private sector.

2. The unemployment forecast in February was subject to an unusual degree of uncertainty, as it was made shortly after the introduction of major revisions to the survey that generates the unemployment data. In February, the revised survey was believed to have boosted the unemployment rate from January 1994 forward by roughly ½ percentage point. Subsequent analysis indicates that the upward shift caused by the new survey probably was smaller than originally thought.

THE PERFORMANCE OF THE ECONOMY IN 1994

The economy entered 1994 with a considerable amount of forward momentum. Severe winter weather disrupted activity, but real GDP still posted a solid gain in the first quarter, amounting to 3½ percent at an annual rate. As had been the case during 1993, domestic private-sector spending was robust in the first quarter, with consumer purchases of motor vehicles and investment in business equipment both increasing at double-digit annual rates. At the same time, the ongoing cutbacks in defense spending depressed total purchases by the federal government, and the sluggish economic performance of some major foreign industrial countries held down the growth of U.S. exports.

The data in hand suggest that real GDP increased substantially further in the second quarter. In the labor market, gains in payroll employment and longer workweeks appreciably boosted total hours worked, and the civilian unemployment rate fell further. The indicators of spending, although less robust on balance than those for the labor market, still point to a sizable increase in economic activity.

Inflation trends remained favorable over the first half of this year, with the consumer price index rising at an annual rate of only 2½ percent over the period. Inflation has been damped by the healthy uptrend in productivity—which has offset much of the increase in compensation rates—and by the minimal rise in non-oil import prices. In addition, the decline in crude oil prices through this spring held down retail energy prices. However, oil prices have since moved up considerably, and the rise likely will boost retail energy prices over the summer. Prices have also risen substantially for many industrial materials, but these increases have not had a noticeable effect on the prices of finished goods.

The Household Sector

Household balance sheets strengthened over 1992 and 1993, and the setback in stock and bond markets this year has not made a major dent in the sector's financial position. In addition, real income has continued to trend up at a healthy pace. Averaging through the monthly ups and downs, consumer spending appears to have posted a sizable advance over the first half of 1994, with most of the gain coming in the first quarter. Higher mortgage rates have cooled the growth of housing demand, but the level of activity remains strong.

In the first quarter of 1994, real consumer spending rose at an annual rate of about 5¼ percent, building on the large increases registered during the second half of 1993. Real outlays for motor vehicles were particularly strong in the first quarter. Spending on other durable goods, which had advanced robustly during most of 1993, rose only slightly in the first quarter, whereas outlays for nondurable goods and services remained on a solid uptrend. The severe weather that gripped much of the country this winter left its mark on the monthly pattern of outlays but appears to have had little effect on the level of consumer spending for the first quarter as a whole. Outlays for furniture and appliances, clothing, and food all tumbled in January but then rebounded smartly over the remainder of the first quarter. This pattern was reversed for energy consumption, which soared in January and then turned down.

The growth of real consumer spending appears to have slowed in the second quarter, with much of the deceleration reflecting declines in two areas. First, consumer outlays for motor vehicles softened in April and May, and the level of spending probably did not move up much, if at all, in June. However, underlying consumer demand has remained firmer than the recent spending data would suggest, as vehicle sales in the second quarter were held down by shortages of popular models. Second, household use of electricity and gas for the second quarter as a whole likely will turn out to have been below the weather-boosted level of the first quarter. Apart from these two categories, real consumer outlays evidently posted a moderate increase in the second quarter.

On a pre-tax basis, real income growth has been brisk over the past year, buoyed by a considerable gain in wages and salaries, a sharp increase in the net income of nonfarm proprietorships, and an upturn in interest income. However, the higher personal income taxes imposed on upper-bracket taxpayers by the 1993 Budget Act have cut into the growth of disposable income. All told, the average level of real disposable income in April and May was about 3½ percent above the level during the same period in 1993. This rise in real income was slightly smaller than the advance in real consumer spending over the same time span.

According to preliminary estimates (which are subject to potentially large revisions), the personal saving rate averaged a bit less than 4 percent during the first five months of this year—quite a low rate by historical standards. The level was so low partly because of a one-time charge against income to account for the wealth lost in the Los Angeles earthquake. In addition, the higher taxes due on returns filed this spring probably pushed down the amount of personal saving. Still, a good part of the decline in the saving rate from the 5 percent level prevailing two years ago reflects a burst of spending on motor vehicles and other durable goods. Such a decline in the saving rate often accompanies cyclical surges in outlays for consumer durables, which are counted as consumption in the national accounts; in reality, much of the initial expenditure on durables is a form of saving, as these goods are assets that provide a flow of services for years to come.

Household balance sheets have remained relatively strong despite the lower prices in financial markets this year. The total value of household assets—which includes not only financial assets, but also housing and consumer durables—rose moderately on balance over the year ended in the first quarter of 1994. Moreover, survey data indicate that households, in the aggregate, continue to view their current and expected financial positions in a favorable light. This greater sense of financial security, and the attendant willingness to take on debt, help explain the rapid growth of consumer credit since the middle of last year. Other measures of household financial conditions also remain positive. Debt-service burdens, measured as a percentage of disposable income, held about steady in the first quarter at a level well below the peak reached several years ago. Delinquency rates for consumer loans and home mortgages were little changed in the first quarter, with most measures of delinquencies holding near their lowest levels in a decade or more.

The market for single-family housing has softened in recent months. Starts of single-family homes, which strengthened over the course of 1993, plummeted in January and remained low in February. Much of this sharp decline can be attributed to adverse weather. With the return to more normal weather in the spring, starts did recover, but the rebound was relatively weak, leaving the May level below that in the fourth quarter of last year. Sales of both new and existing homes in May also were down from their respective fourth-quarter levels. In addition, consumer attitudes toward homebuying have deteriorated somewhat since late winter.

Nonetheless, the level of sales and building activity in the single-family market has remained fairly high. Even with the rise in mortgage rates, new homes continue to be quite affordable by the standards of recent decades. A simple measure of affordability is the monthly payment on a fixed-rate mortgage for a new home having a given set of attributes, divided by average household income. By this measure, the cost burden of homeownership in the second quarter of this year was lower than at any time from mid-1973 to early 1992. Moreover, in response to the rise in long-term rates, an increasing share of households have financed home purchases this year with adjustable-rate mortgages (ARMs); the lower initial rates on ARMs allow some households to obtain financing when they would be unable to qualify for a fixed-rate mortgage. As another support for housing demand, the strong labor market in recent quarters has lessened the perceived likelihood of job loss, encouraging many households to assume the financial commitment of homeownership.

Starts of multifamily housing units this year have picked up from the extraordinarily low levels registered from 1991 through 1993. This rise likely reflects an improving balance between demand and supply in some local markets. Lenders have shown a greater willingness to fund multifamily projects, owing not only to the firming real estate market, but also to their own improved financial conditions; equity investors—including real estate investment trusts—also have been participating more actively in this market. However, for the nation as a whole, vacancy rates for multifamily rental units remain high and rent increases continue to be relatively small, suggesting that a major recovery in this sector is unlikely in the near term.

The Business Sector

Developments in the business sector remained favorable during the first half of 1994. Apart from losses from the Los Angeles earthquake, earnings have continued to be strong, and the repair of balance sheets over the past few years has improved the access to credit for many businesses. Fixed investment has moved up further, supported by widespread efforts to boost productivity.

Business output, excluding that in the farm sector, continued to increase at a brisk pace in the first quarter. In real terms, the gross domestic product of this sector rose in the first quarter at an annual rate of 4¼ percent, about the same rate of advance recorded in 1993. Focusing on the industrial sector—for which output data are available on a more timely basis—production advanced at an annual rate of 5 percent over the first half of 1994, with the strongest gains registered early in the year. This pattern largely reflects developments in the motor vehicle industry, where production rose sharply from last August to February of this year in response to strengthening demand and dwindling inventories. Since February, assembly rates have moved lower on a seasonally adjusted basis, as capacity constraints have hindered automakers from achieving their normal seasonal gains. Excluding motor vehicles and parts, industrial production continued to advance strongly in the second quarter.

After having risen sharply over 1993, the profits of U.S. corporations from current operations fell back in the first quarter of 1994. However, this decline in economic profits appears to have been due entirely to the effects of the Los Angeles earthquake and the severe weather last winter; these events greatly increased the volume of claims against insurance companies and also resulted in uninsured damage to plant and equipment. Abstracting from these losses, pre-tax economic profits in the first quarter rose slightly from the already high fourth-quarter level. Profits of nonfinancial corporations have been boosted by the strong growth in sales and by continued tight control of costs. For financial corporations, domestic profits surged over 1993 and remained high in the first quarter (after adjustment for the jump in insurance payouts), buoyed by the relatively wide margin between their cost of funds and the interest rates earned on their assets.

Real outlays for business equipment continued to rise rapidly in the first quarter, increasing about 17 percent at an annual rate. This was the eighth consecutive quarter that showed a double-digit advance. Monthly data through May on orders and shipments of business capital goods point to further sizable gains in real equipment purchases.

The increase in equipment investment this year has been quite broad, as firms have attempted to cut costs and improve product quality through the use of more advanced technology. Real outlays for computers and related devices climbed at an annual rate of 20 percent in the first quarter, reaching a level more than double that of three years earlier. Businesses have invested heavily in computers to take advantage of the increasingly powerful equipment available at ever-lower prices. Outlays for industrial and other types of machinery, which turned up in the middle of 1992, continued to expand at a solid pace early this year. Business spending for motor vehicles also rose substantially in the first quarter, led by another large increase in purchases of trucks; these purchases have likely been bolstered by improvements in the safety and efficiency of new models and by the increased demand for shipping to support just-in-time inventory management. In contrast to this widespread strength in investment, domestic purchases of commercial aircraft dropped in the first quarter to a very low level, reflecting the excess capacity in the airline industry.

Business investment in nonresidential structures fell sharply in the first quarter after having posted a moderate gain over 1993. Severe weather was responsible for the skid in activity during January and February. Construction spending then recovered during the spring, leaving the level in May about the same as that registered in December of last year. The absence of growth, on net, over this period might suggest that the sector has lost some momentum, quite apart from the effects of weather. However, the monthly construction data are prone to large revisions, which limits the usefulness of the initial estimates. Two leading indicators of private nonresidential construction—permit issuance and contract awards—remained on a choppy uptrend through May.

Looking at the major components of nonresidential construction, some progress has been made in reducing the huge stock of unoccupied office space, and the plunge in prices for office properties appears to have abated. Nonetheless, the national vacancy rate remains high by historical standards, and starts of new office buildings continue to be limited. In contrast, outlays for commercial structures other than offices moved up smartly last year. Financing for these projects has become more readily available, and the proliferation of large-scale discount stores in suburban locations has been a major source of construction activity. In the industrial sector, utilization rates have risen considerably over the past year, but little sign has yet emerged of a significant rise in construction of new plants. Public utilities, according to surveys taken this spring, anticipate only a small rise in investment this year, in part because of the perceived difficulty in gaining approval for rate hikes and because of new rules requiring utilities to purchase power generated by other sources. Meanwhile, real investment in petroleum drilling structures fell somewhat in the first quarter, to a level about unchanged from that of a year earlier.

Nonfarm inventory investment during the first five months of 1994 picked up substantially from the pace of late last year. Part of the pickup reflected efforts to replenish stocks at automotive dealers, which had been depleted during the third quarter of 1993. In addition, the rate of inventory accumulation increased this year for producers of machinery, likely in response to the robust orders for these goods. At the wholesale level, stocks of machinery and other durable goods increased considerably during the spring; the pace of stockbuilding in the retail sector spurted at about the same time.

In the farm sector, output last year was depressed by floods in the Midwest and by drought conditions farther east. As a result, inventories of some major field crops—principally corn and soybeans—currently are unusually low. This year, changes in government subsidy programs encouraged farmers to increase their planted acreage, and favorable weather during the spring facilitated rapid planting. Although the harvest is still several months away, field conditions appear to be reasonably good at present.

Farmers hurt by bad weather last year suffered income losses, and the financial positions of some may have weakened. Nonetheless, the financial condition of the farm sector as a whole appears to be sound. Delinquency rates for farm loans at the end of 1993 were quite low compared with the experience of the past decade, and land values rose noticeably last year across most of the farm belt. Reflecting these favorable conditions, investment in farm machinery has been relatively strong this year.

The Government Sector

Federal purchases of goods and services—the part of federal spending included in gross domestic product—fell at an annual rate of 5¼ percent in real terms in the first quarter. Real federal purchases have been trending down since the first half of 1991, and the level of outlays in the first quarter of this year stood roughly 12 percent below the peak reached three years earlier. This decline has been driven by the ongoing reduction in military outlays. Real defense spending plunged at an annual rate of about 15 percent in the first quarter after having declined more than 9 percent over 1993. Real nondefense outlays jumped in the first quarter, more than reversing the drop in late 1993; however, given the appropriations for nondefense spending in the fiscal year 1994 budget, these outlays are not likely to increase much further in the near term.

As measured in nominal terms in the unified budget, total federal expenditures during the first eight months of fiscal 1994—the period from October through May—were only 2½ percent above the level during the comparable part of fiscal 1993. Although the drop in defense spending has figured importantly in the overall restraint on outlays, other factors have contributed as well. First, substantial gains in income and the expiration of the emergency unemployment compensation program have tempered the growth of income security payments. Second, net interest payments on the national debt have been about flat thus far in fiscal 1994, as a further decline in the average interest rate paid on federal debt has offset the effect of increases in the stock of debt. In addition, farm subsidy payments have fallen because of the rise in crop prices. The main stimulus to federal outlays still comes from spending on Medicare, Medicaid, and other health programs. Health-related outlays during the first eight months of fiscal 1994 were up 10 percent from the same period in fiscal 1993; this increase, although about the same as that during fiscal 1993, is considerably smaller than the increases registered during the preceding three fiscal years.

The growth of federal receipts was strong during the first eight months of fiscal year 1994, with all major categories posting solid gains. The 9¾ percent rise in receipts over the comparable part of fiscal 1993 exceeded the increase in nominal GDP by a wide margin. Receipts from corporate income taxes have been especially robust, reflecting the upswing in corporate profits and various provisions of the 1993 Budget Act. Receipts from individual income and social insurance taxes have also been boosted by the tax hikes in the 1993 act. In addition, revenues from excise taxes thus far in fiscal 1994 are up markedly from the year-earlier level, in part because of the higher tax on transportation fuels that became effective last October.

As a result of the slow growth in federal outlays and the robust rise in receipts, the federal budget deficit narrowed during the first eight months of fiscal 1994. The deficit, as measured in the unified budget, totaled $165 billion during this period, down from the $212 billion deficit recorded over the same part of fiscal 1993.

In contrast to the improved budget picture at the federal level, the fiscal pressures facing state and local governments have not abated much. It is true that for most states, receipts during the past year have matched or exceeded projected levels, as economic growth turned out to be somewhat more buoyant than anticipated. Even so, as measured in the national income accounts, the deficit (net of social insurance funds) in state and local operating and capital accounts has remained large. The $57 billion deficit during the year ended in the first quarter of 1994 amounted to 6¼ percent of the sector's expenditures, about the same percentage as in the preceding three years.

State and local outlays have continued to rise at a fairly rapid pace despite efforts to curb spending. Over the year ended in the first quarter of 1994, these outlays increased 6¾ percent in nominal terms, about 1 percentage point faster than the rise in nominal GDP. Transfer payments to individuals have remained the fastest growing component of state and local spending, reflecting large increases for Medicaid. Although the growth in Medicaid spending has slowed markedly from the 30 percent jump during 1991, these outlays still rose 13 percent over the year ended in the first quarter. In addition, state and local governments remain under pressure to fight crime, to repair aging infrastructure, and to meet the needs of a growing school-age population. Boosted by higher spending on highways and schools, outlays for construction rose almost 7 percent in real terms over the year ended in the first quarter. This rise occurred even though adverse weather depressed construction activity early this year, dragging down total state and local purchases in the first quarter in real terms. Apart from transfer payments and construction spending, state and local outlays—mainly compensation for employees—have continued to grow at a relatively slow pace.

The receipts of state and local governments moved up about 6½ percent in nominal terms over the year ended in the first quarter, also outpacing the growth in nominal GDP. As noted earlier, this outcome was somewhat better than most states had anticipated. In response, tax cuts are now on the agenda in about one-third of the states. However, most of these proposals are fairly narrow in scope and, in the aggregate, would have only a small effect on expected revenues.

The External Sector

Since December 1993, the trade-weighted foreign exchange value of the dollar has declined about 8 percent relative to the currencies of the other members of the G-10. In terms of the currencies of a wider group of major U.S. trading partners, the value of the dollar has dropped roughly 4 percent since last December, when adjusted for changes in consumer prices here and abroad. Taking a longer view, the exchange value of the dollar—adjusted for these price changes—has held within a rather narrow range since the end of 1992 despite the decline this year. (See the final section of this report for a discussion of developments in foreign exchange markets.)

Economic activity appears to be strengthening in the major foreign industrial countries. In Canada and the United Kingdom, where recovery has been under way for some time, real GDP continues to expand at a fairly steady pace. Continental European countries, most of which were in recession during 1993, are showing signs of a turnaround. In western Germany, real GDP rose moderately in the first quarter; although indicators suggest that growth may have slowed somewhat in the second quarter, economic activity continues to move back toward pre-recession levels. There is also some evidence of a turnaround in Japan: After no growth on net in 1993, real GDP moved up strongly in the first quarter; data for the second quarter point to continued, albeit slower, expansion.

The level of real GDP remains substantially below potential in all the major foreign industrial countries, and inflation generally has continued to slow. In western Germany, the twelve-month change in the consumer price index was 3 percent in June, down from more than 3½ percent at the end of 1993. In Japan, consumer prices rose less than 1 percent over the twelve months ended in June, an even more modest increase than that recorded over the twelve months of 1993. Jobless rates remain very high in France and drifted somewhat higher in western Germany over the first half of this year. The unemployment rate in Japan is essentially unchanged from its level at the end of 1993; the number of job offers per applicant, a more sensitive indicator of labor market conditions in Japan, also has shown no improvement since the end of last year. In contrast, in both the United Kingdom and Canada, the unemployment rate has continued to edge down from the peaks reached in mid-1993.

So far this year, growth in the major developing countries appears to have slowed slightly, on balance, from its rapid pace in 1993. The growth of real output in China has moderated from its previously very strong—and unsustainable—pace in response to tighter macroeconomic policy, while real growth in the other Asian developing countries has remained robust on average. Real output in Mexico has rebounded somewhat this year after having declined during the second half of 1993. The rebound appears to have been due in part to the somewhat more expansionary fiscal policy in Mexico and to the ratification of the North American Free Trade Agreement, which resolved uncertainty that had held down investment activity during 1993.

After having surged in the fourth quarter of last year, real U.S. exports of goods and services fell back in the first quarter of this year; however, they remained about 4¾ percent above the year-earlier level. Preliminary data indicate that real exports in April were somewhat above the first-quarter average. The uptrend largely reflects a boom in sales of capital goods; for other goods, and for services as well, exports have risen only slightly over the past year. Looking across our major trading partners, exports to Canada and Latin America remained on an upward path through the first quarter. Although exports to Asia dropped back in the first quarter, they also remain on a strong upward trend. Exports to continental Europe continued to expand sluggishly through the first quarter.

Real imports of goods and services posted another sizable increase in the first quarter, reflecting the strength in U.S. economic activity. Over the year ended in the first quarter, real imports jumped more than 11 percent, and the level of imports in April stood somewhat above that in the first quarter. Imports of capital goods and industrial supplies have continued to be especially robust. Prices of non-oil imports rose relatively little over the twelve months ended in May, as inflation abroad generally remained subdued and the dollar's foreign exchange value against the currencies of the other G-10 countries was little changed on net over this twelve-month period.

The nominal trade deficit on goods and services widened to $97 billion (at an annual rate) in the first quarter, significantly larger than in any recent quarter, and remained at about that level in April. Net investment income showed a small deficit in the first quarter, somewhat weaker than the average performance in 1993. The current account deficit widened to $128 billion (at an annual rate) in the first quarter, compared with $104 billion for all of 1993.

Recorded net capital inflows for the first quarter about balanced the current account deficit. Foreign official inflows slowed, particularly on the part of some developing countries that had substantial accumulations of reserves in 1993.

Net inflows of private capital into the United States picked up in the first quarter of 1994. Private foreign net purchases of U.S. securities were strong, as foreign investors added to their holdings of U.S. government securities, corporate bonds, and stocks. U.S. net purchases of foreign securities also remained very high in the first quarter. Banking offices in the United States reported substantial inflows, as foreign-chartered banks in particular continued to substitute borrowing abroad for funding in the United States. Foreign branches of U.S. banks also became net providers of funds to their U.S. offices. Direct investment inflows and outflows were spurred by a revival of mergers and acquisitions. U.S. direct investment abroad continued at near-record levels; foreign direct investment in the United States was also significant, although far below the peaks reached in the late 1980s.

Labor Market Developments

The labor market continued to strengthen in the first half of 1994. Nonfarm payroll employment increased at an average rate of about 285,000 per month during the period, up from the average monthly gain of roughly 200,000 during 1993. These increases brought the total rise in payrolls to about 5 million since the beginning of the current expansion in early 1991.

The job gains this year have been spread across most major sectors of the economy. In manufacturing, employment turned up last October, and a choppy advance continued during the first half of 1994. Hiring has been concentrated in two industries that have experienced robust sales growth, machinery and motor vehicles; payrolls also have expanded in industries that supply materials and parts to these producers. In contrast, employment in defense-related industries has continued to drop this year. Meanwhile, construction employment, held down early in the year by the severe weather, moved up sharply in March and April and rose somewhat further in May and June.

Considerable employment growth has also taken place this year in the service-producing sector. Continuing the pattern of recent years, employment in business services rose at a rapid clip in the first half of 1994. Employment in health services has remained on a fairly brisk uptrend, and job gains have been widespread in other service industries. Another area of strength has been wholesale and retail trade, where the sizable employment gains recorded during 1993 and again this year contrast with the lack of job growth on net over the preceding four years.

In addition to boosting the pace of hiring, employers have continued to rely on a longer workweek to increase aggregate labor input. Indeed, in April, the workweek of production or nonsupervisory workers in manufacturing reached a record high for the post-World War II period; it has since edged off only slightly. Before this expansion, the typical pattern had been for the workweek to rise as the recovery got under way but to drift back down with the eventual pickup in hiring.

Firms have also shown an increased preference for using temporary workers. In the employment data, these workers appear on the payrolls of personnel supply agencies (a component of business services), where employment growth continued to be extremely fast in the first half of 1994. Although these agencies represent only about 2 percent of total payroll employment, they accounted for more than 15 percent of the total rise in employment in 1993 and for nearly that share so far this year. Manufacturing firms in particular have increased their use of temporary workers. Both the growing employment of temporary workers and the lengthening of the workweek may be motivated, in part, by the desire to avoid the rising costs of health insurance and other fringe benefits, which typically are granted to new permanent workers. Moreover, given the greater costs now associated with hiring and firing employees, such behavior may be a response to uncertainty about future staffing needs.

In January, the introduction of the redesigned household survey, along with the incorporation of population estimates from the 1990 census, created a break in the household measure of employment, the civilian unemployment rate, and numerous other series. The decline in the unemployment rate from January to June of 6.7 percent to 6 percent provides additional evidence of strong labor demand this year. Unemployment rates by region have generally moved lower since January, and the dispersion across regions also has narrowed; the declines since January have been largest in California and other states in the Pacific region and in New England.

The strength in hiring has not drawn many workers into the civilian labor force. In fact, between

January and June the labor force contracted a bit, pushing down the labor force participation rate—which measures the percentage of the working age population that is either employed or looking for work. The participation rate has changed little on net during the current expansion, in contrast to the upswing that typically occurs with a strengthening of labor demand. The reasons for this departure from the usual pattern are not entirely clear. It appears that more young women are opting for activities outside the labor market. Also, according to survey data, many individuals still perceive jobs as hard to find, which may be limiting their desire to search for employment.

Output per hour in the nonfarm business sector rose at an annual rate of 1¼ percent in the first quarter after having advanced at a far more rapid pace over the second half of 1993. Averaging through these movements, labor productivity rose about 2½ percent over the year ended in the first quarter of 1994, roughly in line with the increases during the first two years of the current expansion. Most of the productivity gain over this three-year period likely reflects the normal cyclical upswing that accompanies the strengthening of output after a recession. Nonetheless, there does appear to have been some speedup in the trend rate of productivity growth from the relatively slow pace in the 1970s and 1980s.

The growth in labor compensation remained subdued early this year. The employment cost index (ECI) for private industry—a measure that includes both wages and benefits—rose 3¼ percent over the twelve months ended in March 1994, a shade below the increase registered over the preceding twelve months. The cost of employee benefits decelerated quite a bit over the past year, largely because of more moderate increases in employer costs for health insurance and workers' compensation. In contrast, wage increases have held fairly stable. The ECI for wages and salaries rose almost 3 percent over the twelve months ended in March, a figure at about the midpoint of the twelve-month changes recorded over the past two years. Separate data through June on average hourly earnings of production or nonsupervisory workers also show no significant change in the rate of wage inflation. With the rise in labor compensation largely offset by improvements in productivity, unit labor costs in nonfarm business rose only a little more than ½ percent over the year ended in the first quarter of 1994.

Price Developments

Inflation slowed slightly further during the first half of 1994. The CPI excluding food and energy—a measure of the underlying trend of inflation—rose 3 percent during the period, down a bit from the 3¼ percent increases recorded in 1992 and 1993. "Core" inflation has not been this low for an extended period since the early 1970s, when wage and price controls were in place; apart from that episode, the core inflation rate over a twelve-month span was last below 3 percent in 1966. Food prices have risen only slightly this year, and energy prices have been flat on net, holding the increase in the total CPI over the first half of the year to 2½ percent at an annual rate. Price pressures have been evident in the markets for raw materials, but these increases have not had an obvious effect on inflation at the retail level.

The news on food prices so far this year has been quite favorable. After having risen at close to a 4 percent annual rate during the second half of last year, the CPI for food edged up at an annual rate of less than 1 percent over the first half of 1994. This moderation largely reflects a decline in the prices of fruits and vegetables over the first few months of the year, which retraced much of the run-up that occurred over the second half of 1993. In addition, plentiful supplies of beef and pork pushed down retail meat prices a bit on balance over the first half of 1994. Prices of other foods—which represent about two-thirds of total food in the CPI—increased at an annual rate of 2¼ percent during the first half of the year. Looking ahead, the path for retail food prices will depend heavily on the outcome of this year's harvest. As discussed earlier, planting proceeded fairly smoothly this spring, and crops generally were in good condition as of mid-July.

The CPI for energy was about unchanged on balance over the first half of 1994, but this measure has yet to reflect the rise in crude oil prices since March. As the year began, consumer energy prices were still on a downward path, owing to the persistent oversupply of crude oil in world markets. Energy demand then soared when the frigid weather hit in January and February, depleting inventories of fuel oil, gasoline, and natural gas. In response, the CPI for energy jumped in February and rose slightly further in March, but most of this increase was reversed in April and May. Quite apart from any effects of abnormal weather, world oil markets have tightened since March, boosting the price of crude oil by as much as $6 per barrel. This increase appears to have resulted from the expectation of improved economic conditions—and hence stronger demand—in Western Europe and Japan, combined with flat OPEC production and supply disruptions in the North Sea and other areas. Retail energy prices were little changed in June, but the higher costs of crude oil are likely to be passed through to the retail level over the summer.

The CPI for commodities excluding food and energy increased at an annual rate of 2½ percent over the first half of 1994, a somewhat faster rise than during 1993. However, the increase last year was held down by a huge drop in the price of tobacco products. Excluding tobacco as well as food and energy, goods prices rose at an annual rate of 2¼ percent during the first half of this year, about the same rate of advance as in 1993. Price increases for most consumer commodities have been modest this year, owing in part to the very limited increases in the prices of imported goods. The only major area in which prices have clearly accelerated is motor vehicles. Reflecting strong demand and the weakness of the dollar vis à vis the yen, the CPI for new motor vehicles rose 4¾ percent over the first half of 1994, up from the 3¼ percent increase during 1993.

Inflation for consumer services other than energy has continued to trend lower. During the first half of the year, the CPI for this aggregate rose at an annual rate of 3¼ percent, after increases of nearly 4 percent in 1992 and 1993 and 4½ percent in 1991. Shelter costs—which represent about half of non-energy services—have continued to rise at a relatively subdued rate, while price increases in a variety of other areas have slowed. Indeed, the CPI for medical care services rose only 5 percent over the year ended in June, the smallest twelve-month change in this series in twenty years. Tuition costs, which posted increases of 8 percent to 9 percent annually for several years, have decelerated as well, rising 6¾ percent over the twelve months ended in June.

The producer price index (PPI) for finished goods excluding food and energy, which covers domestically produced consumer goods and capital equipment, rose only ½ percent over the twelve months ended in June 1994. As with the CPI, this measure of inflation has been held down by the plunge in tobacco prices; excluding tobacco, the 1¾ percent rise over the twelve-month period was about the same as that over the preceding twelve months. At earlier stages of processing, price increases have remained fairly small on balance. The PPI for intermediate materials excluding food and energy rose 2 percent over the twelve months ended in June, after an increase of 1½ percent over the preceding twelve months.

In contrast, inflation pressures continue to be evident in the markets for raw commodities. With the exception of steel scrap, prices of industrial metals have moved up from their lows last fall, in some cases quite substantially. Lumber prices, which have swung widely over the past few years, have been at relatively high levels for most of this year. Prices of other raw materials have been firm as well. As a summary measure of these movements, the PPI for crude materials excluding food and energy rose about 7 percent over the twelve months ended in June. However, crude materials constitute a relatively small part of the value of finished goods, and price increases for these inputs usually have a limited effect on the prices of finished goods in the absence of more general cost pressures.

Expectations of inflation appear to have changed little on net since the end of 1993. According to the survey of households conducted by the Survey Research Center of the University of Michigan, the mean expected increase in the CPI over the coming year rose from 3¾ percent in the fourth quarter of 1993 to 4½ percent in March and April; however, the readings for May through early July dropped back to an average of about 4 percent. In the Conference Board survey of households, the expected rate of inflation over the coming year has held fairly steady at 4¼ percent since last November. Expectations of inflation over longer periods also have not changed much on balance this year. In the University of Michigan survey, the expected rate of CPI inflation over the next five to ten years jumped in March but has since retraced the increase. Finally, the June 1994 survey of professional forecasters conducted by the Federal Reserve Bank of Philadelphia produced the same expectation of inflation over the coming ten years—3.5 percent—as did the survey taken last December.

MONETARY AND FINANCIAL DEVELOPMENTS IN 1994

Interest rates have increased substantially in 1994. Short-term rates started the year at the unusually low levels that prevailed throughout 1993, but they have subsequently risen in response to the Federal Reserve's monetary policy actions and market expectations about future actions. The Federal Reserve has moved away from its previously very accommodative policy posture in four steps, which lifted the federal funds rate a total of 1¼ percentage points. Other short-term rates increased commensurately, and banks raised their prime lending rate, also by 1¼ percentage points.

Longer-term interest rates have risen about 1¼ to 1¾ percentage points. These rates have been boosted by stronger-than-expected economic growth, market concerns about higher inflation, and actual and anticipated tightening moves. In addition, a shift in the financial setting, from one marked by yields that were stable or declining to one characterized by rising rates, was accompanied by greater market volatility and a reevaluation of the risks of and returns on long-term securities. Investors seemed to become more uncertain about the future path of interest rates, and the resulting portfolio shifts and volatility have contributed to the upward pressure on long-term yields at times.

Despite the rise in interest rates, overall borrowing has remained fairly strong. The composition of private borrowing, however, has been affected by financial market conditions. Businesses, in particular, have reduced their issuance of long-term debt and stepped up their use of bank loans. Nonetheless, overall bank lending has increased only slightly, as growth in real estate loans has slowed. The expansion of bank securities holdings, after adjustment for certain accounting rule changes, has eased slightly, and bank credit growth has remained close to the pace recorded last year. Higher short-term market interest rates have also restrained the monetary aggregates. Growth of the broader aggregates has slowed somewhat from last year, and growth of M1 has decelerated substantially.

Since December 1993, the dollar has declined about 10 percent against the German mark and about 11 percent against the Japanese yen, although it has appreciated against the Canadian dollar. Over the same period, stronger growth prospects abroad as well as portfolio adjustments by globally diversified investors have lifted long-term interest rates in the G-10 countries about 1½ percentage points, similar to the rise in U.S. longer-term yields. By contrast, foreign short-term rates, which largely reflect the thrust of monetary policy in individual countries, are about unchanged on a trade-weighted basis; rates have declined substantially in Germany and a number of continental European countries, have changed little in Japan, and have risen more in Canada than in the United States. Dollar weakness against the yen and mark was intense from time to time and seemed to reflect, in part, difficulty in resolving trade tensions, changing expectations about macroeconomic developments in Japan and Germany, and investor concerns that U.S. inflation prospects were no longer improving while inflation abroad seemed likely to continue to move lower. On three occasions when conditions warranted, the U.S. Treasury and the Federal Reserve intervened to buy dollars.

The Course of Policy and Interest Rates

At the beginning of 1994, financial markets had been characterized for several years by falling and then persistently low short-term interest rates, declining long-term rates, and unusually wide spreads between long- and short-term yields. Moreover, the volatility of bond prices had been quite low by recent historical standards. In this environment, investors had taken on riskier assets in pursuit of higher returns. For example, small investors had switched out of low-yielding, but low-risk, assets such as deposits and money market mutual funds and into such investments as bond and equity mutual fund shares.

In February, when the Federal Open Market Committee gathered for its first meeting of the year, the available data suggested that the economic expansion was solid and self-sustaining. Spending had picked up considerably, partly reflecting declines in long-term interest rates and the improved financial condition of businesses and households. Short-term interest rates had been at historically low levels for some time, measured both absolutely and relative to inflation, and banks and other lenders had been loosening their terms and standards for extending credit. In this environment, the Committee was concerned that keeping policy so accommodative risked elevating demands on productive capacity to the point where inflation pressures might emerge. Even though current inflation readings were favorable, delaying a policy move until these indicators signaled an actual acceleration of prices would permit an inflationary process to become embedded in the economy. In that event, larger and possibly disruptive actions eventually would be needed to bring inflation back under control. Against this backdrop, the Committee decided to take steps toward eliminating the considerable degree of monetary accommodation that had prevailed for some time.

When discussing how to implement this decision, the Committee considered the possible reaction of financial markets. Market participants, while anticipating that interest rates would rise at some point, generally did not expect a tightening of policy at this meeting. The Committee was concerned that the capital losses engendered by the firming action might unsettle many investors, who had not faced a policy firming in nearly five years and whose portfolio choices in some cases seemed not to anticipate the consequences of rising rates. In these circumstances, the response to the policy action might be outsized, especially if a large adjustment were made. Consequently, the Committee decided to initiate its move toward a less accommodative stance with a small step, although it thought that additional firming steps likely would be necessary in the months ahead. The Committee instructed the Domestic Trading Desk to increase slightly the degree of pressure on reserve positions and authorized the Chairman to announce the action so as to avoid any misinterpretation of its action or purpose. The tightening of reserve conditions pushed up the federal funds rate about ¼ percentage point, to a range around 3¼ percent.

Although a policy firming in the months ahead was built into the structure of market interest rates, the timing of the move caught many market participants by surprise and, by itself, seemed to precipitate a substantial shift in expectations. When the move was followed by information indicating a much stronger path for U.S. economic activity than had been anticipated and by an associated heightening of concerns about inflationary pressures, short- and long-term interest rates moved sharply higher throughout the remainder of the winter. International developments—such as trade tensions, improving economic prospects, rising long-term interest rates, and a declining value of the dollar—also may have played a role in elevating yields by raising investor concerns about price pressures in the United States and about foreign investor appetite for dollar-denominated assets. Rates were volatile on occasion, owing to shifting perceptions about the future course of economic and financial developments. Market participants generally believed that the System's firming action was the first of a series, but they were unsure of the timing and cumulative magnitude of future policy steps. This heightened uncertainty, as well as the capital losses in the wake of the firming action, prompted market participants to reduce their risk exposure by attempting to shorten the maturities of their investments and by trimming the degree to which positions were leveraged. They sold long-term assets denominated not only in dollars but in other currencies as well. This rebalancing of portfolios contributed to sharp rate swings and may have exacerbated the upward pressure on long-term interest rates, both in the United States and abroad.

When the Federal Open Market Committee convened in mid-March, the evidence suggested that the expansion of economic activity remained robust. There was a small risk that the weakness and volatility in financial markets might have significantly affected household and business confidence and spending. However, the Committee believed that, on balance, its policy stance still was overly accommodative and likely to promote inflationary pressures. It therefore decided to continue the process begun in February to remove the excess degree of monetary accommodation and, in light of recent financial market conditions, chose to take another small step. The resultant increase in reserve pressures lifted the federal funds rate ¼ percentage point, to about 3½ percent.

Data released over the next several weeks indicated considerable strength in economic activity. Yields increased across the maturity spectrum, with long-term rates rising especially sharply into early April before settling back somewhat. On April 18, the Committee reviewed the incoming data, as well as the apparently more stable conditions in financial markets, during a telephone consultation. Following that review, Committee members supported the Chairman's decision to continue the process of reducing the degree of monetary accommodation. Reserve pressures were tightened slightly further, and the federal funds rate again rose ¼ percentage point.

Yields continued to increase, on balance, through mid-May. Short-term rates were affected by expectations of additional firming actions, while long-term rates were subject to countervailing forces. Incoming data that showed signs of a possible cooling in the pace of the economic expansion, favorable price reports, and more stable trading conditions helped push bond yields down for a time. Later, however, a falling dollar, especially in late April and early May, and the release of a stronger-than-expected employment report caused long-term yields to retrace some of the earlier decline.

Despite the earlier firming actions, real short-term rates were still fairly low at the time of the May Committee meeting. The economy continued to exhibit forward momentum, and a considerable portion of the remaining margin of slack in resource utilization had eroded. In financial markets, many of the more risk averse investors had made the initial portfolio adjustments to a rising rate environment. Under these circumstances, the Federal Reserve thought that conditions warranted eliminating much of the remaining degree of monetary stimulus. The Board of Governors, therefore, approved an increase in the discount rate to 3½ percent, from 3 percent, and the Committee directed the Domestic Trading Desk to permit the entire ½ percentage point rise to show through to the federal funds rate, which moved up to 4¼ percent. These moves, along with the three earlier steps, were judged to have substantially removed the degree of monetary accommodation that had prevailed throughout 1993. Still, the Committee would have to monitor incoming financial and economic data carefully to determine whether additional policy adjustments were needed to accomplish its objective of maintaining favorable trends in inflation and thereby sustaining the economic expansion.

Long-term interest rates dropped immediately following the May 17 policy moves, but since that time they have retraced the decline. Market participants initially interpreted the Federal Reserve's policy announcement as signaling that it had completed its firming actions, at least for a while. In addition, investors apparently viewed the actions as reducing the degree and frequency of tightening that might be needed in the future. Long-term yields began to move up in June, however, reflecting the further depreciation of the dollar, intermittent jumps in commodities prices, less sanguine inflation reports, and rising foreign long-term interest rates.

At the time of the July Committee meeting, data on employment and hours worked suggested that the economy was still growing at a brisk rate, and there remained a risk that an inflationary process could begin to build. However, data on spending showed some signs of moderation, and growth of money and credit had not picked up. In these circumstances, the Committee decided to maintain the existing degree of reserve pressure and await additional information to judge the trajectory of the economy and prices and the appropriateness of its policy stance.

Credit and Money Flows

Since mid-1993, credit expansion has picked up as the economy has strengthened and the restraint exerted by financial restructuring has ebbed. Lower debt-service burdens and improved balance sheets have encouraged businesses and households to take on new debt, while stronger capital positions and more robust economic conditions apparently have made banks and other lenders more willing to extend credit. Growth of the debt of nonfederal nonfinancial sectors (nonfinancial businesses, households, and state and local governments) picked up in the second half of 1993 and has increased a bit more this year—to a 5 percent annual rate. Total domestic nonfinancial sector

3. Growth of money and debt
Percent

Measurement period	M1	M2	M3	Domestic nonfinancial debt
Year[1]				
1980	7.4	8.9	9.6	9.1
1981	5.4 (2.5[2])	9.3	12.4	9.9
1982	8.8	9.2	9.9	9.6
1983	10.4	12.2	9.9	12.0
1984	5.5	8.1	10.9	14.0
1985	12.0	8.7	7.6	14.2
1986	15.5	9.3	8.9	13.4
1987	6.3	4.3	5.7	10.3
1988	4.3	5.3	6.3	9.0
1989	.6	4.8	3.8	7.8
1990	4.2	4.0	1.7	6.6
1991	7.9	2.9	1.2	4.6
1992	14.3	1.9	.5	5.0
1993	10.5	1.4	.6	5.0
Semiannual (annual rate)[3]				
1994:H1	4.0	1.6	-.1	5.4
Quarter (annual rate)[4]				
1994:Q1	6.0	1.8	.2	5.9
Q2	2.0	1.5	-.3	4.7[5]

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Adjusted for shifts to NOW accounts in 1981.
3. From average for fourth quarter of 1993 to average for second quarter of 1994. For debt aggregate, data for second quarter are through May.
4. From average for preceding quarter to average for quarter indicated.
5. Based on data through May.

debt, which includes the debt of the federal government, rose at a 5¼ percent annual rate between the fourth quarter of last year and May, close to its pace over the second half of 1993 and a little below the midpoint of its monitoring range of 4 percent to 8 percent. (Historical data on the growth of the money and debt aggregates appear in table 3.)

Rising market interest rates and less-hospitable capital market conditions have affected the growth and composition of borrowing by nonfinancial businesses. The debt of such firms has expanded at a somewhat faster pace in 1994 after three years of very little growth, in part reflecting a shift away from equity issuance as stock prices fell. Moreover, rising and more-volatile interest rates have played a role in discouraging businesses from issuing long-term debt securities. Such issuance had been strong in 1993 as businesses took advantage of relatively low interest rates to refinance high-rate longer-term debt and replace shorter-term debt, such as bank loans. In 1994, however, businesses have turned more to banks and finance companies to meet their financing needs.

Interest rate developments have also affected borrowing by households. The growth of household mortgage debt has slowed a bit from the pace recorded in the second half of 1993, reflecting the rise in mortgage rates that began late in that year. Higher rates have curbed refinancing, a practice that tended to boost mortgage debt growth as some borrowers took the opportunity to liquefy some of the capital in their homes. In contrast to the behavior of mortgage debt, consumer credit growth has remained brisk, reflecting strong demand for consumer durable goods and relatively attractive rates on many consumer loans. Generally, rates on such loans have risen much less than market rates. Consumer credit at both finance companies and banks has picked up in 1994.

Total loans at commercial banks have risen at about a 4¼ percent annual rate, a bit above last year's pace. The faster growth of business and consumer loans has been offset by slower expansion of other types of loans, such as those for real estate. In addition, security loans have dropped off as the more subdued pace of debt issuance and the paring of dealer long positions in a rising rate environment have reduced dealer financing needs.

The expansion of bank lending in 1993 and 1994, following two years of virtually no growth, has reflected not only stronger loan demand but also an increased willingness on the part of banks to make loans. This heightened desire to extend credit stems from the improved financial condition of banks as well as their borrowers. In the early 1990s, banks had been pressed by balance sheet problems and the need to meet more stringent requirements for capital–asset ratios. By early 1993, however, the capitalization ratios of many banks were considerably stronger, and they have continued to improve since then as banks issued sizable volumes of equity and retained a high proportion of their record earnings. In mid-1993, some banks began to report an easing of their standards and terms for business loans and residential mortgages, and this easing has continued, albeit at a reduced rate, into the first two quarters of 1994.

Measured growth of holdings of bank securities this year has been affected by two accounting changes. One change affects how banks report, on their balance sheets, the fair market value of off-balance-sheet items. Banks are no longer permitted to net positions in these items across customers; this change has appreciably boosted the "other securities" component, where these positions are booked. The other change in accounting rules requires banks to value at market prices those securities that they do not plan to hold to maturity. With the decline in securities prices this year, the requirement of "marking to market" likely has restrained the measured growth of bank securities portfolios, although to an uncertain extent. Abstracting from these special factors, growth of bank securities holdings likely has slowed slightly further in 1994. This slowing has been about offset by the pickup in loan growth, leaving underlying bank credit growth close to the pace recorded last year. Meanwhile, thrift institution credit has resumed expanding this year, albeit modestly, after declining over the past five years. Expansion at credit unions has been robust, while the contraction of the remainder of the thrift sector has slowed somewhat further.

Despite the expansion of depository credit, the broadest monetary aggregate, M3, has edged a bit lower since the fourth quarter of last year, as depository institutions have chosen to fund growth in assets with nondeposit sources. In June, M3 was around the bottom of the 0 percent to 4 percent growth range established by the Federal Open Market Committee, and its velocity seems to be increasing faster this year than in 1993. The weakness in M3 partly reflects an exodus of investors from institution-only money market mutual funds, whose returns have lagged the rise in market rates. M3 has also been held back by declines in large time deposits. The run-off in this component has been concentrated at U.S. branches and agencies of foreign banks, which have stepped up their borrowings from affiliated foreign offices. Domestic banks have also boosted such borrowings. In December 1993, domestic banks for the first time borrowed more from their foreign affiliates than they lent to them. This net borrowed position has expanded considerably since that time. Apparently, weaker credit demands abroad have held down the costs of borrowing overseas relative to the costs of obtaining funds in the United States.

M2 growth has slowed a bit in 1994, and its velocity appears to have registered another sizable increase. The major factor behind the rise in velocity this year has been higher short-term market interest rates. In the usual pattern, the increases in rates paid on M2 deposits and money market mutual funds have lagged behind the rise in market rates, boosting the earnings forgone (opportunity costs) by holding the components of M2 and thus inducing shifts out of the aggregate. For example, noncompetitive bids at Treasury auctions have increased sharply this year, and some of the funds likely were drawn from the instruments included in M2. Moreover, the composition of M2 has been affected by the varying speed with which rates on different components have adjusted to higher market yields. Rates on money market mutual funds and retail certificates of deposit (CDs) have moved up considerably since February, while rates on liquid deposits, such as savings and NOW accounts, have been virtually unchanged. Partly as a consequence, holdings of money market mutual funds have increased, small CDs have turned around, and liquid deposit growth has languished. From the fourth quarter of 1993 through June, M2 expanded at a 1¼ percent annual rate, placing this aggregate around the lower bound of the 1 percent to 5 percent growth range set by the Committee.

The depressing effect of higher interest rates on M2 was offset for a time by flows from bond and equity (or long-term) mutual funds into money market mutual funds. Declining securities prices and higher volatility prompted households to reconsider their investments in long-term mutual funds and encouraged many to liquidate some of their bond and equity mutual fund holdings. Over the March-to-May period, households pulled more money out of bond funds than they invested. A portion of the proceeds from the redemptions likely was placed in money market mutual funds, which grew quite rapidly. As changes in securities prices became more subdued in late May, flows into long-term mutual funds began to pick up, but they have remained weak by the standards of recent years. Shifts from M2 into direct holdings of securities, such as Treasury bills, as well as the capital losses on long-term mutual funds, have damped the growth of a measure that adds to M2 the net assets of mutual funds not held by institutional investors or in retirement accounts. This series has grown at an estimated 1 percent annual rate this year, well below its 5½ percent advance in 1993. Its velocity therefore also has increased, after several years of rough stability.

M1 growth has been restrained by wider opportunity costs as well as some special factors. From the fourth quarter of last year through June, M1 expanded at about a 4 percent annual rate, less than half of its 10½ percent rise in 1993. M1 velocity, which fell at a 5 percent rate last year, appears to have increased this year. The growth of M1 has stemmed primarily from the continued rapid rise in currency, as overseas demand has remained robust and domestic demand has expanded with sales. In contrast, increases in transactions deposits have been quite weak. Growth of demand deposits, which pay no interest, has been reined in by higher market rates, the associated rise in earnings credits on compensating balances, and a drop-off in mortgage refinancings. Refinancings boost liquid deposits—especially demand deposits—because they are accompanied by a temporary parking of funds in such accounts; however, as the volume of refinancings declines, deposits return to more normal levels. Rate spreads have also depressed the growth of other checkable deposits, whose offering rates have changed little since the beginning of the year. In addition, growth has been restrained by a large bank's introduction of a program that sweeps excess balances out of NOW accounts and into money market deposit accounts. (The program, therefore, has no impact on M2.) The anemic expansion of transactions deposits has contributed to a decline in total reserves. This reserve measure has contracted at a 1¼ percent annual rate so far this year, a stark contrast with its 12 percent expansion in 1993. The continued strong demand for currency has propped up growth of the monetary base, whose growth has slowed only slightly this year, to a 9¼ percent annual rate.

Foreign Exchange Developments

After starting the year with a firm tone, the dollar declined on balance from February through late April. The dollar was supported initially by market expectations that it would rise over the near term as the U.S. economy strengthened and U.S. interest rates rose, in contrast to expected developments abroad. Following the Committee's firming action on February 4, the dollar rose only modestly and briefly, in part because foreign long-term rates increased with U.S. rates. In the weeks that followed, the dollar weakened with respect to the yen, especially in mid-February, when market participants became more concerned about the sizable external surpluses in Japan in the wake of the lack of progress in the framework talks between the United States and Japan. The dollar also came under downward pressure against the German mark, particularly in February and March. Continued strong growth in German M3, amid signs of economic revival, suggested that further sizable cuts in German and other European rates were not as likely as had been previously thought, and long-term rates in these countries increased further. In early April, the dollar came under renewed downward pressure in terms of the yen. The resignation of Prime Minister Hosokawa rejuvenated concerns that progress on negotiations to open Japanese markets would stall and that plans to stimulate the Japanese economy would not be implemented.

Market sentiment against the dollar became particularly strong in late April and early May, in sometimes disorderly markets. On April 28, with U.S. bond prices falling, the dollar approached its postwar low against the yen in thin trading, and on the following day it started to drop sharply against the mark as trading became more volatile. In response, the Foreign Trading Desk at the Federal Reserve Bank of New York entered the market and purchased dollars against both marks ($500 million) and yen ($200 million). Treasury Secretary

Bentsen confirmed the intervention and explained that it was prompted by disorderly market conditions. The dollar recovered briefly but resumed falling over the next several days. On May 4, the U.S. Treasury and the Federal Reserve joined other monetary authorities in substantial, coordinated intervention in support of the dollar. Secretary Bentsen again confirmed the intervention and said it was in response to exchange market developments that were inconsistent with economic fundamentals. These actions stemmed the slide of the dollar and contributed to a partial recovery over the subsequent two weeks.

The dollar fluctuated in a narrow range following the May 17 policy actions by the Federal Reserve, but it later lost ground. These policy actions were consistent with the view expressed in the statement accompanying the May 4 intervention that the U.S. Administration did not believe that the prospects for the U.S. economy warranted a weak dollar. However, in mid-June, the dollar declined against the yen as market perceptions resurfaced that the United States was not concerned about a weak dollar, despite official statements to the contrary, and as an easing of trade frictions with Japan appeared less likely following the resignation of Prime Minister Hata on June 24. Downward pressure on the dollar in terms of the German mark intensified at this time as additional data confirmed that an economic recovery was under way in Germany. These data contributed to higher long-term rates and reinforced views that Bundesbank official rates were not likely to be reduced further following the substantial adjustment on May 11. The selling pressure on the dollar may also have been exacerbated by a rise in dollar-denominated commodity prices, which market participants viewed as indicative of a risk of higher U.S. inflation. With the dollar hovering around a postwar low against the yen on June 24, the United States led substantial coordinated intervention with the monetary authorities of the G-7 countries and a number of other countries. Secretary Bentsen confirmed the intervention, citing shared concerns over recent developments in foreign exchange markets. Since that time, sentiment against the dollar has continued, with the dollar recording a new postwar low against the yen on July 12 before rebounding moderately in subsequent days.

Federal Reserve Foreign Currency Transactions

The Federal Reserve has undertaken other foreign currency transactions in 1994 in addition to the intervention actions of April 29, May 4, and June 24. The Federal Open Market Committee has authorized a restructuring of the System's portfolio of foreign currencies and has approved three reciprocal currency arrangements, also known as swap arrangements.

At its December 1993 meeting, the Committee authorized the Manager for Foreign Operations to sell all non-mark and non-yen foreign exchange reserves held by the Federal Reserve. The Manager sold these reserves, which were equivalent to $750 million, during the first few months of 1994. These holdings along with those of the Exchange Stabilization Fund of the U.S. Treasury were eliminated in light of the practice of U.S. monetary authorities in recent years to conduct intervention operations exclusively in marks and yen.

On March 24, the Committee approved a temporary increase to $3 billion, from $700 million, in the System's swap arrangement with the Bank of Mexico. The value of the Mexican peso against the dollar had been nearly stable during the initial weeks of the year, following ratification of the North American Free Trade Agreement by the United States in November. The peso began to weaken in late February, however, in response to disappointing economic news and political unrest in Mexico. The assassination of presidential candidate Luis Donaldo Colosio on March 23 further undermined the peso, which fell to the lower intervention limit against the dollar set by the Bank of Mexico. Mexican authorities then intervened heavily to support the peso. At the request of the Mexican government and the Bank of Mexico, U.S. monetary authorities established a $6 billion temporary bilateral swap facility for the Bank of Mexico, which was split between the U.S. Treasury and the Federal Reserve. The swap was intended to help prevent any turmoil in Mexican markets, which could have spilled into U.S. financial markets. In the event, no drawings were made on this facility. In late April, the peso moved away from its lower intervention limit as the substantial increase in Mexican interest rates persuaded market participants of the commitment of the

Mexican government to maintain the value of the peso.

On April 26, the monetary authorities of the United States, Canada, and Mexico announced the creation of the North American Financial Group to provide an opportunity for more regular consultation on economic and financial developments. Plans for this group had been under way for several months in recognition of the increasing interdependence of the three economies. In connection with the formation of the group, the authorities of the three countries established a trilateral foreign exchange swap facility. The United States and Mexico put in place swap arrangements for up to $6 billion, with the Treasury and the Federal Reserve each participating up to $3 billion. The Federal Reserve and the Bank of Canada reaffirmed their existing swap agreement of $2 billion and extended its maturity to December 1995. The Bank of Canada increased its swap line with the Bank of Mexico to 1 billion Canadian dollars. These arrangements expand the pool of potential resources available to the monetary authorities of each country to maintain orderly exchange markets. The Federal Open Market Committee approved the Federal Reserve's participation in these arrangements effective April 26. □

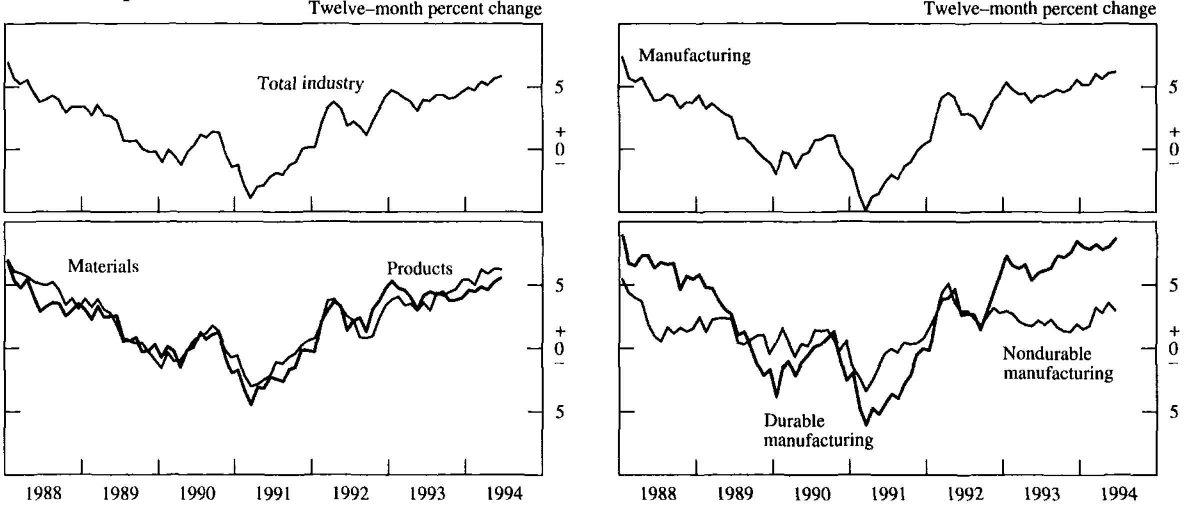
Industrial Production and Capacity Utilization for June 1994

Released for publication July 15

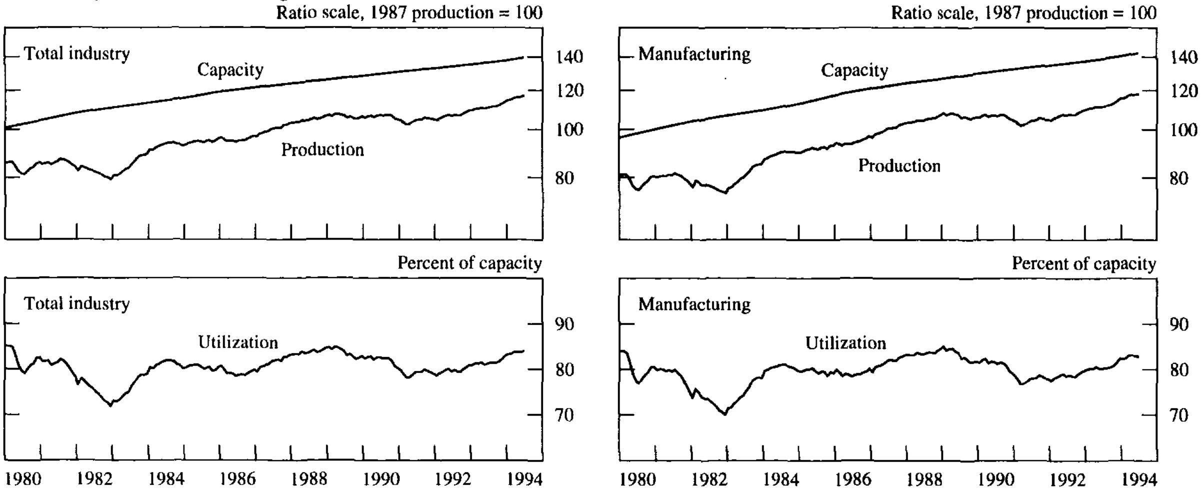
Industrial production rose 0.5 percent in June; revisions for the preceding three months were, on net, slightly positive. A surge in demand for electricity, caused by unseasonably hot weather, resulted in a sharp increase in the output of electric utilities. Apart from this rise, total industrial production for the month increased only 0.1 percent.

The utilization of total industrial capacity rose 0.3 percentage point, to 83.9 percent. The rise in operating rates at utilities more than accounted

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization, June 1994

Category	Industrial production, index, 1987 = 100								
	1994				Percentage change				
					1994 [1]				June 1993 to June 1994
	Mar. r	Apr. r	May r	June p	Mar. r	Apr. r	May r	June p	
Total	**115.9**	**116.1**	**116.3**	**116.8**	**.8**	**.2**	**.1**	**.5**	**5.8**
Previous estimate	115.7	115.9	116.1	...	.6	.1	.2	...	...
Major market groups									
Products, total [2]	114.7	114.9	115.0	115.6	.4	.2	.1	.5	5.5
Consumer goods	111.9	111.6	111.5	112.1	.3	−.3	−.1	.6	3.8
Business equipment	145.5	146.2	147.0	147.7	.4	.5	.6	.5	10.3
Construction supplies	99.7	101.6	102.1	102.3	.8	2.0	.4	.2	7.4
Materials	117.7	117.9	118.1	118.7	1.3	.2	.1	.5	6.2
Major industry groups									
Manufacturing	117.2	117.6	117.8	118.0	1.0	.3	.2	.2	6.1
Durable	121.7	122.3	122.2	122.7	.6	.5	−.1	.4	8.6
Nondurable	111.7	111.8	112.4	112.2	1.4	.1	.5	−.1	3.0
Mining	99.5	99.9	98.8	98.2	.7	.4	−1.2	−.5	.3
Utilities	118.0	116.3	117.3	123.7	−1.6	−1.4	.9	5.4	7.1
	Capacity utilization, percent								MEMO Capacity, percentage change, June 1993 to June 1994
	Average, 1967–93	Low, 1982	High, 1988–89	1993	1994				
				June	Mar. r	Apr. r	May r	June p	
Total	**81.9**	**71.8**	**84.8**	**81.1**	**83.8**	**83.7**	**83.6**	**83.9**	**2.3**
Manufacturing	81.2	70.0	85.1	80.1	83.0	83.0	82.9	82.8	2.7
Advanced processing	80.6	71.4	83.3	78.6	81.6	81.5	81.3	81.2	3.3
Primary processing	82.2	66.8	89.1	83.8	86.3	86.7	87.0	86.8	1.2
Mining	87.4	80.6	87.0	88.0	89.9	90.4	89.3	88.8	−.7
Utilities	86.7	76.2	92.6	86.3	87.5	86.1	86.8	91.4	1.2

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.

for the gain; the operating rate at factories edged down.

At 116.8 percent of its 1987 average, total industrial production was 5.8 percent higher in June than it was a year earlier. Output grew 4.4 percent at an annual rate in the second quarter, down from 8.3 percent at an annual rate in the first quarter. The slowdown resulted mainly from a decrease in the seasonally adjusted production of motor vehicles, which had been hindered by capacity constraints. Excluding motor vehicles and parts, industrial production rose 6.3 percent at an annual rate last quarter, nearly the same as the pace of the first quarter.

When analyzed by market group, the data show that the production of consumer goods advanced 0.6 percent in June, mainly because of the large rise in sales of electricity to residential users. Among other consumer goods, the output of automotive products eased a bit further, reflecting a small decrease in car assemblies. The production of other durable goods, such as appliances and furniture, increased about 1 percent, partially retracing the May decline. On balance, the output of these goods has changed little since last fall. The output of nondurable goods other than energy products was unchanged.

The production of business equipment excluding cars and trucks rose 0.6 percent in June, after an average monthly gain over the preceding three months of almost 1 percent. The deceleration in growth reflected, in part, strike-related losses in construction and mining machinery. Even so, the output of this sector advanced at an annual rate of about 11 percent in the second quarter, only about 1 percentage point less than the growth rate for the first quarter.

The output of construction supplies, which had risen sharply in March and April, recently posted small gains. The large rise in the production of business supplies reflected the weather-related increase in sales of electricity to commercial users. Among non-energy materials, production rose 0.2 percent, about the same as the gains in each of the two preceding months. Increases in the output of basic metals and parts for equipment were largely offset by decreases in the production of paper materials and parts for consumer durable goods.

When analyzed by industry group, the data show that manufacturing production moved up 0.2 percent in June, about the same rate of increase as in both May and April. Excluding motor vehicles and parts, factory output rose 0.2 percent, down from the 0.5 percent gains registered in May and April. The slower rate of increase reflected mainly a softening in the output of nondurables, particularly paper, apparel, and petroleum products; also contributing to the slower increase was the production of chemicals, which had risen sharply in May but was about unchanged last month. Despite the recent slowing, the output of manufacturing excluding motor vehicles and parts grew at an annual rate of about 7½ percent in the second quarter, up from the annual growth rate of 5¾ percent in the first quarter.

Total factory utilization edged down again in June, to 82.8 percent, as the operating rates for both primary-processing and advanced-processing industries declined slightly. The operating rates for most major industries decreased; the only significant increases occurred in the furniture and instruments industries. Even though the overall factory operating rate has eased a bit over the past two months, the utilization rates for many industries, including lumber, primary metals, textiles, petroleum products, and machinery, remain well above their long-run averages. Moreover, the recent levels of factory utilization for petroleum products and machinery have been running above their previous cyclical highs of the late 1980s.

Mining output declined 0.5 percent in June owing to another large decrease in coal mining. The output at utilities increased more than 5 percent, reflecting the effects of the severe weather on electricity demand. □

Statements to the Congress

Statement by Lawrence B. Lindsey, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Credit and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 9, 1994

I am pleased to appear on behalf of the Board of Governors of the Federal Reserve System to address issues related to consumer credit. I will focus my prepared remarks on the questions you raised in your letter of invitation.

Let me begin with some background. Two months ago, the U.S. economy entered the fourth year of its current expansion. Although this expansion began on a sluggish note, economic growth has been appreciable, on average, since early 1992. For example, real gross domestic product expanded 3.9 percent during 1992 and 3.1 percent during 1993. During the first quarter of this year it rose at an annual rate of 3.0 percent, in line with the expectations of growth for this year given in February by the members of the Federal Open Market Committee.

This economic expansion has resulted in moderate, but still healthy, job gains and falling unemployment. We can all be pleased with the decline in the unemployment rate to 6.0 percent in the latest survey by the Bureau of Labor Statistics.

As is usually the case, changing spending patterns in the household sector have been key to the expansion. For example, in inflation-adjusted terms, the increase in personal consumption expenditures has amounted to 71 percent of the expansion in GDP since the recovery began in the second quarter of 1991. If anything, the importance of consumption has increased as the recovery has progressed. Since the first quarter of 1993, increased consumption has accounted for 77 percent of the expansion in overall GDP. By contrast, during the economic expansion from 1982 to 1990, consumption growth was responsible for just 68 percent of the growth in GDP.

Investment in residential real estate showed a similar trend. During the current expansion, housing has accounted for 16.4 percent of the growth in GDP. During the 1980s expansion, increases in housing represented only 6.2 percent of the increase in GDP. Combining these two categories of household outlays, therefore, shows the importance of the household in the current expansion. The growth in personal consumption and housing investment constituted 87 percent of GDP growth since the expansion began, compared with 74 percent during the 1980s. Thus, the questions you asked about the financial health of the household sector and its continued access to credit are particularly pertinent in today's economic environment.

As is usually the case in economic expansions, higher levels of household debt have helped finance increased activity. As policymakers, we should recognize that households are the best judges of their own financial circumstances, so we should not view these increased levels of debt as necessarily "good" or "bad." Increased levels of household income, more optimistic attitudes toward employment prospects, and generally favorable conditions for borrowing are all contributing to the recently increased willingness of households to take on debt.

The first question in your letter asked about recent growth in consumer credit and how it compares with past expansions. It is important to consider the various types of consumer credit. The Federal Reserve has just released its report on consumer installment credit. In April, installment credit grew at a 13.2 percent annual rate after a revised 12.6 percent rate in March, slightly higher than the 11.2 percent growth during the fourth quarter of last year. It is certainly well above the full-year growth of 6½ percent in 1993 or growth of just 1 percent in 1992. Indeed, the double-digit pace reached over the past half year or so is the most rapid since the third quarter of 1986.

Nevertheless, it is hard to determine conclusively how the current rate of credit expansion compares to historical norms. Recall that we are now in the fourth year of an economic upswing. As the above data indicate, growth of installment credit was quite subdued during the early portions of the current expansion. This makes qualitative comparisons of current growth with that in comparable earlier time periods somewhat problematic. The resurgence in consumer installment credit has come later than usual in the current economic expansion, and the recent pace has still been well below peak rates reached during some earlier expansion periods.

Typically, installment credit starts to climb in the first or second quarter of a recovery and is generally rising quite sharply by the second year, often reaching growth rates of 15 percent to 20 percent at some point in the cycle. In contrast, during the most recent upturn in the economy, installment credit continued to contract through the fifth quarter of recovery; its growth rate did not reach double digits until October 1993, two and one-half years into the recovery. On the other hand, the household sector entered this expansion with a higher level of debt than it had in the past, making comparison of percent increases difficult.

We should bear in mind that swings in growth of consumer credit are wider than fluctuations in the economy as a whole because consumer credit is used most heavily to finance purchases of durable goods, which are much more cyclical than consumer income or total consumption. Durable goods include autos and large consumer appliances, which often move with home sales. The strength in these two sectors has meant that durables have been particularly important in the present expansion, contributing 25 percent of increased GDP, compared with just 16 percent during the 1980s expansion.

The comparability of the data on credit growth is also somewhat limited by the development of alternative means of finance. Changes in consumer tastes, the marketing of financing alternatives, and the tax environment can all affect the composition of consumer credit. For instance, the phasing out of tax deductibility of interest payments on nonmortgage consumer loans after 1986 has prompted some shift toward more use of home equity credit and less of traditional consumer loans. The tailoring and promotion of auto leasing to individual consumers have provided them with another means of acquiring cars that has considerable appeal for some types of consumers. I would not want to overstate the impact of these alternatives—estimates made by the Board staff indicate that shifts to these forms of financing have trimmed 1 to 3 percentage points off the growth rate of consumer installment credit in recent years—but such considerations do muddy the comparisons a bit.

A similar type of change in credit product that makes comparison across business cycles difficult has been the development and spread of general purpose credit cards for individual consumers during the past few decades. From less than $10 billion in 1970, debt outstanding on bank credit cards has grown to more than $200 billion today. Revolving credit, including retail store cards as well as bank cards, is now the largest component of consumer credit, recently surpassing auto credit.

How this development affects consumer balance sheets is somewhat unclear. A considerable amount of this revolving credit is commonly called "convenience credit" because it is repaid by consumers within an interest-free grace period. Whether one should view convenience credit as debt in a true sense is open to question, but the convenience credit that is on a creditor's books on the last day of the month will be included in our measure of consumer credit. The contribution of convenience use to credit growth takes on more importance these days as people run more expenditures through their cards to accumulate frequent-flier mileage or points toward purchase of an automobile. Overall credit market conditions also affect the consumer's choice of debt and make historical comparison problematic. For example, efforts to trim debt during the early 1990s and the early part of this expansion were probably reinforced by historically wide spreads between the interest rates consumers were paying on existing loans and the interest rates they could earn on new financial assets. In response to these wide spreads, some people elected to pay down debts with maturing assets rather than roll them over at extremely low yields. For example, a consumer with a maturing certificate of deposit yielding 8 percent might choose to pay off a 10 percent car loan with the funds when new certificates of deposit yield only 3 percent or 4 percent. In essence, these spreads represent the cost of household liquidity, and households elected to assume less liquid positions, reducing levels of both debt and of financial asset holdings as a result of this increased cost. Again, the lack of comparability of these developments with other business cycles makes an evaluation of consumer debt positions difficult.

In sum, these factors seem to have come together in recent months. The pattern of durable goods consumption has turned stronger, providing a stimulus to the growth of installment credit. Healthier consumer balance sheets, resulting both from the earlier slowdown in growth of mortgage and consumer debt and from substantially lower average interest rates on the stock of debt, have probably made individuals feel more comfortable about taking on debt again. In addition, heavy promotion of credit cards with rebates and other incentives tied to the volume of transactions has apparently boosted growth in this area.

As I have indicated, comparisons of growth rates over time are complicated. Sifting through all these considerations, I think it is fair to say that the strength in consumer credit seen so far is not out of line with historical patterns. We also need to look at the ability of households to support the debt. The stock of mortgage and consumer debt relative to income is historically high and has begun to rise a bit with the recent rebound in debt growth after it had leveled off for several quarters.

On the other hand, debt-servicing payments—covering both interest and principal—relative to income suggest a net decline in burden. Our staff's estimate of the share of disposable income allocated to scheduled principal and interest payments by the end of last year had fallen appreciably from the beginning of the decade. This decline resulted from the slowdown in borrowing as well as to lower borrowing costs, especially those resulting from the surge in mortgage refinancing that accompanied declines in mortgage rates to historically low levels. More recently, as household debt growth has strengthened and interest rates have turned up, debt service payments perhaps have edged up.

The prospective risks this might pose are probably best determined by direct measures of debt payment performance. In this regard, delinquency rates on consumer and mortgage loans have suggested for some months now that the risks associated with debt burdens have diminished. According to both industry data from the American Bankers Association (ABA) and calculations from bank call reports, consumer loan delinquencies have been on the downswing since at least early 1992.

The ABA series for all loans combined dropped in the fourth quarter last year to its lowest level since the first quarter of 1984. Similar evidence is provided by data on past-due auto loans at the auto finance companies and on past-due home mortgages reported by the Mortgage Bankers Association. Personal bankruptcies, although still historically quite high, have also been declining in recent months.

Nonetheless, looking below these aggregate statistics, there are reasons to believe that some households have not made much progress in relieving debt burdens. As I have remarked elsewhere, some evidence suggests that middle income households, who carry the bulk of household debt, may not have fully shared in recent income growth and thus in the easing of the aggregate debt-servicing burden.

Your second question dealt with the availability and affordability of consumer credit. Availability of credit—the relative willingness of creditors to make loans to consumers at specified interest rates—has increased. For instance, responses to the Federal Reserve's Senior Loan Officer Opinion Survey indicate that banks have become progressively more willing to lend to consumers since shortly after the end of the recession in 1991. Major new credit card plans, such as the joint ventures between card issuers and the major auto manufacturers, have been offered within the past two years.

Many factors can affect the availability of consumer credit. Earlier in the decade, the balance sheet strains experienced by financial institutions resulting from heavy recession-related loan losses and the need to meet stricter capital requirements restrained the availability of consumer credit, just as they limited the supply of other types of credit. The profitability of consumer lending remained relatively attractive, however, and this type of lending was probably curtailed less than some other types, such as commercial real estate.

The development in recent years of a secondary market for consumer loans through securitization of auto loan and credit card receivables has also been a net plus for credit availability to consumers. Securitization has enabled banks and other traditional lenders to households, such as auto finance companies, to continue to originate consumer loans even when they were unable to profitably fund these credits themselves. This has brought new lenders into the market as indirect suppliers of credit, reducing the vulnerability of this source of credit to the occasional difficulties of traditional lenders.

An important component of the affordability of consumer credit is the interest rate charged on consumer loans. As you know, these rates have come down substantially. Auto loan rates at banks averaged about 11 percent in 1991 but had dropped to 7½ percent on average by the first quarter of this year. This rate is dramatically lower than it has been historically. The previous record low was 10 percent and occurred in 1972, the year the series was begun. As a result, the affordability of automobiles is historically high, or, put another way, debt payments on a new car relative to income are historically low.

With regard to revolving credit, our series on credit card rates, which typically has shown very little movement, dropped 2 percentage points from its recent high in early 1991. However, our credit card series may not fully take into account the increased variety of terms that have emerged in this area. Market segmentation has significantly complicated the analysis of effective credit card rates. In all likelihood, the reduction in effective rates to credit card holders is greater than our survey would suggest.

The third question in your letter requires us to look ahead. In my judgment, prospects for the availability and affordability of consumer credit are likely to remain quite favorable. Earlier this year, members of the Federal Open Market Committee anticipated further solid gains in output and income in 1994, about 3 percent or so, a view that appears to have been confirmed by the evidence to date. Also, private forecasters continue to expect growth of about 3 percent this year. In this context of continued economic expansion, and given the stronger position of banks and other lenders, mortgage and consumer credit should generally be in ample supply. This situation will be buttressed by the continued development of active markets for securitized mortgages and consumer receivables.

The final question in your letter raised questions about interest rates on consumer deposits and whether they are unusually low in relation to market rates by historical standards. Historical comparisons of deposit rates can be tricky, in part because retail deposit rates were subject to interest rate ceilings before the 1980s. Financial market deregulation and innovations during the 1980s have clearly brought tremendous gains to savers, particularly those who rely on typical consumer accounts.

Rate spreads have been affected by greater regulatory costs imposed on banks and thrift institutions in recent years, notably higher deposit insurance premiums. Still, the evidence shows that rates on negotiable order of withdrawal (NOW) accounts, savings deposits, and money market deposits have been very sticky. They have been especially slow to respond to upward movements in market interest rates, although they have also been sluggish in the downward direction. In 1991 and 1992, when market rates of interest were coming down, rates on these accounts dropped less rapidly, making them quite attractive in relation to market instruments, such as Treasury bills. Rates on these bank deposit accounts continued to fall last year as they completed the adjustment to the earlier declines in market rates. By contrast, these rates currently appear to be sticky in an upward direction.

In part, this stickiness may reflect costs associated with changing such deposit rates. These costs may be both of an internal administrative nature and market based. Holders of these accounts seem to expect stability in rates and are prone to close accounts and move balances elsewhere when deposit rates are cut. In recent years, when market rates declined to historically low levels, bankers appeared reluctant to drop rates on these liquid deposits and disturb their long-term depositors in these accounts. During earlier rising rate environments, rates on such accounts lagged earlier upward movements in market rates. Banks and thrift institutions had been unwilling to raise rates on these accounts as costs would have risen for all accounts, not just new ones. Taking this historical pattern of stickiness into account, rates on these types of deposits do not appear to be noticeably out of line with previous experience.

In the case of retail certificates of deposit (CDs), rates have typically adjusted quite promptly to movements in market interest rates. Unlike the liquid accounts just discussed, adjusting the rate on such time deposits in keeping with movements in market rates does not immediately affect the whole cost structure of time deposits, only the cost of new deposits and rollovers. Rates on retail CDs, nonetheless, appear to have been on the low side of historical norms over the past year or so perhaps in part because loan demand had been rather weak. In recent months, however, loan demand has firmed, and rates on retail CDs have been rising steadily as banks have needed to raise funds.

In conclusion, the recent strengthening in consumer credit can be viewed as another piece of evidence that the economic expansion is firmly in place. Credit to households appears to be quite readily available, and many households, having completed substantial adjustments to alleviate debt-servicing strains, are showing that they are again willing to borrow to finance spending. Moreover, changes in our financial system, notably the securitization of mortgage and consumer debt, will better ensure that credit supplies are not disrupted by the financial difficulties of any segment of the financial services industry. □

Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Telecommunications and Finance of the Committee on Energy and Commerce, U.S. House of Representatives, June 14, 1994

I am here today to discuss title II of the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1994 (H.R.3474), entitled Small Business Capital Formation, as passed by the Senate on March 17, 1994. Title II seeks to increase the availability of credit to small businesses by facilitating the securitization of small business loans. The objective of this bill is extremely important, particularly given the problems that some small businesses have had in obtaining adequate credit accommodation. Moreover, experience in other sectors of the credit markets where securitization has become widespread suggests that securitization of small business loans could confer benefits on banks and other financial institutions that originate, securitize, and invest in these loans.

Accordingly, the Federal Reserve supports the objectives of title II. We believe that its implementation may prove helpful in encouraging the development, through the securitization process, of a secondary market for small business loans. We also support the bill's approach of promoting this development by relying on the private sector rather than involving the government through yet another guarantee program.

Small- and medium-sized businesses have always been of critical importance to the U.S. economy. They have served as an engine for job creation and as a major source of innovation in product development. To continue to fulfill these roles these businesses must have the ability to obtain adequate credit accommodation. Traditionally, the commercial banking system has been the principal source of credit to smaller businesses, and the small business segment has contributed importantly to the earnings of the banking industry.

Unfortunately, during the latter part of the past decade, and in the first year of this decade, as banks encountered severe problems in their loan portfolios, they generally tightened their lending standards. As a result, the availability of credit was significantly reduced, particularly to small businesses. With its markedly improved performance in the past two years, the banking system has been able to strengthen its balance sheet and is in a much better position to lend to small businesses and other borrowers. Government agencies have also taken a number of steps to encourage banks to loan to small businesses, including a program to allow banks to establish a "basket" of loans that will be judged on the basis of performance and not be criticized on the basis of documentation deficiencies. Taking these developments into account along with the generally improving economy, it is not surprising that the volume of small business loans has been growing since last fall.

Nonetheless, there may be many situations in which creditworthy small businesses are continuing to encounter difficulties in obtaining credit. Besides addressing the problem created by the credit crunch of recent years, it is highly desirable to find ways to promote, in an efficient but prudential manner, the flow of credit to smaller businesses.

A possible way to maintain or increase small businesses' access to credit could be the expansion of opportunities to securitize small business loans. Although the approach is no panacea, it has been given increased consideration in recent years.

In a securitization, loans are placed in a pool and securities are issued that entitle the holders to the proceeds of the principal and interest payments flowing from the underlying loans. Originators of loans that are used in asset-backed securities could benefit from improved liquidity, enhanced fee income, and—to the extent that a true sale has occurred and the assets are removed from their balance sheets—less need for capital. Investors, on the other hand, acquire securities that require no management of the underlying loans on their part and yet provide an attractive return for instruments that pose, depending upon the nature of the credit enhancement, little or no credit risk.

For the securitization of assets to be successful, the resulting security must be appealing to investors, who are generally risk averse. When evaluating securities, investors rely heavily on the national credit-rating agencies to inform them of the credit risk associated with securities through the assigned credit ratings. Thus, securitized transactions must have sufficient credit enhancement to obtain a credit-rating level that makes the securities attractive to investors.

Both sales and purchases of securitized pools offer improved diversification and a greater selection of risk and return alternatives. Purchases of securities backed by loans may be particularly valuable to smaller banks that do not have the capability of diversifying their lending either geographically or according to industrial sector.

Given the potential benefits to be gained from the securitization of small business loans and business loans generally, the Federal Reserve believes that it is important to give careful consideration to proposals designed to promote and encourage the securitization of such loans. These potential benefits have been dramatically demonstrated by the impressive growth in the residential mortgage-backed securities market and the markets for securities based on auto loans and other consumer loans. It thus seems reasonable that small business lending could also benefit from securitization.

Small business loans, however, differ substantially from the types of loans—such as residential mortgages, auto loans, and credit card receivables—that are currently securitized. Although these types of loans are relatively homogeneous, small business loans tend to be quite heterogeneous, in part because of the natural diversity of small business enterprises and their loan terms, which are usually individually negotiated to suit the unique credit needs of each borrower. This diversity results in loans with widely different maturities and repayment terms, different degrees of documentation, and different amounts of information regarding the underlying financial positions of the obligors. This heterogeneity greatly complicates the process of predicting the future cash flows produced by pools of even the highest credit quality.

Also, pools of small business loans may exhibit a diversity in credit quality, which, coupled with a diversity in documentation standards, greatly complicates the task of performing due diligence and reaching a judgment as to the overall quality of the pool. Finally, the lack of a sufficiently broad and deep historical database on small business loan performance makes actuarial methods of estimating loan losses extremely difficult.

All these barriers to successful widespread securitization of small business loans derive from the heterogeneity of this type of credit. The heterogeneity problem could be solved through a more standardized loan product that could be easier to securitize. Standardization, however, would introduce an element of inflexibility into small business lending and could preclude many small business firms from obtaining the credit accommodation they need because they do not fit the "mold." In addition, the standardization of small business loans could increase the amount of documentation needed to support such credits, thereby increasing the cost to small business borrowers.

In this regard, it should be noted that the securitization of residential mortgages has resulted in much more elaborate and expensive documentation requirements. Thus, it is possible that rigid and inflexible underwriting standards and increased documentation requirements could actually curtail the amount of available credit for businesses.

Because greater homogeneity of small business loans has not been achieved, the successful securitization of such assets has had to rely on significant credit enhancements. Such large enhancements are needed to offset the concerns of risk-averse investors over the uncertainty associated with the heterogeneous nature of small business loans.

The provision of credit enhancements by banks to facilitate the securitization of these loans is certainly not an objectionable activity, so long as it is carried out in a safe and sound manner and adequate capital support is maintained to protect depositors. In this connection, it should be noted that the heterogeneous nature of small business loans makes it relatively difficult for banks to accurately assess the riskiness of providing credit enhancements for these transactions. Thus, it becomes especially important to ensure that banks maintain adequate capital for such arrangements, including sales of assets with recourse.

Under a recourse arrangement, a bank typically commits to cover any initial losses on loans that may occur up to a contractually agreed upon amount. This arrangement results in the selling bank being exposed to a possibly significant proportion of the potential losses on the transferred loans.

Under generally accepted accounting principles (GAAP)—or more specifically Financial Accounting Standard 77 (FAS 77)—which the bill proposes to utilize, a bank may remove from its balance sheet an asset sold with recourse even if it has retained the risk of ownership. This accounting standard treats the transfer of assets with recourse as a sale if the seller relinquishes the benefits of owning the asset, is reasonably able to estimate the expected losses to which it is still exposed under the recourse provision, and establishes a specific liability reserve equal to the amount of these expected losses. This treatment generates a strong incentive for banks to underestimate losses, and this weakness has caused some accounting professionals to criticize FAS 77. Even if loss estimates were made in good faith, however, this approach would still be of concern from a supervisory perspective because it does not take into account the possibility that actual losses may turn out to be substantially greater than expected losses. The role of capital is to serve as a buffer against such developments, and GAAP is silent on this aspect of risk exposure.

The banking agencies' rules attempt to establish policies to ensure that government-insured depository institutions will hold capital commensurate with their risk exposure in any transactions—including securitized transactions—that they engage in. Thus, unlike GAAP, the regulatory treatment of asset sales focuses on the retention of risk rather than the relinquishing of the benefits of ownership. Under this treatment, when a loan is transferred with recourse, the agencies have generally treated the transaction as a borrowing and have required the transferor to maintain capital against the entire amount of the assets transferred.

More recently, however, it has come to be recognized that this conservative approach does not fully take into account contractual limitations on the selling bank's recourse obligation and may not accurately reflect expectations or practices of the marketplace. In this regard, the agencies, under the auspices of the Federal Financial Institutions Examination Council, have reviewed long-standing recourse rules. They have concluded that these rules should be modified to reduce the capital charges for certain asset sales with limited recourse to make those charges more commensurate with the contractual credit risk to which the selling organization is exposed.

Accordingly, on May 25, 1994, the federal banking agencies published for public comment a detailed proposal on the appropriate capital treatment for recourse arrangements. The proposed guidelines are consistent with the basic supervisory principle that the capital held against transactions should be commensurate with their risk. In particular, the agencies are proposing to reduce the capital requirement for all recourse transactions when the selling banking organization contractually limits its exposure to less than the full, effective risk-based capital requirement for the assets transferred. This low-level recourse rule would apply to all types of assets, including small business loans and commercial loans. For example, the risk-based capital requirement for a standard risk asset transferred with a 3 percent recourse obligation would be only 3 percent rather than the currently required 8 percent.

In addition, the agencies are requesting public comment on a preliminary proposal that would employ credit ratings to assess risk-based capital against banking organizations' securitization exposure based on their relative risk of loss from the underlying assets. This aspect of the agencies' proposal could reduce the capital requirement against senior asset-backed securities that currently are assessed 8 percent capital. Although the existing regulatory guidance needs some revision, its limitations have not precluded the development of substantial securitization markets for a wide variety of loans.

In this regard, in the House version of H.R.3474, section 138 calls for federal banking agencies to review the capital standards applicable to loans sold with recourse and revise their capital standards in accordance with the agencies' findings. The banking agencies are already conducting such a review and, as mentioned earlier, recently published proposals to revise their capital rules with regard to recourse arrangements as a part of that review. Thus, it would seem that legislative action calling for such a study is not necessary.

Section 138 also mandates that any revisions that the agencies propose to their capital standards may not be less stringent than GAAP. This explicitly ties the banking agencies' regulatory capital rules to GAAP. The capital rules are not an accounting principle; they are a supervisory tool to help ensure the safety and soundness of the banking system. On the other hand, GAAP—as set by the Financial Accounting Standards Board (FASB), a private standard-setting group—is oriented toward the disclosure of information for stockholders, investors, and analysts, which may or may not be relevant for safety and soundness purposes.

Given the divergent purposes of the regulatory capital rules and GAAP, we believe that the banking regulators should have the authority to differ from GAAP when necessary to address safety and soundness concerns without being constrained by a stringency test relative to standards set by a private group like FASB. The section 138 stringency test is similar to the one set forth in section 121 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) with respect to accounting standards that banking organizations must use in completing regulatory reports, and both cause concern.

Section 138 of the House version of H.R.3474 would effectively give FASB more authority over the agencies' regulatory capital rules than the regulators themselves would have—just as section 121 of FDICIA has given FASB more authority than the agencies have over regulatory reporting requirements—since in both cases any differences from GAAP would have to be justified as "no less stringent." This concerns us because safety and soundness considerations may dictate an approach to regulatory capital rules and regulatory reporting that is very different from what GAAP requires, and, thus, a stringency test may not be applicable. As a result, the banking regulators may be forced to follow GAAP in cases in which that is not the prudential course of action from a safety and soundness viewpoint, simply because that course of action is so different that a stringency test cannot be applied.

Accordingly, section 138 of the House version of H.R.3474 should be either dropped or revised to decouple the agencies' regulatory capital rules from GAAP. Further, we would propose that the Congress also amend section 121 of FDICIA so that the agencies' regulatory reports can follow GAAP to the extent consistent with safety and soundness.

Now I would like to turn to the specifics of section 208 of title II, which deals with the accounting, capital, and reserve requirements for transfers of small business loans. In particular, with respect to capital, section 208 contains two principal provisions. First, small business loans sold with recourse would be reported in accordance with GAAP on the regulatory reports filed by insured depository institutions. Second, the maximum amount of capital and reserves to be maintained by insured depository institutions selling small business loans with recourse would be limited to a specific reserve equal to the selling institution's reasonable estimate of its liability under the recourse arrangement, plus an 8 percent capital requirement against the amount of retained recourse.

As I have noted, one of the most important safety and soundness considerations is the amount of capital that is maintained to protect banking organizations from any risks associated with loan securitization. In our view, the capital provision outlined in section 208 of title II accords quite preferential treatment to the securitization of small business loans. If that treatment were to be extended to small business loan securitizations without imposing limitations, it would raise safety and soundness concerns. The bill incorporates some limitations, however, that help somewhat to mitigate these safety and soundness concerns. First, the preferential capital treatment would be restricted to those institutions that, under the agencies' *current* risk-based capital standards, are either well capitalized or are adequately capitalized and have the approval of their primary regulator. Second, the aggregate of the maximum contractual recourse obligations on all such loans "sold" may not exceed 15 percent of a bank's total risk-based capital.

Although we do not believe that the approach specified in title II is the best way to manage this activity, we did not object to the approach or believe that it would unduly threaten safety and soundness so long as these limitations were in place and the preferential capital treatment was limited to small business loans. We are concerned, however, that establishing a special capital treatment for small business loans would set a troubling precedent for other types of loans and that the extension of the liberal treatment beyond small business loans could raise safety and soundness concerns.

As I mentioned earlier, the banking agencies have issued specific proposals to revise our capital standards for securitizations and other recourse arrangements. We believe that rather than specifying detailed capital requirements for a select group of assets by statute, it would be preferable for the Congress to revise this legislation to support the agencies' efforts to develop appropriate capital standards for securitizing all types of loans. This would enable the agencies to address small business loan securitization in a manner that would be consistent with the maintenance of a safe and sound banking system. It would also avoid the rigidities that result when technical and complex regulatory requirements are written into law. The agencies need flexibility to be able to adjust the rules to account for changes that occur in the marketplace.

In view of the importance of credit availability to small- and medium-sized businesses, we are committed to continuing to work with this committee, the other banking agencies, and the Administration in developing an approach that will remove any unnecessary impediments to securitization, while at the same time protecting the safety and soundness of the banking system and minimizing regulatory burden.

In our view, the capital provisions outlined in section 208 of title II would not, by themselves, provide adequate protection to banks involved in securitization of small business loans. For example, to encourage the securitization of small business loans, section 208 of title II would give designated institutions permission to maintain capital against risk exposure arising from the sale of small business loans with first loss recourse in an amount that is less than is required under the banking agencies' existing or proposed capital standards.

The Congress now has before it several other bills that would extend this preferential capital treatment to a wide variety of assets that are even more difficult to securitize than small business loans. We believe that such an expansion would be unwise. Most certainly, lending that would be subject to liberal capital terms should not be expanded beyond the constraints that have been specified. That being the case, to the extent other types of loans are made eligible for such treatment, that would require a reduction in the amount of small business loans that could be sold under the liberal capital terms. Moreover, to widen the list of eligible loans would serve to complicate an already complex capital standard. And such an extension is almost certain to be perceived as a major departure from the established internationally accepted capital principles, on which the U.S. banking agencies have based their risk-based capital rules. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, June 22, 1994

I appreciate the opportunity to appear before you to discuss recent monetary policy actions and issues related to inflation.

The Federal Reserve's moves to increase short-term interest rates this year are most appropriately understood in a historical context.

In spring 1989, we began to ease monetary conditions as we observed the consequence of balance sheet strains resulting from increased debt, along with significant weakness in the collateral underlying that debt. Households and businesses became much more reluctant to borrow and spend, and lenders to extend credit—a phenomenon often referred to as the "credit crunch." In an endeavor to defuse these financial strains, we moved short-term rates lower in a long series of steps that ended in late summer 1992, and we held them at unusually low levels through the end of 1993—both absolutely and, importantly, relative to inflation. These actions, together with those to reduce federal budget deficits, facilitated a significant decline in long-term rates as well.

Lower interest rates fostered a dramatic improvement in the financial condition of borrowers and lenders. The sharp, sustained decline in debt-service charges and the restructuring of balance sheets alleviated the financial distress, enabling the economy to begin to move again in a normal expansionary pattern. By last summer, the likelihood that the economy would soon respond more vigorously to these financial developments was already evident both to the Federal Reserve and to outside analysts. Indeed, in testimony to the Congress at that time I mentioned that, with short-term real rates not far from zero, "market participants anticipate that short-term real interest rates will have to rise as the headwinds diminish if substantial inflationary imbalances are to be avoided." But lingering questions into the second half of 1993 about whether the economy had fully recuperated made the appropriate timing of such action unclear.

Since the latter part of 1993, however, the expansionary effects of the monetary policy of the past few years, along with the healing of balance sheets, have become increasingly apparent. Given the stronger economic and financial conditions, it became evident by early 1994 that the mission of monetary policy of the past few years had been accomplished. The "headwinds" were substantially reduced, and the expansion appeared solid and self-sustaining.

Having met our objective, there seemed no reasonable purpose in maintaining the demonstrably stimulative level of short-term interest rates held throughout 1993. Maintenance of that degree of accommodation, history shows, would have posed an unacceptable risk of mounting inflationary pressures. Given the resumption of more normal patterns of economic activity and credit flows, a shift in policy stance was clearly indicated.

In early February, we initiated the process of withdrawing the degree of monetary stimulus. At the time, we thought long-term rates would move a little higher temporarily as we tightened, but that anticipation was in the context of expectations of a more moderate pace of economic activity both here and abroad than that which emerged shortly thereafter. The subsequent dramatic rise in market expectations of economic growth here and abroad and associated concerns about inflation provided considerable impetus to the sharp jump in rates. Given the changes in economic conditions and prospects, and the market's perception of them, longer-term rates would eventually have increased significantly even had the Federal Reserve done nothing this year.

The rise in long-term rates has reflected increased uncertainty, as well as expectations of a stronger economy. Although it was generally expected, the move from accommodation, interacting with the news on the domestic and global economy, triggered a reexamination by investors of their overly sanguine assumptions about price risk in longer-term financial assets. As volatility and uncertainty increased, investors here and abroad began to reverse their previous maturity extensions. They fled toward more price-certain investments at the short end of the yield curve. For example, some flows into bond mutual funds were reversed; investors, fearing further rate increases and awakening to the nature of the risk they had taken on, shifted funds back into shorter-term money market mutual funds and into deposits. The sales of securities by bond mutual funds likely contributed to pressures on yields, especially in markets in which they had been important buyers.

Because we at the Federal Reserve were concerned about sharp reactions in markets that had grown accustomed to an unsustainable combination of high returns and low volatility, we chose a cautious approach to our policy actions, moving by small amounts at first. Members of the Federal Open Market Committee agreed that excess monetary accommodation had to be eliminated expeditiously. We recognized, however, that our shift could impart uncertainty to financial markets, and many of us were concerned that a large immediate move in rates would create too big a dose of uncertainty, which could destabilize the financial system, indirectly affecting the real economy. In light of the substantial variations in prices of financial assets over the past few months as we adjusted our posture, our worries seem to have been justified. But, through this period, many of those who had purchased long-term securities with unduly optimistic expectations about the level and fluctuations in yields had made the needed adjustments. Thus, we judged at our May 17 meeting that we could initiate a larger adjustment, without an undue adverse market reaction. Indeed, markets reacted quite positively, on balance, at that time, perhaps because they saw such timely action as reducing the degree and frequency of tightening that might be needed in the future.

Some critics of our latest policy actions have noted that we tightened policy even though inflation had not picked up. That observation is accurate, but it is not relevant to policy decisions. To be successful, we must implement the necessary monetary policy adjustments well in advance of the potential emergence of inflationary pressures, so as to forestall their actual occurrence. Shifts in the stance of monetary policy influence the economy and inflation with a considerable lag, as long as a year or more. The challenge of monetary policy is to interpret current data on the economy and financial markets with an eye to anticipating future inflationary or contractionary forces and to countering them by taking action in advance. Indeed, if we are successful in our current endeavors, there will *not* be an increase in overall inflation. The trends toward price stability will be extended in the context of sustainable growth in economic activity.

You raised a number of questions that relate to the issue of resource restraints and their influence on inflationary pressures. These relationships are not simple. High levels of resource utilization can contribute to the process that ultimately produces destabilizing inflation, but they need not do so.

Indeed, through much of this nation's history, we had periods of tightened labor and product markets with only transitory effects on the general price level. In these periods the discipline on credit expansion provided by the gold standard or other institutional arrangements limited the potential for prices to spiral upward and thus kept long-term inflation expectations from rising. After World War II, however, with those disciplines no longer in place, tightened markets became increasingly associated with rising inflation expectations and burgeoning credit demands, which we were sometimes too slow to counter. A persistent inflation, unprecedented in our history, eventually took hold, with devastating effects on our economy and society.

We are still paying a price for that episode despite major successes in reversing inflationary pressures during the past fifteen years. There remains a significant inflation premium embodied in long-term interest rates, reflecting a still skeptical world financial market view that U.S. fiscal and monetary policies retain some inflation bias. Until the late 1970s, the markets held a deep-seated though, in retrospect, naive view that the economic and institutional structure of the United States rendered us particularly immune from persistent inflationary forces. When that view was shattered by the reality of the late 1970s, bond markets collapsed. Much progress has been made in restoring the degree of confidence that existed earlier in the post-World War II period, but it has taken years. Moreover, judging from the remaining inflation premium embodied in long-term rates, the job is not yet complete. Having paid so large a price in reversing inflation processes to date, it is crucial that we do not allow them to re-emerge.

With respect to your question about the so-called "natural rate" of unemployment, some analysts have suggested that unemployment relative to its natural rate can be used as a means of quantifying the aggregate demand–aggregate supply balance. The "natural rate" is usually defined as the rate of unemployment consistent with no tendency for the inflation rate to move up or down over time. Any attempt by either monetary or fiscal policy to hold the unemployment rate permanently below the "natural" rate, it is argued, would require increasing amounts of monetary accommodation that, in the end, would only succeed in pushing inflation continually upward. The record of the postwar period suggests that episodes of tightness in the labor market have been associated with increases in the rate of inflation, and the converse. But over the longer term, no trade-off is evident between inflation and unemployment.

Although the idea of a national "threshold" at which short-term inflation rises or falls is statistically appealing, it is very difficult in practice to arrive at useful estimates that would identify such a natural rate. In large measure, these difficulties result from the enormous complexity and dynamism of our labor markets. Evolving demographic trends and changes in the geographical distribution of activity can alter the degree of short-term pressure on wages that is associated with any given measure of aggregate unemployment. Moreover, structural shifts in the pattern of demand across industries and occupations can also influence the so-called natural rate. In addition to the continual flux that is an integral element of our market economy, public policies—intentionally or unintentionally—can raise or lower the natural rate depending on whether they hinder or facilitate adjustment in labor markets. Arriving at an overall assessment of these influences is far from straightforward and likely accounts for the wide range of estimates among professional economists. When the statistical uncertainty associated with these estimates is taken into account, a plausible "confidence interval" is likely even wider.

At present, assessments of the state of the labor market have been complicated by the revision this year to the Current Population Survey. Based on initial tests of the new questionnaire and collection techniques by the Bureau of Labor Statistics, it appeared that the changes would likely raise our statistical measure of the unemployment rate. In response, many analysts have increased their estimates of the natural rate by the presumed difference between the old and new surveys. But a variety of technical issues remain unresolved, and it may be a long time before we know with any certainty the influence of these changes on the measured unemployment rate.

In light of these uncertainties, I do not think that any one estimate of the natural rate is useful in the formulation of monetary policy. We clearly have entered a period in which economic policymakers need to watch carefully for signs of resource pressures in the labor market. But appropriate analysis of current and prospective conditions will need to extend beyond the aggregate figures for the labor market alone and address regional and skill differences as they apply to wage determination.

In addition to labor, the answers to your questions about our capacity for noninflationary growth will depend on the expansion of the nation's stock of plant and equipment and, most important, ideas. Investment spending not only raises the amount of capital per worker—an essential determinant of labor productivity—but also is a principal channel through which new technologies are introduced into the production process. Today we are in the midst of a capital spending boom, as companies strive to modernize existing plants and add capacity. Investment in computers and high tech communications equipment has been particularly strong, stimulated by waves of technological improvement and rapidly expanding opportunities for the application of these technologies. But demand for more traditional types of industrial machinery has also been strong, and the construction of new production facilities has revived. This strength in capital spending has been driven by the relatively low level of financing costs and by the conviction within the business community that, with favorable prospects for a steady expansion of the economy, the risks in adding capacity are acceptable.

The Federal Reserve's own index of output capacity in manufacturing increased 2¼ percent last year and is likely to surpass that performance in 1994. The Federal Reserve's indexes define capacity as the highest level of output that a plant can maintain within the framework of a realistic work schedule, that is, one that allows for normal downtime and sufficient availability of inputs. The Federal Reserve's capacity estimates are developed from various sources, including capacity measures in physical units compiled by trade associations, as well as surveys of utilization rates as perceived by individual companies.

But businesses have the ability over time to respond to changing market conditions. When demand is picking up, firms have historically been able to "stretch" capacity by working their capital and labor overtime. The ability to import raw materials, components, or even final products from assembly plants abroad can also help at times to meet unexpected growth in demand. However, this solution is unlikely to be permanent because increased demand pressures abroad as global activity recovers and expands will tend over time to push up import prices and eliminate any temporary cost advantage. At this point, we have little aggregate evidence that the increased openness of the U.S. economy over the past several decades has substantially altered the process of domestic price formation.

The rate of capacity utilization in manufacturing—a measure of the pressure on the domestic production of goods—was a shade under 83 percent in May—well above its historical average. However, as with the unemployment rate, there is no clear-cut "trigger point" for capacity utilization as a signal for emerging inflationary pressures. To be sure, as capacity utilization increases, bottlenecks occur with greater frequency, and production costs rise. Indeed, the recent firming of prices of some products and raw materials suggests that we may already be witnessing some elements of this process. To date, however, because of constrained increases in unit labor costs, broad measures of producer prices for final goods have not generally reflected the increases in those input costs. In addition, monetary and credit growth remains quite muted. But, further increases in pressure on manufacturing facilities might suggest a greater risk of emerging inflationary imbalances.

Of course, aggregate price trends obscure considerable diversity across industries in the relationship of capacity utilization to prices. For example, operating rates are high in the motor vehicle and computer-related industries. Yet the prices of light trucks have risen, while the prices of microprocessors have plunged. Such differences make it very difficult at the aggregate level to pin down a particular level of capacity utilization that can be associated with the emergence of inflation pressures. All told, the rate of capacity utilization in manufacturing is not a foolproof measure of inflation pressures. But, like the unemployment rate, its level and trajectory deserve close attention.

The efficiency with which our labor and capital resources are combined also has an important influence on the aggregate supply potential of the economy, and the recent record here is cause for some optimism. Since the last business cycle peak in summer 1990, labor productivity—output per hour in the nonfarm business sector—has increased, on average, at about a 2 percent annual rate. At this stage, disentangling trend from cycle remains difficult. But there are some signs of improvement in our underlying productivity performance in response to increased global and domestic competition and improved management. In addition, the investment in high tech equipment now finally appears to be paying off. It has taken businesses time to learn how to use computers effectively in their operations. But better hardware and significant advances in software are now permitting many companies to "re-engineer" the way they produce and distribute goods and services.

It is important to remember that growth in productivity is the key to increases in our standard of living over time. Productivity is the essential element that allows wages to grow in a noninflationary way. It is for this reason that over long periods of time broad measures of compensation per hour, which include both wages and benefits, closely track the trend in labor productivity, when compensation is measured relative to the prices of the goods and services produced in the U.S. economy. Thus, if maintained, the strong growth in labor productivity in this expansion will be a very welcome development indeed.

Finally, it is germane to ask what economic policymakers can do to foster faster growth of aggregate supply and thereby raise the threshold of resource utilization. In this regard, the role of monetary policy is rather narrow but potentially potent. Most important, we can reinforce ongoing trends in the private sector that enhance our productive potential by helping to create a stable environment for sustainable noninflationary economic growth. Stability in economic conditions boosts confidence and makes long-range planning by businesses and households much easier. In that regard, the maintenance of inflation sufficiently low that it need not be a factor in business and consumer decisionmaking enhances the operation of the market price mechanism and helps to ensure that resources are used most productively. Inflation interferes with such price signals and spawns the wasteful use of resources to hedge against unexpected price changes. Experience both here and abroad suggests that lower levels of inflation are conducive to the achievement of greater productivity and efficiency and, therefore, higher standards of living. In fact, there is some, but by no means definitive, evidence that lower rates of inflation have been associated not just with higher *levels* of productivity but with faster *growth* of productivity as well. Because of the increasing evidence of the deleterious effects of inflation in recent years, there has emerged a growing consensus throughout the world that a monetary policy geared toward the pursuit of price stability over time is the central bank's most significant contribution to achieving maximal growth of a nation's wellbeing.

The actions undertaken by the Congress can also have profound effects on the inflation threshold of our economy and its productive potential. Clearly, we ought to be encouraging measures to increase the flexibility of our work force and labor markets. Improving education and facilitating better and more rapid matching of workers with jobs are essential elements in making more effective use of the U.S. labor force. Just as important, the Congress should avoid enacting policies that create impediments to the efficient movement of individuals across regions, industries, and occupations, or that unduly discourage the hiring of those seeking work. Competitive markets have shown a remarkable ability to create rising standards of living when left free to function.

Finally, the Congress and the Administration can continue to contribute to the growth of our economy by maintaining a disciplined fiscal policy. Last year's budget agreement, especially the spending caps, was a significant step in putting fiscal policy on a more sustainable long-run path. But, as this committee fully understands, under current policy and law, later in this decade federal outlays will almost surely again be rising at a pace that will exceed the growth of our tax base. Unless addressed, these trends will lead to increases in the deficit as a percent of gross domestic product, with unacceptable consequences for financial stability and economic growth. As I indicated to this committee last year, increases in tax rates cannot solve this problem. Only by reducing the growth in spending will ultimate balance be achievable.

In summary, despite these considerable policy challenges and the always-present future uncertainties, the outlook for the U.S. economy is as bright as it has been in decades. Economic activity has strengthened, unemployment is down, and price trends have remained subdued.

In addition, unlike some earlier periods, business spending on new plant and equipment has been an important contributor to growth. This strength in investment will enhance economic efficiency and lay the foundation for the productivity gains that will bolster the economic welfare of our nation. The Federal Reserve welcomes these developments because the intent of our monetary policy in recent years has been to foster precisely this kind of healthy economic performance. □

Statement by Susan M. Phillips, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Credit and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 22, 1994

I am pleased to be here today to discuss the trends in retail fees and the availability of retail services at depository institutions. The information that I will describe today was obtained from annual surveys sponsored by the Federal Reserve System.

Before presenting the results, let me first note the original purpose of the surveys and explain how they are conducted. The Board instituted this effort to meet the requirements of section 1002 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The Congress required that the Board report annually on discernible changes in the cost and availability of a wide variety of retail banking services to assess the extent to which increased deposit insurance premiums might be passed on to retail customers in the form of reduced availability of services or increased service fees. The Congress further specified that these annual reports be based on annual surveys that use samples of insured depository institutions that are representative in terms of size and location. Surveys meeting these requirements have been conducted for each of the past five years. Copies of all the resulting reports to the Congress, which contain substantially more information than I will have time to present today, have been made available to the committee.

The most recent of these reports found that the availability of the majority of retail services examined did not change appreciably between 1992 and 1993, with the few instances of improved availability outnumbering those of reduced availability. A general trend in the direction of increased fees was also observed, with twenty-four out of forty-four estimated fee changes representing fee increases greater than the rate of inflation and the remainder representing either increases less than the rate of inflation or, in a few cases, fee decreases. These observed changes in fees are similar to those found and reported in earlier years.

Deposit insurance premiums have increased over the years, so that these fee increases do correspond with an increase in deposit insurance premiums. It is, however, difficult to determine with any certainty the extent to which the increase in deposit insurance premiums caused fees to increase because changes in other factors could also have played a role.

The survey data were obtained through telephone interviews conducted by a private survey organization under contract with the Board. The number of institutions surveyed each year has been approximately 150 banks and 180 savings associations, with some minor changes from one year to the next. These institutions are chosen randomly each year from each of seven different geographical regions of the nation and from five different size groupings. The results reported in tables 1 through 4 are not simply averages of the fees and service availability observed for the sampled institutions.[1] Instead, they are weighted averages in which the weights are determined by the region of the country and the size classification from which each institution is drawn. This procedure is analogous to that typically used in public opinion polling. The result in this case, we believe, is a better estimate of what is true of the entire population of banks and savings associations.

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

In assessing observed changes from one year to the next, it is important to note that institutions surveyed were not, in general, the same in each of the years covered. In addition, changes observed from one year to the next may reflect differences in the sample drawn, as well as in the true trend over time. This problem tends to be more severe in the case of data items for which few financial institutions are observed. If, for example, only 10 percent of financial institutions offer a particular retail service, few observations of financial institutions in the sample can be used to estimate the average fee for that service, and the sampling error will be large. In general, however, we think that this problem is insignificant for most of the items of interest.

SERVICE AVAILABILITY

Table 1 focuses solely on the issue of service availability and how it has changed over time. Service availability can be measured in a number of different ways. For the purpose of this table, it is measured as the percentage of banks or savings associations that offer a particular service. Estimated percentages are presented for each year from 1989 to 1993, and results are reported separately for banks and savings associations. The table also indicates the change in the percentages that occurred between 1989 and 1993 for both banks and savings associations. The services included in the table are some of the most important retail services offered by depository institutions. These services include noninterest checking accounts, negotiable orders of withdrawal (NOW) accounts, which are basically checking accounts that pay interest, savings accounts, money orders or cashiers checks (which are aggregated because they are substitutes for each other), and automated teller machine (ATM) services. Because of the importance of assessing the availability of basic banking services, we have also included information on the percentages of institutions that offer those types of noninterest checking accounts, NOW accounts, and savings accounts that carry no fee.

In assessing the trends in service availability, it is clear that results differ from one type of service to another. As a generalization, we do not find strong evidence of an overall reduction in the availability of services during this period. Indeed, the availability of some services (including NOW accounts and ATM services at banks and noninterest checking at savings associations) increased dramatically over the period.

The availability of no-fee accounts at banks and savings associations is limited for all of the years examined. For example, only about 8 percent of the banks and 12 percent of savings associations offered no-fee noninterest checking in 1993, and only 11 percent of banks and 1.5 percent of savings associations offered no-fee savings accounts. Although no-fee noninterest checking was still at a relatively low level of availability, it became somewhat more available at both types of institutions over the period. However, no-fee NOW and savings accounts became less available at both banks and savings associations, with the availability of no-fee savings accounts dropping particularly sharply at savings associations. Finally, the availability of ATM services at banks has continued to increase in recent years, although estimates of the availability at savings associations over the period exhibit a volatile pattern.

SERVICE FEES

Tables 2, 3, and 4 focus directly on the level of fees charged by banks and savings associations for various services and how the fees have changed over time. We have divided the presentation of this information into three different categories: information on the average level of fees required to maintain and use various types of checkable accounts; information on fees associated with various types of special actions, such as those associated with the return of checks for insufficient funds, deposit items returned, and stop-payment orders; and information on the various types of fees associated with the use of ATM services. Percentage changes in fees and balance requirements, when meaningful data are available, are presented for the period between 1989 and 1993, along with the corresponding change in the consumer price index during the period.

Fees Charged for the Maintenance and Use of Checkable Accounts

Analysis of fees charged for the maintenance and use of checkable accounts over time is complicated by the fact that the terms of accounts can differ considerably. For example, different nonchecking services may be provided with the account; the balances that depositors must maintain to avoid fees may vary; and the mix of fees charged the account holder can differ widely. Depository institutions can, and frequently do, offer more than one type of account. So that fee information may be compared systematically over time, the focus in table 2 is restricted to four rather narrowly defined accounts. Nevertheless, the many dimensions of even these narrowly defined accounts make comparisons over time difficult.

The first of these accounts we have termed a "single-balance, single-fee, noninterest checking account." This account pays no interest and imposes no fee if a minimum balance is maintained; otherwise the account incurs a single monthly fee but no charge per check. About 38 percent of banks and 23 percent of savings associations offered this account in 1993. The monthly fee charged by banks averaged about $5.90 in 1993 and does not seem to have changed much during the period. Neither the average minimum balance needed to avoid the fee nor the average minimum balance required to open the account at banks increased during the period, and, in fact, both balances exhibit slight declines. For savings associations, the monthly fee averaged $5.50 in 1993 and rose about 17 percent over the period. Although that fee has stabilized over the past three years, the entire increase over the full period is roughly equivalent to the change in the consumer price index (CPI) between the dates of the 1989 and 1993 surveys.[2] As with banks, the minimum balances associated with this account at savings associations exhibit, if anything, slight declines.

The second type of noninterest checking account differs from the first in that failure to maintain a minimum balance results in a charge per check as well as a monthly fee. Only 10 percent to 25 percent of banks and no more than 5 percent of savings associations offered accounts with this fee structure. Because of the existence of a charge per check, average monthly fees charged by banks (about $4.00 in 1993) are lower than those charged for the first type of account, thus illustrating the need for separate reporting of these different account types. In contrast with the first type of account, the average monthly fee charged by banks for this account rose 24 percent between 1989 and 1993. This increase was substantially higher than the change in the CPI during the period, although considerable variation was exhibited in the estimates of this fee. The average charge per check of about 20 cents, however, did not increase.[3] Because so few savings associations offered this type of account, reliable fee and minimum balance information cannot be reported for savings associations for four of the five years surveyed.

The third noninterest checking account reported is a fee-only account, defined as an account in which the customer is charged a monthly fee regardless of the account balance; a per check charge may also be assessed, but not necessarily. The proportion of banks and savings associations offering this type of account increased substantially over the period, with about 42 percent of banks and 18 percent of savings associations offering the account in 1993. The average monthly fee charged by banks increased about 45 percent, about three times the increase in the CPI, during the period. This increase, however, exaggerates the overall increase in fees charged holders of this account because, as indicated, a smaller percentage of the banks surveyed in 1993 included a charge per check and the per check charge was roughly constant. Similarly, the substantial decline (22 percent) in the monthly fee registered for savings associations offering this account is offset by the fact that check charges were more common in 1993 than in 1989.

The final checkable account for which fee information is reported is a NOW account for

2. The CPI used throughout is the urban index, all items.

3. Estimates from the 1992 Functional Cost Analysis suggest that it costs banks between 22 cents and 26 cents to process "on us" debit items, which include checks.

which the institution charges no fee if a minimum balance is maintained; otherwise, the institution levies one monthly fee with no check charges. This type of account is offered by about half of all banks and savings associations. Presumably because the account holder receives interest for balances maintained in this type of account, average monthly fees and the average minimum balances required to avoid the fee and open the account are all higher than in the case of noninterest checking accounts. The monthly fees for this type of account averaged $7.78 for banks and $6.50 for savings associations. This fee increased at banks somewhat less than the increase in the CPI during the period, although the average monthly fee increased more than the CPI at savings associations.

In sum, fees charged for the maintenance and use of checkable accounts have gone up substantially in some cases. These results lack uniformity, however, because in other cases fees do not seem to have risen much. Minimum balance requirements appear to have fallen in a number of cases, although results are not uniform and estimates exhibit substantial volatility from year to year.

Fees Associated with Specialized Services or Actions

The picture appears to be quite different in the case of fees associated with specialized services or actions. For these types of fees the recorded increases appear to be a good deal more uniform. For each item, information is presented both on the percentage of institutions that charge a fee and on the average fee calculated for those institutions that charge.

Between 1989 and 1993, the charge for money orders increased at banks about the same percentage as did the increase in the CPI and by substantially more than that at savings associations. Savings associations, on average, charged less than banks in 1989 but tended to catch up during the period.

At both banks and savings associations, the fees charged for stop-payment orders, checks returned for insufficient funds, and overdrafts all rose substantially more than the increase in the CPI during this period. Further, although not all banks and savings associations were charging these fees at the beginning of the period, virtually all institutions imposed these charges by the end of the period.

The case of the fee charged for returned deposit items is somewhat different. Although average fees did not rise faster than inflation for the whole period between 1989 and 1993, there appears to have been a substantial jump between 1992 and 1993 at banks. Also, the proportion of institutions charging for returned deposit items seems to have increased, particularly at banks.

Taken together, and with the exception of money orders, I would conclude that, in general, these kinds of penalty fees have risen sharply over the past few years, and in most cases the rise has been greater than that accounted for by overall inflation. By contrast, the increases in money order fees appear to have kept pace with inflation at banks and increased at a faster rate at savings associations, although the latter started from a considerably lower base.

Fees Associated with ATM Services

The surveys covering ATM fees differ from those covering other items in that the first survey was conducted in 1988 rather than 1989. Among other things, this series of surveys requested information from institutions on any yearly fees that they charge for the use of ATMs and on various types of transaction fees. These transactions include withdrawals, deposits, and balance inquiries made through the use of ATMs. Because fees may differ depending on whether the customer uses the institution's own ATM (called an "on us" transaction) or another institutions's ATM (called an "on others" transaction), fee information is reported separately.

Results indicate that a small minority of banks and savings associations charge their customers an annual fee for the use of ATMs. In recent years, this fee has been about $10.00 to $12.00 and in general appears to have decreased during the period.

The most important changes have occurred in the area of ATM transaction fees. The most striking change over the past few years has been the substantial increase in the proportion of institutions charging for "on others" transactions. The proportion of banks charging for withdrawals "on others," for example, increased from 50 percent in 1988 to about 76 percent in 1993, while it increased from one-third to about two-thirds for savings associations during the period. Other types of "on others" transactions exhibit similar increases. In contrast, it is relatively uncommon for institutions to charge for "on us" transactions, and, if anything, the percentage of institutions charging for such transactions seems to have declined over the period. This distinction between the fees charged for "on others" and "on us" transactions may be partly explained by the fact that "on others" transactions typically require a payment to the ATM network by the customer's institution (which can range from 3 cents to 20 cents) and a payment to the owner of the ATM (which can vary between 20 cents and $1.20).

Except in the case of withdrawals "on others" at savings associations, average transaction fees do not seem to have risen as much as the CPI, which increased about 22 percent between the dates of the earliest and latest surveys. Savings associations appear to have been catching up to banks for fees charged for withdrawals "on others."

It thus appears from these results that the most important change occurring in the area of ATM fees has been the sharp increase in the number of institutions charging customers for "on others" transactions.

In summary, the trends in fees seem to depend very much on the type of fee at issue. Fees associated with special actions clearly exhibit the most consistently large increases, while the picture for other types of fees is decidedly more mixed. □

Announcements

ALAN S. BLINDER: APPOINTMENTS AS A MEMBER OF THE BOARD OF GOVERNORS AND AS VICE CHAIRMAN

On April 22, 1994, President Clinton announced his intention to nominate Alan S. Blinder as a member of the Board of Governors and as Vice Chairman. Dr. Blinder was subsequently confirmed by the Senate on June 24 and took the oath of office, administered by Chairman Greenspan, on June 27. The text of the White House announcement follows:

The White House
Office of the Press Secretary

April 22, 1994

Statement by President Clinton on His Nominations for the Two Vacancies on the Federal Reserve Board

A stable monetary system is the platform upon which any efforts of economic renewal must be built. My Administration recognized that our first task was to put our fiscal house in order, so that an ever-growing federal budget deficit did not absorb capital and slow economic growth. I believe that we have now put our nation on the path to sustainable economic growth. The Federal Reserve Board is the critical institution that preserves the stability of our monetary system and the confidence of our markets. The position of Governor of the Federal Reserve Board requires acute sensitivity to the need to strike a careful balance—to prudently manage the money supply and avoid the excesses of inflation, while ensuring that the men and women in our economy have the opportunity to prosper and fulfill their dreams.

To fill the vital job of Vice Chairman of the Federal Reserve, I am delighted to nominate Dr. Alan Blinder, currently a member of the Council of Economic Advisers. Dr. Blinder is one of the world's most respected macroeconomists. He is an expert on fiscal and monetary policy and productivity, has served as chairman of the economics department at Princeton, authored countless articles and books, including one of the Nation's top textbooks, *Economic Principles and Policy*, which he co-authored with William Baumol.

Alan has been an integral part of my economic team over the last 15 months. He has always expressed his views to me freely, with intellectual integrity, force and clarity. He is a keen intellect, who reached the top of his profession without losing the common touch or ever forgetting the human implications of the often abstract economic decisions we in government must make. He has served as an economic conscience in my Administration, striving to ensure that our policies met the test of rationality and workability for real people.

I am also pleased to announce my intention to nominate Janet Yellen to a full term on the Federal Reserve Board. Dr. Yellen is one of the most prominent economists of her generation on the intersection of macroeconomics and labor markets. She is also an expert in international economics on such issues as the determinants of the balance of trade. She was a clear and unanimous choice of my top economic advisers who found her to be a top-flight intellect, with a pragmatic approach to monetary policy and a judicious temperament.

I am confident that both candidates, if confirmed, will serve this nation with distinction as Governors of the Federal Reserve Board.

NOMINATIONS SOUGHT FOR APPOINTMENTS TO THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced on June 17, 1994, that it is seeking nominations of qualified individuals for thirteen appointments to its Consumer Advisory Council.

The Consumer Advisory Council comprises thirty representatives of consumer and community interests and of the financial services industry. The council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and other matters on which the Board seeks its advice. The council by law represents the interests both of consumers and of the financial community. The group meets in Washington, D.C., three times a year.

Thirteen new members will be selected from the nominations to serve three-year terms that will begin in January 1995. The Board expects to announce the selection of new members by year-end 1994.

Nominations should be submitted in writing and should include the address and telephone number of the nominee. Also, information should be included about past and present positions held and special knowledge, interests, or experience related to consumer credit or other consumer financial services.

The written nominations must be received by August 31, 1994, and should be addressed to Dolores S. Smith, Associate Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20051. Information about nominees will be available for inspection on request.

PRODUCTION OF VIDEOTAPE FOR USE IN TRAINING STAFF IN FAIR LENDING PRACTICES

Production of a videotape designed to help financial institutions combat lending discrimination was announced on June 2, 1994, by the Federal Reserve System.

Entitled *Closing the Gap: A Guide to Equal Opportunity Lending*, the videotape is designed for use as a training tool for financial institutions, trade associations, and others to help senior management and their staff to understand fair lending and to combat discrimination.

The videotape features an introduction by Federal Reserve Chairman Alan Greenspan and a discussion of the ten "best practices," which, if adopted by financial institutions, would help them ensure equitable treatment of all applicants and borrowers. These recommended practices are the following:

- Staff training programs to make employees familiar with antidiscrimination laws and sensitive to how racial and cultural differences may affect the lending process
- Hiring and promotion practices that foster racial and ethnic diversity within the financial institution
- Compensation structures that do not discourage lending to lower-income or financially unsophisticated applicants
- Underwriting standards and practices that do not arbitrarily disadvantage lower-income and minority applicants and ensure that all applicants are treated fairly
- Alternative loan products that help a bank reduce risks and costs of lending to customers who may not meet all conventional underwriting standards
- Second review policies that ensure impartial reviews of rejected applications
- Marketing strategies designed specifically to increase awareness of bank products and services in minority communities
- Participation in small business and homebuyer education programs, which provide financial and other types of counseling and technical assistance for prospective borrowers
- Working with third parties, such as appraisers, mortgage insurance companies, or real estate brokers, to ensure fairness in the lending process
- Self-testing and assessments to ensure that all aspects of the lending process are free from discriminatory practices.

The video was jointly developed by the community affairs programs of the Federal Reserve Banks of Boston, Chicago, and San Francisco. It is based on information from a publication of the same name that was produced by the Federal Reserve Bank of Boston last year and widely distributed by the Federal Reserve System.

The videotape was broadcast on American Financial Skylink, the American Bankers Association's satellite communications network, on Tuesday, July 5.

The Federal Reserve System will provide single copies of the video to the presidents of all state banks it supervises as well as numerous bank holding companies for use in their internal training programs.

The video will also be used by the Federal Reserve in examiner training and will be featured in fair lending and community reinvestment conferences and workshops for bankers sponsored by the Community Affairs programs of the Federal Reserve Banks.

Additional single or bulk copies of the video may be obtained from VIDICOPY, 650 Vaqueros Avenue, Sunnyvale, CA 94086, at the following rates:

1–30 copies—$9.95 each, including shipping and handling
31–99 copies—$8.95 each, including shipping and handling
100–249 copies—$5.75 each, plus shipping and handling
250–500 copies—$4.75 each, plus shipping and handling.

For additional information on pricing and how to order copies of the tape, contact VIDICOPY at 1-800-708-7080.

REAL ESTATE APPRAISAL REQUIREMENTS: FINAL AMENDMENTS

The Federal Reserve Board and other financial institutions regulatory agencies issued on June 6, 1994, final amendments to real estate appraisal requirements. The amendments were effective June 7, 1994.

The amendments make the following changes:

- Increase to $250,000 the threshold level at or below which appraisals are not required
- Expand and clarify the type of transactions that are exempt from the appraisal requirement
- Narrow the type of exempt transactions for which evaluations are required
- Revise the requirements governing appraisal content and the use of appraisals prepared by the financial services institutions.

PROPOSED ACTIONS

The Federal Reserve Board on June 7, 1994, published for public comment proposed changes to its Regulation C (Home Mortgage Disclosure Act (HMDA)), and to the instructions and reporting forms that financial institutions must use in complying with the annual reporting requirements. Comments are requested by August 10, 1994.

The Federal Reserve Board on June 6, 1994, requested public comment on a proposed amendment to Regulation H (Membership of State Banking Institutions in the Federal Reserve System), which would permit state member banks to make certain public welfare investments without specific Board approval and other public welfare investments with specific approval. The proposed rule also addresses the procedural aspects of these investments. Comments were requested by July 22, 1994.

The Federal Reserve Board on June 28, 1994, requested public comment on proposed amendments to Regulation T (Credit by Brokers and Dealers) regarding settlement of securities purchases and the status of government securities transactions. Comments should be received by August 15, 1994.

PUBLICATION OF A SUPPLEMENT TO THE BANK HOLDING COMPANY SUPERVISION MANUAL

A June 1994 supplement to the *Bank Holding Company Supervision Manual* has been published by the Board's Division of Banking Supervision and Regulation and is now available for purchase by the public. The *Manual* is used by Federal Reserve examiners in the supervision, regulation, and inspection of bank holding companies and their subsidiaries.

The new topics covered in the supplement include a discussion of a bank holding company's supervisory oversight responsibility over its subsidiaries in relation to (1) an interagency policy statement on retail sales of nondeposit investment products (that is, mutual funds and annuities); (2) an interagency policy statement on the maintenance of an adequate allowance for loan and lease losses and an effective loan review system; and (3) the Board's February 1994 revision of Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks). Another new section discusses risk management and internal controls as they pertain to the examiner's inspection of trading activities. Also discussed are recent nonbanking activities approved by Board order including (1) providing a network for the processing and transmission of medical payment data and the provision of other incidental services, (2) issuance and sale of variably denominated payment instruments without limitation as to face value, (3) engaging in career counseling services, (4) asset management activities involving nonfinancial institutions, and (5) acting as a dealer–

manager in connection with cash-tender and exchange-offer transactions. Other topics that have been revised include nonbanking activities of, and investment in, qualifying foreign banking organizations as well as the exemptions for those organizations under sections 2(h) and 4(c)(9) of the Bank Holding Company Act, and changes to the risk-based capital guidelines to lower the risk weight from 100 percent to 50 percent for multifamily housing loans meeting certain criteria, effective December 31, 1993.

The June 1994 supplement to the *Manual* may be ordered for $10.00 from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551. The *Manual* and all its supplements, through June 1994, may be ordered from Publications for $50.00.

CHANGES IN BOARD STAFF

The Federal Reserve Board announced the resignation of John Rea, Assistant Director in the Division of Research and Statistics, effective July 29, 1994.

The Board also announced the promotion of Jennifer J. Johnson to Deputy Secretary of the Board. Ms. Johnson was with the Board's staff from 1975 until 1986. She returned to the Board in 1989 as Associate Secretary of the Board. She holds a J.D. from the University of Pennsylvania.

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; Change in Discount Rate) 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.

These amendments to Part 201 (Regulation A) were effective June 2, 1994. The rate changes for adjustment credit were effective on the dates specified in section 201.51.

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

1. The authority citation for 12 C.F.R. Part 201 is revised 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	3.5	May 17, 1994
New York	3.5	May 17, 1994
Philadelphia	3.5	May 17, 1994
Cleveland	3.5	May 18, 1994
Richmond	3.5	May 17, 1994
Atlanta	3.5	May 17, 1994
Chicago	3.5	May 17, 1994
St. Louis	3.5	May 17, 1994
Minneapolis	3.5	May 17, 1994
Kansas City	3.5	May 17, 1994
Dallas	3.5	May 17, 1994
San Francisco	3.5	May 17, 1994

Section 201.52—Extended credit for depository institutions.

(a) *Seasonal credit.* The rate for seasonal credit extended to depository institutions under section 201.3(b) is a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for adjustment credit as set out in section 201.51.

(b) *Extended credit.* For extended credit to depository institutions under section 201.3(c), for credit outstanding for more than 30 days, a flexible rate will be charged that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for adjustment credit, as set out in section 201.51, plus one-half percentage point. At the discretion of the Federal Reserve Bank, this time period may be shortened, and the rate may be the discount rate applicable to adjustment credit.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

United Bancorporation
Osseo, Wisconsin

Order Approving the Formation of a Bank Holding Company

United Bancorporation, Osseo, Wisconsin ("Bancorporation"), 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 within the meaning of the BHC Act by acquiring from 85.11 to 100 percent of the shares of the following banks (the "Banks"): Cambridge State Bank, Cambridge, Wisconsin (100 percent); Lincoln County Bank, Merrill, Wisconsin (85.11 percent); United Bank, Osseo, Wisconsin (96.91 percent); Bank of Poynette, Poynette, Wisconsin (99.67 percent); Farmers & Merchants State Bank, Iroquois, South Dakota (91.20 percent); Farmers State Bank, Stickney, South Dakota (100 percent); and Clarke County State Bank, Osceola, Iowa (88.82 percent).[1]

1. This transaction constitutes a reorganization of interests by the majority shareholder of the Banks. After consummation of this transaction, the majority shareholder, members of his family and a

Notice of the application, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 15,731 (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(c) of the BHC Act.

Bancorporation is a nonoperating corporation formed for the purpose of acquiring the Banks. Upon consummation of this proposal, Bancorporation would become the 25th largest commercial banking organization in Wisconsin, controlling deposits of $156.9 million, representing less than 1 percent of total deposits in commercial banking organizations in the state;[2] the 85th largest commercial banking organization in Iowa, controlling deposits of $70.4 million, representing less than 1 percent of total deposits in commercial banking organizations in the state; and the 34th largest commercial banking organization in South Dakota, controlling deposits of $39.5 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.

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 such 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 implication."[3] For purposes of the Douglas Amendment, the home state of Bancorporation is Wisconsin.[4] Bancorporation proposes to acquire banks in Iowa, South Dakota, and Wisconsin.

The interstate banking statute of Iowa permits out-of-state bank holding companies located in states in a certain region, including Wisconsin, to acquire banks located in Iowa, subject to certain conditions and to the approval of the Superintendent of Banking.[5] All the conditions of the Iowa statute have been met by this proposal.[6]

South Dakota law expressly authorizes the acquisition of a South Dakota bank by an out-of-state bank holding company.[7] In order to approve such an acquisition, the South Dakota Banking Commission must find either that the laws of the jurisdiction in which the bank holding company is located, in this case, Wisconsin, are reciprocal with the laws of South Dakota,[8] or that the jurisdiction in which the out-of-state bank holding company is located permits the proposed acquisition because South Dakota has authorized interstate banking acquisitions.[9] Wisconsin corporate law authorizes any corporation located in Wisconsin to acquire shares of any entity and conduct its business within or outside of Wisconsin, and Wisconsin bank holding companies may exercise this general corporate authority. The South Dakota Attorney General and Director of Banking have indicated that this proposal meets the requirements of South Dakota's interstate banking statute.[10] Based on these opinions, and all other facts of record, the Board has concluded that Bancorporation is authorized under the statute laws of Iowa and South Dakota to acquire the Banks located in those states. Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned, however, upon the receipt by Bancorporation of all required state regulatory approvals.

Banks do not compete directly in any relevant banking market. Based on all the facts of record, the Board concludes that consummation of the proposal would not have any substantially adverse effect on competition or on the concentration of banking resources in any relevant banking market. The Board

corporation under their control will own shares in Bancorporation in proportion to their current ownership interests in the Banks.

2. All deposit data are as of June 30, 1993.

3. 12 U.S.C. § 1842(d).

4. 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. *See* 12 U.S.C. § 1842(d). Upon consummation of this transaction, Bancorporation would become a bank holding company and the operations of its banking subsidiaries would be principally conducted in Wisconsin.

5. Iowa Code Ann. § 524.1903. Under Iowa law, the out-of-state bank holding company must have been in existence for at least three years, and the bank to be acquired must have been in existence and continuously operated as a bank for five years or more. Iowa Code Ann. § 524.1906(3). Although Bancorporation has not been in existence for three years, the Iowa statute provides that this requirement is fulfilled if the bank holding company is newly organized solely for the purpose of facilitating the acquisition of another bank that has been in existence and continuously operated for the requisite period. Iowa Code Ann. § 524.1906(4)(b). The Iowa bank to be acquired has been in existence and continuously operated for over five years.

6. Bancorporation is newly organized for the purpose of acquiring the Banks.

7. S.D. Codified Laws Ann. § 51A-2-38.

8. S.D. Codified Laws Ann. § 51A-2-38(1). Wisconsin law does not meet the reciprocity requirement of the South Dakota statute because Wisconsin permits acquisitions of Wisconsin banking institutions by out-of-state bank holding companies that have their principal place of business in a limited region which does not include South Dakota.

9. Section 51A-2-38(2) of the South Dakota interstate banking statute permits the Banking Commission to approve the acquisition of a South Dakota bank by an out-of-state bank holding company if the "statutes of the jurisdiction in which the operations of the out-of-state bank holding company's banking subsidiaries are principally conducted authorize the acquisition of control because the out-of-state bank holding company or subsidiary is authorized by §§ 51A-2-38 to 51A-2-41, inclusive, to acquire control of and hold shares of banking institutions in this state . . ."

10. The Board previously has accorded substantial weight to reasoned opinions of a state's Attorney General or banking agency that are not inconsistent with the language or purpose of a statute. *Bancorp of Mississippi, Inc.*, 72 *Federal Reserve Bulletin* 257 (1986); *Mellon National Corporation*, 70 *Federal Reserve Bulletin* 441 (1984).

also concludes that financial and managerial resources and future prospects of Bancorporation, 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 other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is expressly conditioned upon compliance with all the commitments made by Bancorporation in connection with this application and with the conditions referred to in this 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 Banks shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 27, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

The Chase Manhattan Corporation New York, New York

Order Approving an Application to Engage in Underwriting and Dealing in Bank-Ineligible Securities on a Limited Basis

The Chase Manhattan Corporation, New York, New York ("Chase"), 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 *de novo* through its wholly owned subsidiary, Chase Securities, Inc., New York, New York ("Company"), a broker-dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*), in underwriting and dealing, to a limited extent, in all types of equity securities, including, without limitation, common stock; American Depositary Receipts; Global Depositary Receipts; securities convertible into equity securities and options; other direct and indirect equity ownership interests in domestic and foreign corporations and other entities; warrants and other rights issued in connection with the above securities; and securities issued by closed-end investment companies, but not including ownership interests in open-end investment companies. Chase proposes to conduct these activities worldwide.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (59 *Federal Register* 21,767 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Chase, with total consolidated assets of $112.6 billion, operates bank subsidiaries in New York, Connecticut, Delaware, Florida, and Arizona.[1] Chase has received Federal Reserve approval to engage directly and through subsidiaries in a broad range of permissible nonbanking activities, including underwriting and dealing in all types of debt securities on a limited basis.[2] Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

The Board has determined that, subject to the prudential framework of limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed activities of underwriting and dealing in bank-ineligible securities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[3]

1. Asset data are as of March 31, 1994.

2. *See J.P. Morgan & Co., Inc., et al.*, 75 *Federal Reserve Bulletin* 192 (1989). As used in this order, "bank-ineligible securities" refers to all types of debt and equity securities that a bank may not underwrite or deal in directly under section 20 of the Glass–Steagall Act (12 U.S.C. § 377).

3. *See Canadian Imperial Bank of Commerce*, 76 *Federal Reserve Bulletin* 158 (1990); *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of*

The Board also has determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the underwriting and dealing activities derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[4] Chase has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10-percent revenue test, and the prudential limitations established by the Board in previous orders.

The Federal Reserve Bank of New York ("Reserve Bank") is reviewing the operational and managerial infrastructure of Company, including its computer, audit, and accounting systems, and internal risk management procedures and controls. The Board's approval of this proposal is conditioned upon a satisfactory determination by the Reserve Bank that Company's operational and managerial infrastructure and policies and procedures relating to underwriting and dealing in equity securities are adequate to ensure compliance with the requirements of the Section 20 Orders. The Board has reviewed the capitalization of Chase and Company in accordance with the standards set forth in the Section 20 Orders, and finds the capitalization of each to be consistent with approval. With respect to the capitalization of Company, approval of the requested activities is limited to a level consistent with the projections of position size and types of securities in the application. Accordingly, subject to the satisfactory completion of the Reserve Bank's review of Company's operational and managerial infrastructure and policies and procedures, the Board concludes that the financial and managerial considerations are consistent with approval of this application.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Chase 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. Under the framework established in this and prior 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. The Board expects that the *de novo* entry of Chase into the market for the proposed services in the United States would provide added convenience to Chase's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Chase could 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.

Accordingly, and for the reasons set forth in the Section 20 Orders, the Board concludes that Chase's proposal to engage through Company in the proposed activities is consistent with the Glass–Steagall Act, and is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act, provided Chase limits Company's activities as provided in the Section 20 Orders, as modified by the Modification Orders.

On the basis of the record, the Board has determined to, and hereby does, approve this application subject to all the terms and conditions discussed in this order and in the Section 20 Orders as modified by the

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Governors of the Federal Reserve System, 839 F.2d 47 (2d Cir.), *cert. denied*, 486 U.S. 1059 (1988) (collectively, "Section 20 Orders"). Chase has committed to conduct the proposed underwriting and dealing activities using the same methods and procedures and subject to the same prudential limitations as those established by the Board in the Section 20 Orders.

Chase proposes for its subsidiary banks and the direct and indirect broker-dealer subsidiaries of those banks (including overseas broker-dealer subsidiaries of Edge Act subsidiaries) to act as a riskless principal or broker for customers in buying and selling bank-eligible securities that Company underwrites or deals in. Except as described below, there would be no employees in common between Company and any of its bank affiliates or their subsidiaries. In addition, Company's arrangement to sell bank-eligible securities through affiliated banks and their subsidiaries would not involve any exclusive arrangements. Company's role in underwriting or dealing in securities brokered by its affiliates would be fully disclosed to the affiliates' brokerage customers, and all such brokerage transactions would be conducted on an arm's length basis. The Board previously has determined that these activities are consistent with the Glass–Steagall Act. *See Chemical Banking Corporation*, 80 *Federal Reserve Bulletin* 49 (1994); *BankAmerica Corporation*, 79 *Federal Reserve Bulletin* 1163 (1993). The Board also notes that the sale by a financial institution of uninsured investment products, such as bank-eligible securities, must comply with applicable regulations and guidelines of the institution's primary federal regulator.

A limited number of employees of the foreign subsidiaries of Chase's bank subsidiaries would serve as employees of Company. As employees of Company, they would be engaged solely in marketing, outside the United States, the securities and services of Company, and the related creation of underwriting syndicates, or the dissemination of research, all involving non-U.S. issuers. These employees would not be involved in selling securities to investors in the United States. The Board also has considered Chase's request for the foreign subsidiaries of Company's bank affiliates to market the securities of Company overseas. The Board has approved this request by a separate letter.

4. *See* Section 20 Orders. Compliance with the 10-percent revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the Order Approving Modifications to the Section 20 Orders, 75 *Federal Reserve Bulletin* 751 (1989), the Order Approving Modifications to the Section 20 Orders, 79 *Federal Reserve Bulletin* 226 (1993), and the Supplement to Order Approving Modifications to Section 20 Orders, 79 *Federal Reserve Bulletin* 360 (1993) (collectively, "Modification Orders"). The Board notes that Chase has adopted the Board's alternative indexed-revenue test to measure compliance with the 10-percent limitation on bank-ineligible securities activities.

Modification Orders. The Board's approval of this proposal extends only to activities conducted within the limitations of those orders and this order, including the Board's reservation of authority to establish additional limitations to ensure that Company's activities are consistent with safety and soundness, conflict of interest, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in this order or the Section 20 Orders (as modified by the Modification Orders) is not within the scope of the Board's approval and is not authorized for Company.

The Board's determination is also subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application, including the commitments discussed in this order and the conditions set forth in the above noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and 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 New York acting pursuant to delegated authority.

By order of the Board of Governors, effective June 6, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Mellon Bank Corporation
Pittsburgh, Pennsylvania

Order Approving Application to Acquire Nonbanking Companies

Mellon Bank Corporation, Pittsburgh, Pennsylvania ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire all of the voting shares of the following nonbanking subsidiaries of The Dreyfus Corporation, New York, New York ("Dreyfus"):

(1) The Dreyfus Security Savings Bank, F.S.B., Paramus, New Jersey ("DSSB"), and thereby engage in operating a savings association pursuant to section 225.25(b)(9) of the Board's Regulation Y;[1]

(2) The Dreyfus Trust Company, Uniondale, New York ("DTC"), and thereby engage in operating a trust company pursuant to section 225.25(b)(3) of the Board's Regulation Y; and

(3) The Truepenny Corporation, New York, New York ("Truepenny"), and its subsidiaries, and thereby engage in community development advisory activities and in development of residential housing in an urban redevelopment project located in New York City, known as the Queens West Development Project ("Project").[2]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (59 *Federal Register* 23,066 (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, with total consolidated assets of $36.7 billion, is the 24th largest commercial banking organization in the United States and operates bank subsidiaries in Pennsylvania, Delaware, Maryland, and Massachusetts.[3] Applicant engages through its subsidiaries in a broad range of banking and permissible nonbanking activities.

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 "closely related to banking or managing or controlling banks." The Board also must determine that the activity is a

1. DSSB is a federally chartered savings bank insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation. In addition to its principal office, DSSB operates a branch office in San Francisco, California, and has received approval from the Office of Thrift Supervision to open 13 interstate branches located in California, New York, Illinois, Colorado, Georgia, Florida, and Massachusetts.

2. Applicant proposes to acquire these nonbanking companies simultaneously with the acquisition by Applicant's lead bank subsidiary, Mellon Bank, N.A., Pittsburgh, Pennsylvania, of Dreyfus and its securities brokerage, investment advisory, and mutual fund administrative subsidiaries. The Office of the Comptroller to the Currency recently approved the acquisition of these securities-related companies. *See* Letter from Frank Maguire, Office of the Comptroller of the Currency, to Michael E. Bleier (May 4, 1994). Applicant proposes to acquire DSSB and DTC, through its wholly owned subsidiary, MBC Investments Corporation ("MBC Investments"), and to acquire Truepenny directly.

3. Asset data are as of March 31, 1994.

proper incident to banking. In judging whether the performance of an activity meets the proper incident to banking test, the Board must determine whether the proposed activity can reasonably be expected to produce public benefits that outweigh any possible adverse effects.

Proposed Involvement in Real Estate Project

Applicant contends that the proposed activities of Truepenny are permissible community development activities under section 225.25(b)(6) of Regulation Y, which permits bank holding companies to participate in community development activities by making equity and debt investments in corporations or projects designed primarily to promote community welfare.[4] The proposal raises the issue of whether the activities of Truepenny, through its wholly owned subsidiary, The Trotwood Corporation, New York, New York ("Trotwood"), as a partial owner and manager of the Project, are permissible community development activities under Regulation Y.[5]

The Project is a large-scale, urban redevelopment initiative, jointly sponsored by government and private entities, involving the development of a largely abandoned waterfront area of the Borough of Queens in New York City. The Project is planned as a long-term, four-phase development, consisting of three primarily residential developments and a commercial-retail development, with a park, a new public elementary school, and a community-recreation center, that will be developed over the next twenty years.

Trotwood indirectly acts as a managing general partner of M.O. Associates, L. P. ("M.O. Associates"), a private development venture, which:

(1) Actively participates in the management and planning of the Project's first phase,

(2) Has a substantial ownership interest in the land designated for development as the Project's first phase, and

(3) Has preliminary rights to develop the first of four residential buildings in the first phase.[6]

Trotwood also indirectly owns a small parcel of land designated for development in the Project's second phase and holds an option to acquire or develop the remaining land in this second phase.

The Board, in Regulation Y, has permitted bank holding companies to engage in "making equity and debt investments in corporations or projects designed primarily to promote community welfare, such as the economic rehabilitation and development of low-income areas by providing housing, services, or jobs for residents."[7] Applicant contends that the merits of the Project justify permitting Applicant to continue Dreyfus's investment and development role in the Project.[8] In this regard, Applicant asserts that, while not directed at low- to moderate-income persons, the Project's first phase is targeted to New York City's working "middle class." In addition, Applicant contends that the Project would benefit the community by revitalizing a geographic area that is largely abandoned. Applicant points out that state and local governments have committed substantial financial resources to the Project and, as confirmed by comment letters received by the Board, view it as critical to this area's revitalization.

In each review of a proposed community development activity, the Board has required that the promotion of community welfare, in particular, low- and moderate-income individuals, be the primary thrust of the activity rather than a collateral effect.[9] In determining whether a real estate-related community devel-

4. 12 C.F.R. 225.25(b)(6).

5. Trotwood also has provided advisory services to several other community development corporations and to a foreign government on the financing of residential housing for low- and moderate-income persons and business development in low- and moderate-income areas. These activities are permissible for bank holding companies and Applicant has committed that Trotwood would conduct future similar activities in a manner consistent with the Board's prior approvals. *See, e.g., The Shorebank Corporation,* 78 *Federal Reserve Bulletin* 619 (1992).

6. Trotwood acts as joint managing general partner of Hunters Point Associates, L. P. ("Hunters Point"), which, in turn, acts as managing general partner of M.O. Associates. Trotwood also holds, through two subsidiaries, additional general partnership and limited partnership interests in M.O. Associates. The other general partners of Hunters Point, and the other limited partners of Hunters Point and M.O. Associates, include entities controlled by unaffiliated real estate developers and investors.

7. 12 C.F.R. 225.25(b)(6). In a policy statement, the Board has outlined several examples of permissible community development projects, which include projects:

(1) To construct or rehabilitate housing for low- or moderate-income persons,

(2) To construct or rehabilitate ancillary local commercial facilities necessary to provide goods or services principally to persons residing in low- and moderate-income housing, and

(3) Designed explicitly to create improved job opportunities for low- or moderate-income groups. The Board's policy statement also provides that investments in a project organized to build or rehabilitate high-income housing, or commercial facilities that are not designed explicitly to create improved job opportunities for low-income persons, are presumed not to be designed primarily to promote community welfare, unless there is substantial evidence to the contrary, even if to some extent the investment may benefit the community. 12 C.F.R. 225.127.

8. *See, e.g., Luxemburg Bancshares, Inc.,* 77 *Federal Reserve Bulletin* 63 (1991); *First Financial Corporation,* 76 *Federal Reserve Bulletin* 671 (1990).

9. *See, e.g., Shorebank Corporation,* 78 *Federal Reserve Bulletin* 619 (1992) (provision of financial assistance to small business projects designed explicitly to create improved job opportunities for low- and moderate-income groups); *R.I.H.T.,* 58 *Federal Reserve Bulletin* 595 (1972) (denial of an application to invest in a shopping and office complex on a parcel of real estate in an urban renewal project, concluding that a project of this type would only collaterally promote the community welfare).

opment proposal meets the community welfare test, the Board generally has distinguished community development investments from entrepreneurial investments on the basis of whether the proposed residential development was designed primarily for low- or moderate-income persons.[10] The Board generally has considered the term "low- or moderate-income" to mean, as determined by the Department of Housing and Urban Development, a level of income that is below 80 percent of the median income of the relevant metropolitan statistical area.[11] Moreover, the Board has not recognized as permissible real estate development projects that do not provide direct benefits primarily to low- and moderate-income persons.

Based on the record, the Board does not believe that Applicant's proposed participation in the Project is within the scope of activities permitted by section 225.25(b)(6) of Regulation Y. The Board recognizes, however, the important role Dreyfus has played and continues to play in the Project, that Dreyfus has a relatively small financial investment in the Project, and that its contribution to the Project has been largely through the provision of advisory and management assistance.[12] In light of this, the expected benefits of the Project, the fact that this proposal represents a small portion of Applicant's acquisition of Dreyfus, and other facts of record, the Board has determined to permit Mellon to continue Dreyfus's involvement in the Project through the projected completion of the first phase of the Project.[13] By the end of this period, Applicant must terminate or otherwise conform its involvement in the Project to the requirements of Regulation Y and this order. This period should permit Applicant a reasonable opportunity to terminate or conform its involvement in the Project in an orderly manner.

Acquisition of Savings Association and Trust Company

The Board has previously determined, by regulation, that operating a savings association and a trust company are closely related to banking.[14] Applicant has committed that DSSB and DTC will conduct their activities pursuant to the conditions and limitations specified in the Board's regulations.[15] In considering the proposed acquisition of DSSB and DTC, the Board must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[16] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

The Board also expects that Company's conduct of the proposed savings association and trust company activities would enable Applicant to provide added convenience and services 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 Applicant, 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

10. *See* 12 C.F.R. 225.127.

11. Applicant has indicated that at least 10 percent of the approximately 1500 units planned for the four buildings in the Project's first phase would be "below market" set-aside units, allocated to low-, moderate- and middle-income persons who are elderly or local residents. Applicant represents that, apart from these set-aside units, M.O. Associates expects to market the units in the first building to persons with minimum household incomes ranging from about $22,000 to $75,000, depending on the type of unit, with the majority of the units targeted to persons with minimum household incomes ranging from about $35,000 to $60,000. However, the proposal does not include any limitation on sales of units, apart from the set-aside units, to high-income persons. The current adjusted median income of the New York Metropolitan Statistical Area approximates $42,000, meaning that low- and moderate-income households would include households earning no more than $33,600. Applicant anticipates similar development plans for the other buildings in the Project's first phase.

12. The Board has received a number of comments, including comments from several members of Congress, the New York Governor, local governmental officials, and various union officials, unanimously expressing support of the proposal and concern about anticipated harm to the Project in the event Trotwood is required at this time to discontinue its involvement in the Project. Many of these commenters have advised that Trotwood, through its indirect management of M.O. Associates, plays a pivotal leadership role in the Project, particularly at this time when commencement of the infrastructure improvements by the government and construction of the first phase by M.O. Associates are imminent, and that the success of this first phase is critical to the success of the entire Project.

13. Applicant has indicated that the Project's first phase should be completed within seven years. If within such time period the first phase is not completed, Applicant must seek Federal Reserve System consent for continued involvement in the Project's first phase. During this period, Applicant may not increase its investment or financial involvement in the Project without consent of the Federal Reserve System, and must consult with the System in the event that any material changes are expected to the development plans.

14. 12 C.F.R. 225.25(b)(3) and (9).

15. Section 225.25(b)(9) of Regulation Y requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y. Applicant has committed that, should DSSB be found to engage in any impermissible activities, Applicant will divest these activities, as follows:

(1) Any impermissible securities or insurance activities will cease on or before consummation (for up to two years following consummation, DSSB may continue to service insurance policies existing at the time of consummation, but will not renew these policies); and

(2) Any impermissible real estate activities will be divested within two years of consummation of the proposal and no new impermissible projects or investments will be undertaken (and capital adequacy guidelines will be met excluding specified real estate investments).

16. *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).

effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[17]

Based on the foregoing and all the facts of record, including the commitments made in connection with the application, the Board has determined to, and hereby does, approve the application, subject to the conditions specified in this order as well as compliance with all the commitments made in connection with this application.[18] The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d) 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. 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.

17. The Board received a comment from the president of a bank holding company urging careful scrutiny of any assurances that Applicant has made in connection with this application, in light of disputes that have arisen with respect to a loan that Applicant's lead bank ("Bank") made to the company's employee stock ownership plan. Applicant has responded that the commenter misstated certain facts and that the essential allegations by the commenter were raised and rejected by a federal district court, which granted Bank's motion for summary judgment in a loan collection action that Bank brought against this bank holding company. After considering this comment and Applicant's response, the Board does not believe that the comment raises any adverse effects that are not outweighed by the public benefits of Applicant's proposal, under the proper incident to banking standard of section 4(c)(8).

18. Applicant proposes to acquire all the voting shares of Dreyfus Partnership Management, Inc. ("DPM"). DPM serves as a non-managing general partner of two mutual funds organized as limited partnerships, which are advised and managed by Dreyfus. Applicant has committed that, by December 31, 1997, each mutual fund will be reorganized in corporate or trust form and DPM will no longer serve as a non-managing general partner of, or have an equity interest in, either fund. Prior to that time, Applicant has committed that DPM will not own more than 5 percent of the outstanding shares of either mutual fund and that each fund will limit its holdings to not more than 5 percent of the outstanding voting shares, and to not more than 25 percent of the total equity, of any company. Applicant also has committed that neither DPM nor any Mellon affiliate will serve as a non-managing general partner (or other form of general partner) of any other mutual fund organized in partnership form, without the Board's approval or unless applicable law is changed to permit such activity. In addition, Applicant's duties as a non-managing general partner have been limited and will not permit Applicant to engage in management of the funds, except in the extraordinary event that no managing general partner remains to continue the business of the fund. Should such event occur, DPM's role as managing general partner would terminate within 90 days.

Applicant also proposes to acquire, through MBC Investments, all the voting shares of Dreyfus Realty Advisors, Inc. ("DRA"), Major Trading Corporation ("MTC"), and Dreyfus Acquisition Corporation ("DAC"), each of which are located in New York, New York, but has committed to divest DRA (including its 21 subsidiaries) and to dissolve MTC and DAC within two years of consummation of this proposal.

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

By order of the Board of Governors, effective June 22, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Meridian Bancorp, Inc.
Reading, Pennsylvania

Order Approving Application to Engage De Novo in Investment Advisory and Private Placement Activities

Meridian Bancorp, Inc., Reading, Pennsylvania ("Applicant"), 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 and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to engage *de novo* through a wholly owned subsidiary, McGlinn Capital Management, Inc., Wyomissing, Pennsylvania ("Company"),[1] in the following securities-related activities nationwide:

(1) Providing investment advice to and investing in a series of unregistered limited partnerships now existing or to be established in the future ("Partnerships");

(2) Privately placing limited partnership interests in the Partnerships with a limited number of investors, all of whom are sophisticated investors; and

(3) Providing portfolio investment advice (including the exercise of investment discretion) to institutional customers.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (59 *Federal Register* 11,995 (1994)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $14 billion, is the fifth largest commercial banking organization in Pennsylvania.[2] Applicant op-

1. Applicant will organize Company to acquire the assets and business of an unaffiliated company of the same name.

2. Asset and market data are as of December 31, 1993.

erates subsidiary banks in Pennsylvania, Delaware, and New Jersey,[3] and engages directly and through subsidiaries in a broad range of permissible nonbanking activities. Company would be registered as an investment adviser with the Securities and Exchange Commission ("SEC") and, therefore, would be subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 *et seq.*) and the SEC.

Company would be the investment adviser, administrator, and sole general partner of a series of seven Partnerships that are sold to a small number of institutional investors.[4] Company would maintain an equity interest of approximately 1.25 percent of total capitalization in each Partnership.[5]

The Partnerships are engaged solely in investing in limited amounts of debt and equity securities, including interests in real estate investment trusts.[6] The Partnerships, together with Applicant and its other subsidiaries, would hold not more than 5 percent of any class of voting securities of any issuer,[7] and not more than 25 percent of the total equity of any issuer.[8] All such equity investments would be held in accord with section 4(c)(6) of the BHC Act and section 225.22(c)(5) of the Board's Regulation Y. *See* 12 U.S.C. § 1843(c)(6); 12 C.F.R. 225.22(c)(5).

Company also proposes to privately place limited partnership interests with new investors, and might form similar additional Partnerships in the future.[9] Applicant has committed that the private placement of limited partnership interests would conform with the conditions and limitations in the Board's previous orders approving private placement activities.[10] Applicant is not seeking authority to engage in the private placement of any securities other than limited partnership interests in the Partnerships.[11]

Financial Factors, Managerial Resources, and Other Considerations

In order to approve this application, the Board must determine that the performance of the proposed activities by Applicant 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 must determine the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[12] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

The Board expects that the *de novo* entry of Applicant into the market for the proposed services would

3. These subsidiary banks are: Meridian Bank, Reading, Pennsylvania; Delaware Trust Company, Wilmington, Delaware; and Meridian Bank, New Jersey, Cherry Hill, New Jersey.

4. The Partnerships are not registered as investment companies under the Investment Company Act of 1940 (15 U.S.C. § 80a-1 *et seq.*) ("Investment Company Act"). Each Partnership is limited to not more than 100 investors.

5. Because the Partnerships would be subsidiaries of Applicant, Applicant must, for regulatory purposes, present financial information relating to Company and the Partnerships on a consolidated basis.

6. The Partnerships will not invest in futures contracts or options on futures contracts on any financial or non-financial commodity, or knowingly invest in debt that is in default at the time of acquisition, without prior approval from the Federal Reserve System. In addition, Applicant has committed not to use the investments of the Partnerships to obtain or exercise control over any issuer of securities owned or held by the Partnerships, and that no directors, officers, or employees of Applicant and its affiliates will serve as directors, officers, or employees of any issuer of which Applicant and its affiliates hold more than 10 percent of the total equity.

7. The Partnerships currently hold interests in excess of 5 percent in three real estate investment trusts, the excess amounts of which Applicant must cause the Partnerships to divest within two years of the date of this order.

8. Applicant has committed that all subordinated debt of an issuer will be subject to this 25 percent limit.

9. Company would privately place limited partnership interests only with sophisticated, institutional customers, as defined in section 225.2(g) of the Board's Regulation Y (12 C.F.R. 225.2(g)) and with additional persons approved by the Board in previous orders. *See Manufacturers Hanover Corporation*, 73 *Federal Reserve Bulletin* 930 (1987); *The Toronto-Dominion Bank*, 76 *Federal Reserve Bulletin* 573 (1990). Company may not place debt securities issued by the Partnerships with any person without prior approval from the Federal Reserve System.

10. *See J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990); *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989). Applicant proposes to continue Company's practice of permitting an existing investor in a Partnership to add to its investment in that Partnership in any amount, and would permit an investor with $250,000 or more under management by Company to invest in any Partnership in any amount. The Board has previously imposed a large minimum denomination requirement ($100,000) on private placement activities to ensure that it is unlikely that the general public would be buyers of such securities. *The Mitsui Taiyo Kobe Bank, Limited*, 77 *Federal Reserve Bulletin* 116, 118 fn. 9 (1991). In this case, the Board believes that, because Company would require that each investor initially invest at least $100,000, the conditions under which Company would accept additional investments of less than $100,000 continue to impose adequate safeguards against public participation in the placement of limited partnership interests.

11. Company also proposes to exercise investment discretion on behalf of a small number of individuals related to Company's president. The Board has not generally authorized bank holding companies to exercise investment discretion except on behalf of institutional customers or through a trust company. Because of the limited number of individuals involved, their connection with the president of Company, and the fact that the president of Company has provided this service to these individuals for several years, this proposal does not raise the concerns that would be raised if discretionary investment services were offered on a retail basis.

12. 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).

provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of investment advisory services. To address the potential adverse effects of its performance of the proposed activities, Applicant has committed to conduct the proposed activities subject to a number of restrictions concerning extensions of credit, disclosures, marketing, conflicts of interests, and unfair competition.

Based on the commitments made by Applicant regarding its conduct of the proposed activities, the limitations noted in this order, and all the facts of record, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh the possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, 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 is also subject to all of the terms and conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as it 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 the commitments made 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. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and 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 Federal Reserve Bank of Philadelphia, pursuant to delegated authority.

By order of the Board of Governors, effective June 28, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

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

Banc One Corporation
Columbus, Ohio

Order Approving the Acquisition of a Bank Holding Company

Banc One Corporation, Columbus, Ohio ("Banc One"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Liberty National Bancorp, Inc., Louisville, Kentucky ("Liberty National"), and thereby indirectly acquire Liberty National's subsidiary banks in Kentucky and Indiana.[1] Banc One also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire the nonbanking subsidiaries of Liberty National. The Liberty National subsidiaries to be acquired in this proposal are listed in the appendix.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 11,605 (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 sections 3(c) and 4(c)(8) of the BHC Act.

Banc One, with total deposits of $61.1 billion, controls subsidiary banks in Ohio, Indiana, Michigan, Wisconsin, Illinois, Texas, Colorado, Kentucky, West Virginia, Arizona, California, Oklahoma, and Utah. Upon consummation of the proposal, Banc One would become the largest commercial banking organization in Kentucky, controlling $5.1 billion in deposits, representing 14.8 percent of the total deposits in commercial banking organizations in the state.[2] In Indiana, Banc One would remain the second largest commercial banking organization, controlling $6 billion in deposits, representing 12.2 percent of the total deposits in commercial banking organizations in the state.

Douglas Amendment Analysis

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding com-

1. In connection with this application, Banc One has requested approval to acquire an option to purchase up to 17 percent of the voting shares of Liberty National. This option will terminate upon consummation of this proposal.

2. State deposit data are as of December 30, 1993.

pany's home state, unless such 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 implication."[3] For purposes of the Douglas Amendment, Banc One's home state is Ohio.

The Board previously has determined that the interstate statutes of Kentucky and Indiana permit a bank holding company located in Ohio to acquire banking organizations in those states.[4] 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 Banc One receiving all required state regulatory approvals.

Competitive Considerations

Banc One and Liberty National compete directly in the Lexington, Kentucky, and Cincinnati, Ohio, banking markets.[5] Banc One is the largest depository institution in the Lexington market, controlling $1.1 billion in deposits, representing 31 percent of the total deposits in depository institutions in the market ("market deposits").[6] Liberty National is the fifth largest depository institution in the market, controlling $201.5 million in deposits, representing 5.7 percent of market deposits. Upon consummation of this proposal, Banc One would control $1.3 billion in deposits, representing 36.5 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 349 points to 1672.[7] Banc One has committed to divest two branches in this market to mitigate any potential anti-competitive effects of this proposal, and with these divestitures, Banc One would control 34.7 percent of market deposits and the HHI would increase by 238 points to 1561.[8] In the Cincinnati banking market, consummation of the proposal would not exceed the Department of Justice merger guidelines.[9]

In light of all the facts of record, including the number of competitors remaining in the markets, the increase in market share and market concentration as measured by the HHI, and the proposed divestitures, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in the Lexington and Cincinnati banking markets or any relevant banking market.

Convenience and Needs Considerations

In acting upon 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

3. 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.

4. *See Banc One Corporation*, 78 *Federal Reserve Bulletin* 699 (1992) (acquisition of Kentucky banks by Ohio bank holding companies); *Banc One Corporation*, 72 *Federal Reserve Bulletin* 422 (1988) (acquisition of Indiana banks by Ohio bank holding companies). Under Kentucky law, each bank to be acquired must have been in existence for at least five years, and the proposed transaction must not result in the acquiring organization controlling more than 15 percent of total deposits held by depository institutions in Kentucky. Ky. Rev. Stat. Ann. § 287.900(2) and (3). Each of Liberty National's subsidiary banks has been in existence for five years, and upon consummation of this proposal, Banc One would control approximately 11.9 percent of the total deposits in depository institutions in Kentucky.

5. The Lexington, Kentucky, banking market is approximated by the counties of Bourbon, Clark, Fayette, Jessamine, Powell, Scott and Woodford, all in Kentucky. The Cincinnati, Ohio, banking market is approximated by Dearborn County, Indiana; Boone, Campbell, Grant, Kenton, and Pendleton Counties in Kentucky; Clermont and Hamilton Counties in Ohio, and parts of Brown, Butler and Warren Counties in Ohio.

6. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market deposit data are as of June 30, 1993, and 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, major competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

7. 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 between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

8. Banc One has executed an agreement to sell the two branches in the Lexington banking market to a bank holding company that currently operates in the market and has committed to complete these divestitures within 180 days of consummation of the transaction. Banc One also has committed that, in the event it is unsuccessful in completing these divestitures within 180 days of consummation of the proposal, it will transfer the relevant office or offices to an independent trustee with instructions to sell the office or offices promptly. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 337, 340 (1992); and *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484, 485 (1991).

9. In the Cincinnati banking market, Banc One would become the fifth largest depository institution in the market, controlling $909.7 million in deposits, representing 4.8 percent of market deposits. The HHI for the market would increase by 10 points to 1221.

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 holding company applications.[10]

The Board has received comments from several organizations and an individual on this proposal. Three community-based organizations and an individual in Kentucky commented in favor of the proposal, commending Liberty National's commitment to affordable housing in Louisville, and its development of lending programs for minority and low- and moderate-income borrowers. The Board also received comments opposing the proposal, including comments from the National Community Reinvestment Network representing several organizations ("Protestants"). Protestants allege, on the basis of data filed under the Home Mortgage Disclosure Act ("HMDA") (12 U.S.C. § 2801 *et seq.*), that Banc One and Liberty National have engaged in discriminatory lending practices against African-Americans in housing-related loans, and that both institutions have failed to meet the credit needs of minority-owned small businesses.[11] Protestants further allege that the two organizations have a poor record of marketing and outreach to the African-American community.

The Board has carefully reviewed the CRA performance records of Banc One, Liberty National, and their respective subsidiary banks, as well as all comments received regarding these applications, Banc One's 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").[12]

Records of Performance Under the CRA

A. Evaluations of CRA Performance

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 these reports will be given great weight in the applications process.[13] Banc One's lead subsidiary bank in Ohio, Bank One, Columbus, N.A. ("Bank One - Columbus"), received an "outstanding" rating from the Office of the Comptroller of the Currency ("OCC") at its most recent examination for CRA performance as of April 28, 1993. In addition, all but one of Banc One's remaining 80 subsidiary banks that have been examined for CRA performance received either "outstanding" or "satisfactory" ratings from their primary regulators in the most recent examinations of their CRA performance.[14]

Liberty National's lead bank, Liberty National of Louisville ("Liberty Bank - Louisville"), received an "outstanding" rating from its primary regulator, the OCC, at its most recent examination for CRA performance as of August 31, 1992. In addition, all of Liberty National's remaining six subsidiary banks that have been examined for CRA performance received either "outstanding" or "satisfactory" ratings from their primary regulators in the most recent examinations of their CRA performance.[15]

In connection with several recent applications, the Board has reviewed in detail the performance ratings of Banc One's subsidiary banks in light of Banc One's corporate CRA policies.[16] For the reasons more fully stated in those orders, which are incorporated by reference, the Board has found that these policies have substantively contributed to the satisfactory or better CRA performance evaluations achieved by almost all of Banc One's subsidiary banks. Following consummation of this proposal, Banc One will integrate Liberty National completely into its community reinvestment program, and each Liberty National subsidiary bank will adopt Banc One's CRA policies to enhance its CRA programs.

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10. 12 U.S.C. § 2903.

11. Protestants's comments relate to the Ohio subsidiary banks of Banc One in Columbus, Cincinnati, Cleveland and Akron, and Liberty National's subsidiary banks in Louisville and Erlanger, both in Kentucky, and in Charlestown, Indiana. Protestants also maintain that there is insufficient information about the specific CRA activities of Banc One to support approval, including a lack of information about Banc One's charitable contributions and the ethnic composition of its small-business and consumer-loan applicants. Protestants have also requested that the Board make a referral to the Department of Justice, and have indicated that they filed their comments on these applications with the Department of Justice on March 31, 1994.

12. 54 *Federal Register* 13,742 (1989).

13. *Id.* at 13,745 (1989). Protestants disagree with the CRA performance evaluations of Banc One and Liberty National's subsidiary banks by federal banking supervisors, and allege that these evaluations are contrary to relevant lending data.

14. In this regard, Bank One, Akron, N.A. ("Bank One - Akron") was assigned a rating of "satisfactory" by the OCC as of February 26, 1993; and Bank One, Cincinnati, N.A. ("Bank One - Cincinnati") was assigned a rating of "satisfactory" by the OCC as of July 20, 1993. The OCC assigned a rating of "needs to improve" to Bank One, Cleveland, N.A. ("Bank One - Cleveland") as of April 12, 1993. As discussed in this order, Banc One has taken corrective steps to improve the CRA performance of this bank.

15. In this regard, Liberty National Bank of Indiana ("Liberty Bank-Indiana") was assigned a rating of "outstanding" by the OCC as of May 31, 1993; and Liberty National Bank of Northern Kentucky ("Liberty Bank - Northern Kentucky") was assigned a rating of "satisfactory" by the OCC as of August 31, 1992.

16. *Banc One Corporation (FirsTier)*, 79 *Federal Reserve Bulletin* 1168 (1993) ("the FirsTier Order"); *see also Banc One Corporation (Valley National Corporation)*, 79 *Federal Reserve Bulletin* 524 (1993) ("the Valley National Order").

B. HMDA Data

Protestants allege that data required to be filed under the HMDA show that Banc One's subsidiary banks in Columbus, Cincinnati, Cleveland and Akron, and Liberty Bank - Louisville, Liberty Bank - Indiana and Liberty Bank - Northern Kentucky, discriminate against African-Americans in the provision of home purchase mortgage and refinancing loans.[17] In particular, Protestants contend that the disparities shown in the 1992 data in the number of loan applications from and originations to African-Americans, and in the denial rates for African-Americans, when compared to white borrowers indicate illegal discriminatory practices.

In some categories, the HMDA data for 1992 indicate that these Banc One and Liberty National banks are lending at a level that meets or exceeds their peers. For example, HMDA-reported loan originations by Banc One's Ohio subsidiaries to African-Americans in 1992, as a percentage of total loans originated by these banks, exceeds the aggregate percentage of loans made to African-Americans by peer organizations. Furthermore, the data indicate an increase from 1992 to 1993 in the number of HMDA-reported loan applications received from African-Americans by Banc One's four subsidiary banks, as well as an increase in the number of originations to this group.[18] However, both the 1992 and 1993 data show a low number of housing-related loans to African-Americans, and disparities in the declination rates for African-Americans compared to white applicants at the subsidiary banks of both Banc One and Liberty National.[19]

The Board is concerned when an institution's record indicates disparities in lending to minority applicants and 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 assure equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given 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 conclusively determining whether an institution has engaged in illegal discrimination in making lending decisions.

The most recent OCC examinations for CRA compliance and performance of Banc One's subsidiary banks in Columbus, Cincinnati, Cleveland and Akron found no evidence of illegal discrimination or other illegal credit practices. Examiners also found no evidence of any practices or procedures that would discourage applications for available credit from any segment of the delineated communities of these banks.[20] Moreover, these examinations indicate generally that the geographic distribution of each institution's credit extensions, applications, and denials reflect reasonable penetration in all segments of their delineated communities, including low- and moderate-income areas.[21] In addition, Banc One has taken steps to ensure that all loan decisions are made in accordance with fair lending laws. For example, compliance officers at Bank One - Columbus and Bank One - Cincinnati periodically review files of approved and denied consumer loan applications as part of the corporate compliance program to ensure that the banks' loan process is conducted on a nondiscriminatory basis.

The most recent OCC examinations for CRA compliance and performance of Liberty Bank - Louisville, Liberty Bank - Indiana and Liberty Bank - Northern Kentucky also found no evidence of illegal discrimi-

17. Protestants also have criticized Liberty National Bank of Lexington, Lexington, Kentucky, for its lack of lending and outreach to African-Americans. That bank, which was assigned a rating of "satisfactory" by the OCC at its most recent examination for CRA performance as of June 30, 1992, was merged into Liberty Bank - Louisville on October 1, 1993.

18. For example, from 1992 to 1993, the number of loan applications from African-Americans increased from 1736 to 2232, and the number of originations increased from 772 to 901.

19. Protestants requested that the Board delay action until the Federal Reserve System has conducted a comprehensive study of the home lending practices of the subsidiary banks of Banc One and has conducted an audit of the number and dollar amount of small-business loans and contracts awarded to African-Americans by these banks. Protestants also requested additional time to analyze the 1993 HMDA data or, in the alternative, that the Board not use the data in its analysis of this case. In addition, Protestants requested that the Board not act on these applications until the two vacancies on the Board have been filled.

The Board has carefully reviewed substantial information relating to the CRA performance of Banc One and Liberty National in this case, including data relating to small-business lending. The Board provided Protestants with a substantial comment period of approximately 98 days, including a 14-day extension of the comment period to submit additional comments and analysis of these applications. Protestant did submit substantial written comments on this case. Based on all the facts of record, including the substantial comments that have been submitted by Protestants, the Board does not believe a further delay in acting on these applications is warranted.

20. Protestants allege that Banc One's subsidiary banks prescreened minority applicants and thereby have been able to lower their denial rates. The OCC found in its 1993 CRA examinations that each bank has adopted policies, procedures, and training programs to preclude illegal credit practices. Periodic self-assessments are also performed at several of the banks to assure the adequacy of these policies, procedures and programs.

21. The OCC's 1993 examination of Banc One - Akron found a low number of home purchase applications from minority applicants in 1991. The OCC noted that bank lenders were working with area realtors and a neighborhood organization to increase the number of minority applicants and that the bank adopted a revised marketing plan in 1993 to increase applications from minorities.

nation or other illegal credit practices.[22] In addition, examiners found no evidence of any practices or procedures that would discourage applications for available credit from any segment of the delineated communities of these banks. Liberty National's subsidiaries also have a second review process whereby every recommended denial of a mortgage, small business or commercial loan application receives a second review to insure that the recommendation is consistent with fair lending laws.

C. Banc One's Record of Performance

Lending Programs of Subsidiary Banks. The FirsTier Order noted that the lending programs at each of the four Banc One subsidiary banks identified by Protestants offered a variety of credit products and services designed to assist in meeting the credit needs of low- and moderate-income and minority neighborhoods, and in particular inner-city neighborhoods, within their delineated communities.[23] The Board has carefully reviewed the lending programs of these banks in light of Protestants' comments and the Board's previous assessment of the banks' lending activities.

Columbus. Bank One - Columbus offers a number of direct and subsidized home-loan products through the Community Home Buyers Program; the Ohio Housing Finance Agency First Time Homebuyers Program; and a variety of government-sponsored loan programs, including programs through the Federal Housing Authority and the Veterans Administration. In addition, from 1991 through the first quarter of 1993, the bank made 1,627 small business loans totalling $61.5 million, $47 million of which were generated by branches serving low- and moderate-income areas. Furthermore, as of December 31, 1993, the bank had 76 commercial loans and lines of credit totalling approximately $23 million outstanding to borrowers in census tracts in the Columbus Metropolitan Statistical Area ("MSA") that had a minority population greater than 80 percent.

Cincinnati. Bank One - Cincinnati has introduced a "Welcome Home" loan program designed to facilitate home ownership for low- and moderate-income individuals by reducing down payment requirements and closing costs, eliminating mortgage guaranty insurance, and employing flexible underwriting guidelines. As of June 30, 1993, 131 applications had been approved under this program, including 22 from African-Americans, for a total of approximately $7.8 million. In addition, Bank One - Cincinnati generated 71 small-business-loan applications from low- and moderate-income neighborhoods, and made 30 of these loans during the first half of 1993. The bank had four commercial loans and lines of credit totalling approximately $1 million outstanding to borrowers in census tracts in the Cincinnati MSA that had a minority population greater than 80 percent as of December 31, 1993.

Akron. Bank One - Akron has developed the "Own-A-Home Program," an affordable-housing loan product targeting low- and moderate-income individuals in its delineated community. Through this program, Bank One - Akron extended 77 loans totalling $2.8 million in 1992. Bank One - Akron also extended 385 small business loans totalling $31.9 million in 1992, and participates in various government-sponsored loan programs. As of December 31, 1993, the bank had 20 commercial loans and lines of credit totalling approximately $2 million outstanding to borrowers in census tracts in the Akron MSA that had a minority population greater than 80 percent.

Cleveland. The Board previously has recognized weaknesses in aspects of the CRA performance of Bank One - Cleveland, and has considered Banc One's efforts to improve its performance in these areas. In approving Banc One's acquisition of Valley National Corporation, the Board required Banc One to submit to the Board, when delivered to the OCC, a copy of its plan to address areas of concern in the CRA program of Bank One - Cleveland, and to submit periodic reports on the progress of this plan.[24] The Board believes that progress has been shown since the Valley National acquisition to improve Bank One - Cleveland's CRA performance. For example, it has introduced several new loan products designed to meet the credit needs of low- and moderate-income communities including:

(1) A home-mortgage product with low-down-payment requirements and flexible underwriting criteria;

(2) A mortgage-loan product that covers both acquisition and rehabilitation costs;

(3) A secured home-improvement loan product; and

(4) A mortgage loan for one-to-eight-unit rental properties.[25]

22. The OCC noted some substantive technical violations relating to HMDA reporting and fair lending laws at Liberty Bank - Louisville and Liberty Bank - Northern Kentucky. The OCC has indicated that management implemented appropriate corrective actions during the examination.

23. *See* the FirsTier Order, *supra*, at 1170–72.

24. *See* the Valley National Order.

25. Banc One - Cleveland introduced its Home Buyer's Dream program in May, 1993. This program has a low down payment requirement, provides financing for closing costs and provides a waiver of mortgage insurance. In the fourth quarter of 1993, Banc One- Cleveland extended 77 loans for a total of $4.4 million under this program. In the third and fourth quarters of 1993, Banc One -

In addition, the bank recently opened a branch in Fairfax, a low- and moderate-income neighborhood in Cleveland. Finally, as of December 31, 1993, the bank had 74 commercial loans and lines of credit totalling approximately $11 million outstanding to borrowers in census tracts in the Cleveland MSA that had a minority population greater than 80 percent.[26]

Ascertainment and Marketing. The Board noted in the Valley National Order that Banc One affiliates actively assess the credit and banking needs of their local service areas. Each affiliate bank is responsible for formulating and submitting to its board of directors a strategic plan for identifying local banking needs. Furthermore, each bank engages in direct communication with its service communities through interviews with community leaders, the creation of community advisory councils, and bank participation in community organizations.

Banc One's subsidiary banks market specific products by advertising on television and radio and in print media. They also supplement corporate marketing materials to meet the individual needs of their banking communities. For example, the OCC's 1993 examination found that Bank One - Columbus maintained and analyzed media demographics and market circulation/coverage data in order to target specific audiences. The examination found that the bank consistently advertises in local newspapers, including minority publications, and advertises on radio stations with large minority audiences. The bank also holds seminars targeted at start-up, minority and female-owned businesses. The OCC's 1993 examination of Banc One - Cincinnati found that the bank attempts to reach low- and moderate-income neighborhoods through the use of door hangers, bus bench advertisements, billboards, and advertisements in publications and on radio stations with large low- and moderate-income and minority audiences. The bank's board of directors and senior management periodically review internal analyses of the geographic distribution of the bank's products, and use these analyses to evaluate marketing efforts in targeted geographic areas and to develop new products to make credit more widely available.

In its 1993 examination of Banc One - Akron, the OCC found that the bank had a comprehensive program for ascertaining credit needs and that the bank advertised its products in low- and moderate-income communities and in a minority-owned newspaper. The OCC noted in its 1993 examination that this bank had instituted a more aggressive marketing plan in 1993 in response to a low level of home mortgage applications from minorities in 1991 and 1992. Finally, the OCC's 1993 examination of Bank One - Cleveland found that it adequately ascertains the credit needs of its community, and that a significant portion of the bank's CRA marketing efforts was devoted to targeted marketing through newsletters and programs sponsored by minority groups. The bank advertises consistently in a newspaper targeted to minorities, and on radio stations that have a significant number of minority listeners.

D. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all the facts of record, including the comments received, in reviewing the convenience and needs factors under the BHC Act. Based on a review of the entire record of performance, including information provided by commenters supporting the proposal and the Protestants, and the CRA performance examinations by the banks' primary regulators, the Board believes that the efforts of Banc One and Liberty National to help meet the credit needs of all segments of the communities served by their subsidiary banks are consistent with approval of these applications. The Board concludes that convenience and needs considerations, including the CRA performance records of the companies and banks involved in these proposals, are consistent with approval of these applications.[27]

Cleveland made 30 home improvement loans, totalling $489,000, to borrowers living in low- and moderate-income areas of the Cleveland metropolitan area, under its home improvement loan program that has a higher-than-usual debt-to-income ratio.

26. The Board will continue to monitor the progress of Banc One-Cleveland in improving its CRA program, including reviewing progress reports that are submitted to the Federal Reserve Bank of Cleveland on a regular basis.

27. Protestants have requested that the Board hold a public meeting or hearing on these applications. The Board is not required under section 3(b) of the BHC Act to hold a hearing on an application unless the appropriate banking authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, neither the Kentucky Department of Financial Institutions nor the Indiana Department of Financial Institutions has recommended denial of this proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application, and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered this request. In the Board's view, interested parties have had a sufficient opportunity to present written submissions, and have submitted substantial written comments that have been considered by the Board. On the basis of all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

Other Considerations

The financial and managerial resources and future prospects of Banc One, Liberty National, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, also are consistent with approval.[28]

Banc One also has applied, pursuant to section 4 of the BHC Act, to acquire the nonbanking subsidiaries of Liberty National that engage in consumer lending, credit-related insurance, and certain securities-related activities. The Board previously has determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act, the Board's Regulation Y and prior Board orders, and Banc One proposes to conduct these activities in accordance with those regulations and orders. The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Banc One's application to acquire Liberty National's nonbanking subsidiaries.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is expressly conditioned upon compliance with all the commitments made by Banc One in connection with these applications and with the conditions referred to in this order, including obtaining all required state approvals. The determinations as to the nonbanking activities are also subject to all the conditions in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this 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.

The acquisition of Liberty National's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this order, and the acquisition of Liberty National's subsidiary banks and nonbanking subsidiaries shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 2, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Subsidiary Banks to be Acquired

(1) Liberty National Bank and Trust Company of Kentucky, Louisville, Kentucky;
(2) Liberty National Bank of Owensboro, Owensboro, Kentucky;
(3) Liberty National Bank and Trust Company of Central Kentucky, Elizabethtown, Kentucky;
(4) Liberty National Bank of Northern Kentucky, Erlanger, Kentucky;
(5) Liberty National Bank of Shelbyville, Shelbyville, Kentucky;
(6) Liberty National Bank and Trust Company of Indiana, Charlestown, Indiana; and
(7) Liberty National Bank of Western Kentucky, Madisonville, Kentucky.

Nonbanking Subsidiaries to be Acquired

(1) Liberty Financial Services, Inc., Louisville, Kentucky, and thereby engage in consumer lending activities and the sale of credit-related insurance pursuant

28. Protestants have criticized the employment practices of both institutions relating to minorities, including minority participation in senior management, on boards of directors, and in third-party contracts. In this regard, the Board notes that, because Banc One and Liberty National subsidiary banks employ more than 50 people and act as an agent to sell or redeem U.S. savings bonds and notes, they are required by Treasury Department and Department of Labor regulations to:
(1) File annual reports with the Equal Employment Opportunity Commission; and
(2) Have in place a written affirmative action program which states their intentions, efforts, and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

to sections 225.25(b)(1) and (8)(i) and (ii) of the Board's Regulation Y; and
(2) Liberty Investment Services, Inc., Louisville, Kentucky, and thereby engage in full-service securities brokerage services, riskless principal activities and underwriting and dealing in bank-eligible and ineligible securities pursuant to sections 225.25(b)(15) and (16) of the Board's Regulation Y and prior Board orders.

Financial Corporation of Louisiana
Crowley, Louisiana

Order Approving Formation of a Bank Holding Company and Acquisition of Shares of a Bank Holding Company

Financial Corporation of Louisiana, Crowley, Louisiana ("Financial"), has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to acquire all the voting shares of First National Bank of Crowley, Crowley, Louisiana ("Bank"), and thereby become a bank holding company.[1] Financial also has applied pursuant to section 4(c)(8) of the BHC Act to acquire First Crowley Financial Corporation, Crowley, Louisiana ("First Crowley"), and thereby engage in:

(1) Making and servicing loans pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)); and
(2) Acting as principal, agent, or broker for credit-related insurance pursuant to section 225.25(b)(8) of Regulation Y (12 C.F.R. 225.25(b)(8)).[2]

Financial also has applied pursuant to section 3 of the BHC Act to acquire 8.25 percent of the voting shares of Progressive Bancorporation, Inc., Houma, Louisiana ("Progressive"), which are currently held by First Crowley.[3]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (59 *Federal Register* 13,727 and 15,412 (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 sections 3 and 4 of the BHC Act.

Financial is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank is the 81st largest commercial banking organization in Louisiana, controlling deposits of approximately $59.2 million, representing less than 1 percent of total deposits in commercial banks in the state.[4] Progressive is the 35th largest commercial banking organization in Louisiana, controlling deposits of approximately $118.9 million, representing less than 1 percent of total deposits in commercial banks in the state. Bank and Progressive do not compete directly in any banking market. Accordingly, 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 has carefully reviewed comments from the chairman of the board of Progressive's bank subsidiary ("Protestant"), Progressive Bank & Trust, Houma, Louisiana ("Progressive Bank"), objecting to Financial's acquisition of a minority interest in Progressive. Protestant alleges that this acquisition will adversely affect Progressive's ability to raise capital and serve the credit needs of its communities. Protestant also objects to the fact that Financial is located outside of Progressive Bank's local community, and asserts that dissimilarities between Progressive Bank and Bank both in terms of asset size and marketing strategies should preclude the acquisition of the Progressive interest.[5] Financial maintains that its invest-

1. This proposal represents a reorganization of current ownership interests. Financial would acquire Bank by forming an interim national bank subsidiary ("Interim") and merging Bank into Interim with Interim as the surviving institution under Bank's charter. First Crowley would also merge with and into Financial, with Financial surviving the merger.

2. First Crowley engages in real estate activities that are not permissible for bank holding companies under the BHC Act. Financial has committed that all impermissible real estate activities will be divested or terminated within two years of consummation of the proposal, that no new impermissible projects or investments will be undertaken during this period, and that capital adequacy guidelines will be met excluding specified real estate investments.

3. Principals of Financial own an additional 3.45 percent of the voting shares of Progressive. Therefore, Financial would control approximately 11.7 percent of the voting shares of Progressive upon consummation of this proposal.

4. State deposit data are as of June 30, 1993.

5. Protestant questions whether Bank satisfied divestiture requirements in a timely manner in its disposition of Progressive stock acquired in 1988 (less than 1 percent) and 1989 (8.25 percent) through foreclosure on loans secured by such stock. Under the rules of the Office of the Comptroller of the Currency regarding the acquisition of securities in the course of securing a debt previously contracted, a national bank has five years to divest of such shares. *See* Comptroller's Handbook for National Bank Examiners, Section 203.1 (February 1982). In 1992, Bank divested its interest in Progressive to First Crowley. This transfer to First Crowley satisfied the divestiture requirements of the BHC Act and the National Bank Act. The transfer to First Crowley was not financed by debt to Bank, and the record does not indicate that, following the transfer of shares to First Crowley, Bank was able to control either the transferred shares or Progressive itself. Although two shareholders of First Crowley also owned shares of Progressive at the time of the divestiture, the record does not indicate that these additional holdings permitted either First Crowley or Bank to control Progressive. One of these shareholders owns 1.5 percent of Progressive's voting shares; and the second individual, who owns less than 5 percent of the shares of First Crowley, owns an additional 1.9 percent of Progressive's voting

ment in Progressive is completely passive, and that it has no intention of exercising or attempting to exercise a controlling influence over the management or policies of Progressive or any of its subsidiaries.[6]

The Board has previously approved the acquisition by a bank holding company of less than a controlling interest in a bank, noting that "nothing in section 3(c) of the Act requires denial of an application solely because a bank holding company proposes to acquire less than a controlling interest in a bank or bank holding company."[7] The Board has also noted that the requirement in section 3(a)(3) of the BHC Act that the Board's prior approval be obtained before a bank holding company acquires more than 5 percent of the voting shares of a bank also suggests that Congress contemplated the acquisition by bank holding companies of between 5 percent and 25 percent of the voting shares of banks. For these reasons, the Board concludes that the purchase by Financial of less than a controlling interest in Progressive is not a factor that, by itself, justifies denial of this application.

As part of this proposal, Financial has made a number of commitments to address concerns relating to the effect that its acquisition of shares of Progressive would have on the management and operation of Progressive Bank. In particular, Financial has committed that it will not, without the Board's prior approval:

(1) Exercise or attempt to exercise a controlling influence over the management or policies of Progressive or any of its subsidiary banks;

(2) Have or seek to have any employees or representatives serve as an officer, agent, or employee of Progressive or any of its subsidiary banks;

(3) Take any action causing Progressive or any of its subsidiary banks to become a subsidiary of Applicant;

(4) Acquire or retain shares of Progressive that would cause the combined interests of Financial and its affiliates, officers, and directors to equal or exceed 25 percent of the outstanding voting shares of Progressive;

(5) Propose a director or a slate of directors in opposition to a nominee or slate of nominees proposed by the management or board of directors of Progressive or its subsidiary banks;

(6) Attempt to influence the dividend policies or practices of Progressive;

(7) Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of Progressive;

(8) Attempt to influence the loan and credit decisions or policies of Progressive or any of its subsidiary banks, the pricing of services, any personnel decision, the location of any offices, branching, the hours of operation, or similar activities of Progressive or any of its subsidiary banks;

(9) Dispose or threaten to dispose of shares of Progressive in any manner as a condition of specific action or nonaction by Progressive or any of its subsidiary banks;

(10) Enter into any banking or nonbanking transactions with Progressive or any of its subsidiary banks, except that Financial and its subsidiaries may establish and maintain deposit accounts with Progressive or subsidiary banks of Progressive, provided that the aggregate balance of all such deposit accounts does not exceed $500,000, and provided that the accounts are maintained on substantially the same terms as those prevailing for comparable accounts of persons unaffiliated with Progressive; and

(11) Seek or accept representation on the board of directors of Progressive or any of its subsidiary banks.

Based on the facts of record and Financial's commitments, the Board concludes that Financial would not acquire control or the ability to exercise a controlling influence over the management or policies of Progressive upon consummation of this proposal. On this basis, the Board does not believe that the proposed retention of shares by Financial would impede Progressive's ability to serve the needs of its community or raise capital as needed. For these reasons and based on all facts of record, the Board concludes that Protestant's comments do not warrant denial of these applications. The Board also concludes that the financial and managerial resources and future prospects of Financial and Bank and 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

shares. Moreover, Progressive is controlled by a chain banking organization that owns 48.7 percent of its voting shares and that is unaffiliated with First Crowley. Under these circumstances, First Crowley's interest in Progressive does not meet any of the presumptions of control in the BHC Act or its implementing provisions in the Board's Regulation Y, and the record does not indicate that First Crowley has acted in concert with any other parties to control or attempt to control Progressive. Accordingly, these comments do not warrant denial of this application.

6. Protestant contends that Financial has rejected offers to purchase the Progressive interest and believes that these actions indicate some other motive in retaining this interest, including the sale of the stock to a competitor of Progressive. Financial denies that it has rejected any reasonable offers to purchase these shares. The Board notes that Financial would not be able to acquire control of Progressive in the future or sell its interest in Progressive to another bank holding company without prior Board approval, and that the Board would at that time re-examine the effects of the proposal under the factors set forth in section 3(c) of the BHC Act after providing an opportunity for public comment.

7. *See United Counties Bancorporation*, 75 *Federal Reserve Bulletin* 714 (1989); *Midlantic Banks, Inc.*, 70 *Federal Reserve Bulletin* 776 (1984).

of the communities to be served also are consistent with approval.

Financial also has applied pursuant to section 4(c)(8) of the BHC Act to engage in making, acquiring, or servicing loans or other extensions of credit and to engage in credit insurance activities. The Board has determined by regulation (12 C.F.R. 225.25(b)(1) and (b)(8)(i)) that these activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act. Financial proposes to conduct these activities pursuant to the requirements of the Board's regulations. The record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would not be outweighed by the likely public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of Financial's application to acquire First Crowley.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is expressly conditioned upon compliance with all the commitments made by Financial in connection with these applications, including the commitments discussed in this order. The determination as to the nonbanking activities are subject to all of the conditions in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provision and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this 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.

The banking transactions shall not be consummated before the thirtieth calendar day following the effective date of this order, and the banking and nonbanking transactions 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 Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 8, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Actions Taken Under the Federal Deposit Insurance Corporation Improvement Act

By the Board

NationsBank Corporation Charlotte, North Carolina

Order Approving Applications to Acquire Branches of a Savings Bank

NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), and its subsidiaries NationsBank of Florida, N.A., Tampa, Florida ("NationsBank-Florida"), and NationsBank of Georgia, N.A., Atlanta, Georgia ("NationsBank-Georgia") (collectively, "Applicants"), propose to purchase certain assets and assume certain liabilities of 44 branch offices of California Federal Bank, F.S.B., Los Angeles, California ("CalFed"). These branches are located throughout Florida and Georgia.[1] Applicants seek Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3) ("FDI Act")), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388-2392 (1991)).

Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a Savings Association Insurance Fund member and any Bank Insurance Fund ("BIF") member if the acquiring or resulting institution is a BIF insured subsidiary of a bank holding company, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c) ("the Bank Merger Act")).[2] The proposed

1. The branch locations that Applicants propose to acquire are listed in the Appendix.

2. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, financial and managerial resources, and future prospects of the existing and proposed institutions, and the conve-

transaction also is subject to review under the Bank Merger Act by the Office of the Comptroller of the Currency ("OCC"), the primary banking regulator for NationsBank-Florida and NationsBank-Georgia.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the Bank Merger Act and section 5(d)(3) of the FDI Act.

NationsBank, with consolidated assets of \$159.7 billion, controls 11 banks in Delaware, the District of Columbia, Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Texas, and Virginia.[3] NationsBank is the fourth largest depository institution in Florida, controlling total deposits of \$15.1 billion, representing approximately 11.1 percent of total deposits in depository institutions in the state.[4] The Florida branch offices of CalFed that Applicants propose to acquire control deposits of \$4.1 billion, representing 1.5 percent of total deposits in depository institutions in Florida. Upon consummation of the proposed transaction, NationsBank would become the third largest depository institution in Florida, controlling deposits of \$19.2 billion, representing 13.9 percent of total deposits in depository institutions in the state.

NationsBank is the largest depository institution in Georgia, controlling total deposits of \$8.1 billion, representing approximately 13 percent of total deposits in depository institutions in the state. The Georgia branch office of CalFed that Applicants propose to acquire controls deposits of \$43.2 million, representing less than 1 percent of total deposits in depository institutions in Georgia. Upon consummation of the proposed transaction, NationsBank would remain the largest depository institution in Georgia, controlling deposits of \$8.2 billion, representing approximately 13 percent of total deposits in depository institutions in the state.

NationsBank and CalFed compete directly in the Eastern Palm Beach County, Fort Meyers, Miami-Fort Lauderdale, Sarasota, and Tampa Bay, Florida banking markets, and the Atlanta, Georgia banking market. Upon consummation of this proposal, all of these banking markets would remain unconcentrated or moderately concentrated as measured by the Herfindahl–Hirschman Index ("HHI").[5] After considering the competition offered by other depository institutions in the market, the number of competitors remaining in the market, the relatively small increase in concentration as measured by the HHI,[6] and all other facts of record, the Board concludes that consummation of the proposal would not result in a significantly adverse effect on competition in any relevant banking market.

Convenience and Needs Considerations

The Board also is required under section 5(d)(3) of the FDI Act to consider the effect of the proposal on the convenience and needs of the communities to be served. The Board has reviewed the comments submitted to the Board by two organizations in Florida ("Florida Protestants") and one organization in Texas ("Texas Protestant") that are critical of the efforts of NationsBank and its bank subsidiaries in meeting the credit and banking needs of their entire communities, including low- and moderate-income neighborhoods.[7]

nience and needs of the communities to be served. 12 U.S.C. § 1828(c).

3. Asset data are as of December 31, 1993.

4. Deposit and market data are as of June 30, 1993. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation 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). Because the deposits of CalFed would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

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 less than 1000 is considered unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. 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 institutions.

6. The HHI would increase in these banking markets as follows: Eastern Palm Beach (by 39 points to 922); Fort Meyers (by 36 points to 1280); Miami-Fort Lauderdale (by 87 points to 610); Sarasota (by 49 points to 1550); Tampa Bay (by 103 points to 994); and Atlanta (by 3 points to 1140).

7. The Florida Protestants are Florida Legal Services Inc., Tallahassee, Florida, commenting on behalf of The Farmworker Association of Florida, Springfield Preservation and Restoration, Inc., and Neighborhood Housing Services of Jacksonville, Florida, Inc.; and the Rural Law Center, Inc., Apopka, Florida, commenting on behalf of itself and The Farmworker Association of Florida.

The Florida Protestants allege that NationsBank-Florida has failed to meet a commitment to Florida low-income community groups to support a proposed multi-bank community development corporation, and, as a result, is not meeting the credit needs of its entire community.[8] One of the Florida Protestants also alleges that the 1991 HMDA data for NationsBank-Florida and NationsBank's mortgage company subsidiary, NationsBank Mortgage Corporation, Dallas, Texas, indicate that the bank and the mortgage company illegally discriminate against individuals living in predominately African-American areas in Florida. Texas Protestant alleges that NationsBank of Texas, N.A., Dallas, Texas ("NationsBank-Texas") has discriminated against the Dalworth neighborhood in the City of Grand Prairie, Texas, and similarly situated banking markets in Texas.[9]

The Board also has considered the record of performance of NationsBank and its subsidiaries under the CRA and the programs that NationsBank has in place to serve community needs in assessing the impact of this proposal on the convenience and needs of the communities to be served.

Record of Performance Under the CRA

A. Evaluations of CRA performance

The Board notes that all of NationsBank's subsidiary banks received "satisfactory" ratings from their primary regulators during the most recent examinations of their CRA performance. The bank subsidiaries acquired in NationsBank's 1992 acquisition of C&S/Sovran Corporation, Atlanta, Georgia, and Norfolk, Virginia ("C&S/Sovran"), also received "satisfactory" ratings from their primary regulators during the most recent examinations for their CRA performance.[10] In addition, CalFed received a "satisfactory" rating from its primary regulator, the Office of Thrift Supervision, in September 1992.

The Board also has taken into account NationsBank's progress under its commitment to initiate a $10 billion/10 year Community Investment Program ("CIP").[11] The CIP includes all the communities that are served by NationsBank's subsidiaries, and lending in the first two years of this program totalled $5.1 billion, $2.9 billion of which was extended in 1993. In this regard, in 1993, NationsBank-Florida originated 2,026 home mortgage and home improvement loans totalling $69.9 million in low- and moderate-income census tracts, and 1,323 home mortgage and home improvement loans totalling $89.9 million to minority applicants. Commercial real estate lending under the CIP in Florida included 727 loans totalling $185.7 million in 1993. In addition, with respect to small business lending, NationsBank-Florida made 329 loans totalling $108 million to small businesses in low- and moderate-income areas.

In addition, in 1993, NationsBank-Texas originated 2,430 home mortgage and home improvement loans totalling $53.5 million in low- and moderate-income census tracts, and 3,560 home mortgage and home improvement loans totalling $98.3 million to minority applicants. NationsBank-Texas also made 165 commercial loans totalling $101.7 million, for multi-family housing units for low- and moderate-income individuals, and renovations for community and retail centers in underserved areas. In addition, NationsBank-Texas made 1421 loans totalling $426.4 million to small businesses in low- and moderate-income areas.[12]

B. NationsBank's CRA Performance in Florida

In addition to reviewing examination records of NationsBank's subsidiaries, the Board has carefully reviewed the CRA performance of NationsBank-Florida in light of Florida Protestants' comments criticizing NationsBank's CRA record in Florida. In particular, Florida Protestants allege that NationsBank-Florida withdrew its commitment to fund a proposed multi-bank community development corporation known as the Florida Community Development Assistance Cor-

8. The Florida Protestants have filed similar protests with the OCC, which will consider the comments as part of its review of the transaction under the Bank Merger Act. The OCC approved the acquisition of the Georgia branch on May 12, 1994.

9. Texas Protestant specifically alleges that NationsBank-Texas:
(1) Has failed to adequately market its credit products to African-American neighborhoods and community based organizations;
(2) Has not developed lending programs that would provide financial services to low- and moderate-income individuals;
(3) Does not make a proportionate amount of business loans to Dalworth residents;
(4) Has not developed a specific plan of action for serving the residents and business owners in its community; and
(5) Discriminates in its operations, policies and procedures.

10. C&S/Sovran's subsidiary banks in Florida, Georgia, South Carolina, Virginia, and Washington, D.C. received "satisfactory" ratings for CRA performance from the OCC in October 1991. C&S/Sovran's bank subsidiary in Tennessee received a "satisfactory" rating for CRA performance from the Federal Reserve Bank of Atlanta in September 1991, and its Kentucky bank subsidiary received a "satisfactory" rating for CRA performance from the Federal Reserve Bank of St. Louis in March 1992.

11. In connection with NationsBank's application to acquire C&S/Sovran, NationsBank committed to improve its CRA performance record through the CIP. The Board noted in the C&S/Sovran order that it would take NationsBank's efforts into account in future acquisitions. *See Statement by the Board of Governors of the Federal Reserve System Regarding the Application by NCNB Corporation to Acquire C&S/Sovran Corporation*, 78 *Federal Reserve Bulletin* 141 (1992) ("C&S/Sovran Order").

12. These numbers reflect NationsBank's lending in the entire state of Texas, including the Dallas-Fort Worth area.

poration ("FCDAC"), which would have provided pre-development financing and technical assistance to community-based development organizations that provide low-income housing.

The proposed FCDAC originally was supported by Local Initiatives Support Corporation ("LISC"), a national nonprofit community development organization. NationsBank-Florida provided LISC with funds that were held in escrow for the project. According to NationsBank, however, the effort to create FCDAC failed because of the lack of sufficient additional funding from other sources. As a result, by late 1989, LISC had withdrawn from the project and the escrowed funds were returned to the bank. NationsBank-Florida subsequently participated in efforts to develop a revised FCDAC, but concluded in early 1993 that the objectives of FCDAC could be best met by the bank through other community development activities in Florida, including the efforts described below.

Technical Assistance. NationsBank-Florida has undertaken a number of measures to provide technical assistance for community based organizations working to develop affordable housing, small business owners, and consumers. For example, over the past two and a half years, NationsBank-Florida, in conjunction with the State of Florida Housing Catalyst Program, has funded the *Florida Affordable Housing Resource Primer,* a guide to identifying and using the federal, state, and local resources available for the delivery of low-income housing in both urban and rural areas.[13] The primer is scheduled for use as an educational aide in the Affordable Housing Workshops administered by Miami-Dade Community College and the State of Florida Department of Community Affairs in the third quarter of this year. NationsBank-Florida also recently established a Small Business Technical Assistance Program to provide information and direction to entrepreneurs regarding starting and operating small businesses. In addition, in 1993, in partnership with the National Association for the Advancement of Colored People ("NAACP"), NationsBank established a Community Development Resource Center in Fort Lauderdale to provide technical assistance and education to consumers and small business owners. During the past year, loans in the amount of $1.5 million were extended as a result of this center.[14]

Community Development Activities. NationsBank-Florida also participates in a variety of projects that support community development activities in providing housing for low- to moderate-income individuals. For example, in 1994, pursuant to the NationsBank Neighborhood Program, NationsBank-Florida established the East Tampa Initiative pursuant to which NationsBank-Florida committed $5 million for housing and small business initiatives. NationsBank-Florida also has committed $7.5 million to a $50 million loan pool to develop affordable housing through the Central Florida Community Reinvestment Corporation, and has committed an additional $5 million in mortgage loans to low- and moderate-income families through the Broward County Housing Finance Authority's Lender's Program.[15] As of April 1993, 13 loans totalling over $720,000 were extended under this program. NationsBank-Florida also committed $16 million to the 1st Housing Development Corporation multi-bank $100 million lending pool for multi-family low-income housing in Tampa.[16] In addition, in August 1994, the NationsBank Community Development Corporation is scheduled to begin its first project in Florida, the redevelopment of the former Augustine Quarters site in Sarasota into 25 new single-family affordable houses. The project is expected to generate $1.6 million in permanent mortgages.

HMDA Data and Lending Practices. The Board has carefully reviewed the 1992 and 1993 HMDA data reported by NationsBank-Florida and NationsBank Mortgage Corporation in light of Florida Protestants' comments. These data indicate disparities in the rates of housing-related loan applications, and in denials that vary by racial and ethnic group in areas served by NationsBank-Florida.

The Board is concerned when an institution's record indicates disparities in lending to minority applicants and 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 assure 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, have limitations that make the data an inadequate basis, absent other infor-

13. The goal of the *Resource Primer* is to provide the most current description of available housing programs and resources for affordable housing financing from federal, state, local, and private sectors. The primer will identify obstacles to effective resource utilization, describe how to use multiple resources in an affordable housing project, and will show how to "reinvent affordable housing delivery." The primer will be supplemented by a series of statewide training sessions on affordable housing, and will be distributed to community development corporations, banks, public housing agencies, for-profit developers, the Department of Housing and Urban Development, state agencies, and local governments.

14. The center also instructed over 500 individuals in NationsBank's Community Home Buyer Program.

15. NationsBank-Florida also has committed $430,000 to the Orlando Neighborhood Investment Corporation for a $1 million project to develop a 26-unit low-income housing complex in the Parramore/Heritage Area of the City of Orlando.

16. NationsBank-Florida also has committed $2.5 million toward the creation of a $5 million loan program to enable businesses owned by women and minorities to provide contractor services to the Greater Orlando Aviation Authority.

mation, for concluding that an institution has engaged in illegal discrimination in making lending decisions.

In this regard, the Board notes that the 1991 CRA performance examinations for NCNB National Bank of Florida, Tampa, Florida, and C&S National Bank of Florida, Fort Lauderdale, Florida, the predecessor banks of NationsBank-Florida, found no evidence of prohibited discrimination or other illegal credit practices. The examinations also found no evidence of practices intended to discourage applications for the types of credit listed in the banks' CRA statements. In addition, NationsBank-Florida has two different mechanisms in place to ensure that mortgage applications from low- to moderate-income applicants obtain a fair review. First, NationsBank-Florida has initiated a second review process under the NationsBank/ National Urban League Community Loan Review Board Program. The purpose of the Loan Review Boards is to offer a second review to any NationsBank applicant who has been denied a home mortgage or home improvement loan on a primary residence.[17] Second, NationsBank-Florida has introduced a "one-up review process" whereby all initially rejected applications from low- to moderate-income individuals for loans to purchase, refinance, or improve one-to-four family residences are referred to another loan officer for a second review before the customer is notified that the application has been declined.[18]

In addition, NationsBank-Florida participates in 48 credit programs focused on meeting the credit needs of low- to moderate-income consumers in the areas of affordable housing and small business. These programs include a commitment of $20.4 million for the origination of low- to moderate-income single-family housing loans, a $50 million commitment for multi-family affordable housing programs, and $3 million for small business loan programs.

C. NationsBank's CRA Performance in Texas

The Board also has carefully reviewed the CRA performance of NationsBank-Texas in light of Texas Protestant's comments criticizing NationsBank's CRA.

Ascertainment and Marketing. NationsBank-Texas has engaged in a variety of outreach efforts in order to ascertain the credit needs of the Dalworth area and advertise its credit products to residents in the Dalworth area. These efforts include ongoing communications with the Grand Prairie Chapter of the NAACP, a number of churches, and Texas Protestant. The bank also offers Banking Basics classes through the Grand Prairie office of the Dallas County Community Action Committee.[19] In addition, NationsBank-Texas advertises its credit products in a number of media designed to reach low- and moderate-income residents of Dalworth. These media include *Minority Opportunity News, Dallas Weekly, Dallas Examiner,* and KKDA Radio, Grand Prairie.

With regard to Texas Protestant's assertion that NationsBank-Texas does not have a "specific action plan" for serving the Dalworth area, both the City of Grand Prairie and the Dalworth neighborhood are covered by the NationsBank-Texas' Dallas Market Development Plan.[20] Moreover, two specific goals of the plan are increasing market share in low- to moderate-income census tracts, and increasing market share in predominately African-American areas.[21]

HMDA Data and Lending Practices. The Board has carefully reviewed the 1992 and 1993 HMDA data reported by NationsBank-Texas and NationsBank Mortgage Corporation in light of Texas Protestant's comments. These data indicate some disparities in the rates of approvals and denials of loan applications according to racial group in the Dallas-Fort Worth Metropolitan Statistical Area ("MSA").[22]

The Board notes that the 1991 CRA performance examination of NCNB National Bank of Texas, Dallas, Texas, now known as NationsBank of Texas, N.A., found no evidence of prohibited discriminatory

17. Loan Review Boards are comprised of one local Urban League member and three community members selected by the local Urban League and local NationsBank representatives. NationsBank-Florida has instituted this program in Jacksonville, Fort Lauderdale, Orlando, Miami, and Tampa, and will serve applicants throughout the State of Florida.

18. The second loan officer is independent of the original loan officer, and is charged with objectively reviewing all relevant information, and has final authority to approve or decline the applications.

19. Bank representatives also participate in meetings with numerous organizations, and serve on the boards of directors of organizations that serve low- and moderate-income neighborhoods. The President of the Grand Prairie Banking Center, for instance, is President of the Grand Prairie-based Quality of Life Foundation which provides funding for charitable causes, including the provision of affordable housing for low-income families in Grand Prairie.

20. NationsBank prepares a "Market Development Plan" for each of its largest markets. The plan covers all areas within a market, including under-performing areas singled out for special attention under a geographic action plan.

21. NationsBank-Texas has created area-specific action plans to increase loan production in census tracts that it determines, based on certain objective criteria, to be most in need of immediate attention. For example, of the 1,016 low- to moderate-income census tracts included in NationsBank-Texas' delineated community, only 158 were designated as requiring a geographic action plan in 1993. NationsBank-Texas has not created a separate plan for the Dalworth area because:

(1) Neither of the census tracts in which Dalworth is located meets the bank's four-part eligibility requirement for a geographic action plan, and

(2) The neighborhood is already covered by the Dallas Market Development Plan.

22. Both Dalworth and Grand Prairie, Texas, are part of the Dallas-Fort Worth MSA.

or other illegal credit practices at the bank, and noted that the bank was in compliance with applicable fair housing and fair credit laws and regulations. The 1991 examination also found no evidence of any practices intended to discourage applications of the types of credit set forth in the bank's CRA statement. In addition, NationsBank-Texas has instituted a secondary review process under the NationsBank/National Urban League Community Loan Review Board Program and a one-up review process similar to the one in place at NationsBank-Florida.[23]

As noted above, NationsBank-Texas and NationsBank Mortgage Corporation actively promote their housing-related credit products to low- to moderate-income individuals and minorities within the Dallas-Fort Worth MSA. In this regard, in 1993, NationsBank-Texas and NationsBank Mortgage Corporation originated 953 HMDA-reportable loans totalling $31.2 million in low- to moderate-income census tracts, and 395 HMDA-reportable loans totalling $12.2 million to African-American applicants within the Dallas-Fort Worth MSA. These loans represent a significant increase in lending in low- to moderate-income areas and to African-Americans. In 1992, NationsBank-Texas and NationsBank Mortgage Company originated 752 HMDA-reportable loans totalling $28.8 million to low- to moderate-income individuals, and 283 HMDA-reportable loans totalling $7.9 million to African-Americans.[24]

In response to an ascertained need for affordable mortgage products in Dalworth and other low- to moderate-income areas of its community, NationsBank-Texas has developed two affordable housing products specifically targeted to low- and moderate-income families and individuals. The first mortgage product provides for a loan of up to 95 percent of the value of a property with private mortgage insurance. Borrowers who cannot make the minimum 5 percent down payment from their own funds have the option of providing a minimum of 3 percent from their own funds and the remaining 2 percent of the down payment, and up to 3 percent of the loan amount in closing costs, in the form of a gift from a relative, a grant from a nonprofit organization or public entity, or an unsecured loan from NationsBank, a nonprofit organization, or a public entity.[25] The second mortgage product is similar to the first, but is only available to lower-income applicants.[26] This product provides for a loan of up to 95 percent of the value of the property with no requirement of private mortgage insurance. Under this program, the borrower can contribute as little as $500 of the down payment, with the balance provided through a public or nonprofit "soft second" mortgage, grant or down payment assistance program, or a gift from a relative. Both mortgage products provide distinct advantages to low- to moderate-income borrowers in that no underwriting fees are charged and both loans require less cash from the customer than traditional mortgage products.[27]

With respect to business lending, NationsBank-Texas participates in a variety of programs to meet the small business needs of its community. For example, in June 1992, NationsBank-Texas was approved as a certified lender for The Business Consortium Fund (the "Fund"), a minority development company of the National Minority Supplier Development Council. The Fund provides contract financing to certified minority businesses across the country through a network of local participating banks, Regional Minority Purchasing Councils, and Regional Minority Suppliers. Loans up to a maximum of $500,000 each are available to minority suppliers to finance specific transactions for which the borrower has a contract or purchase order. In addition, NationsBank-Texas actively participates in government-insured loan programs such as those of the Small Business Administration ("SBA"). In this regard, in 1992, NationsBank-Texas originated 28 SBA loans totalling $5.4 million.[28]

Community Development. NationsBank-Texas participates in a variety of projects that support commu-

23. The one-up review process and the Loan Review Board Program are available at both NationsBank-Texas and NationsBank Mortgage Corporation.

24. With respect to lending in Dalworth, in particular, in 1993, NationsBank-Texas and NationsBank Mortgage Company received 88 loan applications from Dalworth residents, 55 of which were approved, resulting in 43 loan originations totalling $296,000. Of the 43 loans extended in Dalworth, 22 were consumer loans and 21 were financial product loans such as bank card and student loans.

25. To be eligible for this program, a borrower must have total household income of less than or equal to 115 percent of the 1990 median income for the county or MSA, and must complete a home-buyer education class.

26. To be eligible for this program, the borrower must have total household income of less than or equal to 80 percent of the 1990 median income of the county or MSA.

27. NationsBank-Texas also uses an application scorecard credit model for low- to moderate-income applicants. The scorecard model seeks to identify factors that are good predictors of payment performance for the low- to moderate-income segment of the population. The approach takes into account the differences that exist between low- to moderate-income applicants and higher-income applicants with respect to factors which correlate with good payment performance. NationsBank forecasts that the use of the low- to moderate-income scorecard has increased its approval rate for low- to moderate-income applicants by two to three percentage points over the approval rate that would be observed with a scorecard based on the general population.

28. NationsBank-Texas also supports Texas small businesses through the recent expansion of NationsBank's Small Business Lending Unit and participation in programs such as the Fort Worth Economic Development Corporation and the Southern Dallas Development Corporation.

nity development activities in providing housing for low- to moderate-income individuals in the Dalworth area. For example, in February 1994, NationsBank-Texas was formally approved as a permanent financing lender under The Grand Prairie Hope 3 Program to the Dalworth area. The Grand Prairie Hope 3 Program is Grand Prairie's implementation of a national matching fund and grant program sponsored by the United States Department of Housing and Urban Development to promote home ownership by low- to moderate-income families. The goal of this program is to make one-to-four family homes available for sale to low- to moderate-income families and first-time homebuyers. Under this program, the City of Grand Prairie Housing and Community Development Department has to date acquired nine homes, two of which are in the Dalworth area. NationsBank-Texas also has provided a $15,000 loan to the Grand Prairie Chapter of NAACP to rehabilitate and convert the facility used by a drug and alcohol center in Dalworth.[29]

Conclusion Regarding Convenience and Needs Considerations

For the foregoing reasons, and based on all the facts of record in this case, including Protestants' comments and NationsBank's response to these comments, the Board concludes that convenience and needs considerations, including the records of NationsBank, NationsBank-Florida, NationsBank-Georgia, and NationsBank-Texas under the CRA, are consistent with approval of this application.[30]

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of NationsBank and CalFed are consistent with approval of this application. Moreover, the record in this case shows that:

(1) The transaction will not result in the transfer of any federally insured depository institution's federal deposit insurance from one federal deposit insurance fund to the other;

(2) NationsBank, NationsBank-Florida, and NationsBank-Georgia currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the interstate banking provision of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if the Florida and Georgia branches of CalFed were a state bank that NationsBank was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. The Board's approval of this application is conditioned upon NationsBank's compliance with the commitments made in connection with this application. This approval is further subject to NationsBank's obtaining the OCC's approval for the proposed transaction. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law. This approval is limited to the proposal presented to the Board by NationsBank, and may not be construed as applying to any other transaction.

This transaction may not be consummated before the thirtieth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 8, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Broward County

Coral Ridge
3600 N. Federal Highway
Ft. Lauderdale, Florida 33308

Lauderdale Lakes
3099 N. State Road 7
Lauderdale Lakes, Florida 33313

Lighthouse Point
3260 N. Federal Highway
Lighthouse Point, Florida 33064

29. NationsBank-Texas also participates in the Tarrant County Housing Partnership which is designed to promote and expand home ownership in low- to moderate-income areas.

30. Texas Protestant also alleges that NationsBank engages in discriminatory employment practices. The Board notes that because NationsBank employs more than 50 people and acts as an agent to sell or redeem U.S. savings bonds and notes, it is required by Treasury Department and Department of Labor regulations to:
(1) File annual reports with the Equal Employment Opportunity Commission; and
(2) Have in place a written affirmative action program which states its intentions, efforts, and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

Tamarac
5900 Rock Island Road
Ft. Lauderdale, Florida 33319

University
7001 N. University Drive
Tamarac, Florida 33321

Harbor Beach
2400 SE 17th Street Causeway
Ft. Lauderdale, Florida 33316

Hollywood
4601 Sheridan Street
Hollywood, Florida 33021

Pompano Beach
1201 S. Ocean Boulevard
Pompano Beach, Florida 33062

Sunrise Lakes
3000 N. University Drive
Sunrise, Florida 33322

Jacaranda
8181 W. Broward Boulevard
Plantation, Florida 33324

Coral Springs
1260 N. University Drive
Coral Springs, Florida 33071

Tower
2400 E. Commercial Boulevard
Ft. Lauderdale, Florida 33308

Deerfield
1761 W. Hillsboro Boulevard
Deerfield Beach, Florida 33442

Pembroke Pines
10050 Pines Boulevard
Pembroke Pines, Florida 33025

Lauderhill
5518 W. Oakland Park Boulevard
Lauderhill, Florida 33313

Coconut Creek
4803 Coconut Creek Parkway
Coconut Creek, Florida 33441

Palm Beach County

Boynton Beach
289 N. Congress Avenue
Boynton Beach, Florida 33435

Delray Beach
1002 E. Atlantic Avenue
Delray Beach, Florida 33444

Woolbright
1600 S. Federal Highway
Boynton Beach, Florida 33435

Boca Glades
2200 W. Glades Road
Boca Raton, Florida 33431

Boca Del Mar
7301 W. Palmetto Park Road
Boca Raton, Florida 33433

Crystal Tree
1201 N. U.S. Highway 1, Suite 1
North Palm Beach, Florida 33408

Dade County

Coral Gables
221 Aragon Avenue
Coral Gables, Florida 33134

North Kendall
6901 SW 117th Avenue
Miami, Florida 33183

Hernando County

Spring Hill
1530 Pinehurst Drive #4
Spring Hill, Florida 34606

Hillsborough County

Westshore
4830 W. Kennedy Boulevard
Suite 150
Tampa, Florida 33609

Palma Ceia
11555 S. Dale Mabry Highway
Tampa, Florida 33629

Carrollwood
13188 N. Dale Mabry Highway
Tampa, Florida 33618

Pinellas County

Largo
2100 E. Bay Drive
Largo, Florida 34641

Clearwater
1810 N. Belcher Road
Clearwater, Florida 34625

Bryan Dairy
7490 Bryan Dairy Road
Largo, Florida 34647

Safety Harbor
2519 Mcmullen Booth Road
Clearwater, Florida 33519

Bay Pointe
5275 34th Street South
St. Petersburg, Florida 33711

Pasco County

Port Richey
9116 Highway 19 North
Port Richey, Florida 33586

Lee County

Fort Myers
7050 Winkler Road SW
Fort Myers, Florida 33907

Sarasota County

South Sarasota
8292 S. Tamiami Trail
Sarasota, Florida 33583

Sarasota Central
1950 S. Tamiami Trail
Sarasota, Florida 33577

Marion County

Midtown
25 E. Silver Springs Boulevard
Ocala, Florida 32670

Boulevard
2444 E. Silver Springs Boulevard
Ocala, Florida 32670

Belleview
10990 SE Highway 441
Belleview, Florida 32670

Dunnellon
11392 N. Williams Street
Dunnellon, Florida 32670

Paddock Park
3101 SW 34th Avenue
Ocala, Florida 32674

Citrus County

Inverness
1488 N. Highway 41
Inverness, Florida 32650

Georgia Branch

7385 Rosewall Road, NE
Atlanta, Georgia 30328

Peoples Heritage Financial Group
Portland, Maine

Order Approving an Application to Acquire a Savings Bank

Peoples Heritage Financial Group, Inc., Portland, Maine ("Peoples Heritage"), proposes to acquire Mid Maine Savings Bank, Auburn, Maine ("Mid Maine"), a federally chartered savings bank with branches in Maine and New Hampshire. Applicants seek Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3) ("FDI Act")), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388-2392 (1991)).

Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a Savings Association Insurance Fund member and any Bank Insurance Fund ("BIF") member, if the acquiring or resulting institution is a BIF-insured subsidiary of a bank holding company, and, in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c) ("the Bank Merger Act")).[1] The Federal Deposit Insurance Corporation ("FDIC"), the primary federal regulator of Peoples Bank, has approved the proposed merger pursuant to the Bank Merger

1. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, financial and managerial resources, and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

Act. The Maine Bureau of Banking also has approved the proposal under applicable state law.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). 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 the Bank Merger Act and section 5(d)(3) of the FDI Act.

Peoples Heritage, with consolidated assets of \$2.4 billion, controls a savings bank in Maine and a commercial bank in New Hampshire.[2] Peoples Heritage is the third largest banking organization in Maine, controlling total deposits of \$1.6 billion, representing approximately 13.8 percent of total deposits in depository institutions in the state.[3] Mid Maine is the 26th largest depository institution in Maine, controlling deposits of \$88.2 million, representing less than 1 percent of total deposits in depository institutions in the state. Upon consummation of the proposed transaction, Peoples Heritage would remain the third largest banking organization in Maine, controlling deposits of \$1.7 billion, representing 14.5 percent of total deposits in depository institutions in the state. Peoples Heritage would also become the seventh largest banking organization in New Hampshire, controlling deposits of \$327 million, representing 2.6 percent of total deposits in depository institutions in the state.

Competitive Considerations

Under section 5(d)(3) of the FDI Act, the Board is required to consider the effects that a proposed merger would have on competition. Peoples Heritage and Mid Maine compete directly in the Lewiston-Auburn and Sanford banking markets, both in Maine, and the Portsmouth-Dover-Rochester, New Hampshire banking market.[4]

Peoples Heritage's lead bank, Peoples Heritage Savings Bank, Portland, Maine ("Peoples Bank"), is the largest depository institution in the Lewiston-Auburn banking market, controlling deposits of \$168 million, representing approximately 24.9 percent of total deposits in depository institutions in the market ("market deposits").[5] Mid Maine is the sixth largest depository institution in the market, controlling deposits of \$75.6 million, representing 5.6 percent of market deposits. Upon consummation of this proposal, Peoples Bank would control \$243.6 million in deposits, representing approximately 34.2 percent of market deposits. The Herfindahl-Hirschman Index ("HHI") for this market would increase 419 points to 2022.[6]

A number of factors indicate that the increase in concentration levels in the Lewiston-Auburn banking market as measured by the HHI tend to overstate the competitive effects of this proposal. The Board notes that Mid Maine experienced a substantial decline in market deposits between June 1992 and June 1993 and was, until recently, subject to supervisory action by its primary regulator, the Office of Thrift Supervision, due to its financial condition. In addition, nine depository institutions, including the four largest bank holding companies in Maine, would continue to operate in the market following consummation of this proposal. The Board also notes that credit unions have a competitive effect on banking services offered in the Lewiston-Auburn banking market.[7]

2. Asset data are as of March 31, 1994.

3. Deposit and market data are as of June 30, 1993. In this context, depository institutions include commercial banks, savings banks, and savings associations.

4. The Lewiston-Auburn banking market is approximated by the Lewiston-Auburn Rand-McNally Area plus the Androscoggin County townships of Durham, Leeds, Turner, and Wales; the Oxford County township of Hebron; and the Cumberland County township of New Gloucester.

5. 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). Market share data before consummation are based on calculations in which the deposits of thrift institutions operating in the market, except Peoples Bank, are included at 50 percent. The record in this case indicates that Peoples Bank offers all or virtually all of the cluster of banking products and services, including commercial loans. As of year-end 1993, outstanding non-real estate commercial loans accounted for 8.9 percent of Peoples Bank's total assets compared to the national average for U.S. thrift institutions of 1.1 percent. Accordingly, deposits controlled by Peoples Bank have been included at 100 percent in the calculation of existing market share. *See Fleet/Norstar Financial Group, Inc.*, 77 *Federal Reserve Bulletin* 750 (1991). Because the deposits of Mid Maine would be transferred to Peoples Bank and a commercial bank subsidiary of Peoples Heritage under this proposal, those deposits are included at 100 percent in the calculation of Peoples Heritage's post-consummation share of state and banking market deposits. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

6. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. 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 institutions.

7. Credit unions account for 20 percent of the combined deposits in depository institutions and credit unions in the market, which is substantially higher than the 5.6 percent national average of deposits controlled by credit unions. Six of these credit unions, accounting for 12 percent of the combined deposits in this banking market, have community-based membership criteria.

In the Sanford, Maine and Portsmouth-Dover-Rochester, New Hampshire banking markets, consummation of this proposal would not exceed the threshold levels in the Department of Justice's revised Merger Guidelines.[8] Moreover, numerous competitors would remain in both markets.

In accordance with the Bank Merger Act, the Board has sought comments from the United States Attorney General, the Office of the Comptroller of the Currency, ("OCC"), and the FDIC on the competitive effects of this proposal. The Attorney General has indicated that there would be no significantly adverse effects on competition in any relevant banking market, and as previously noted, the FDIC has approved this acquisition. The OCC also has not objected to the acquisition. Based on all the facts of record, including the number of depository institution competitors remaining in these markets, the competitive effects of credit unions, and all other facts of record, the Board concludes that consummation of this proposal would not have significantly adverse effects on competition or on the concentration of resources in any relevant banking market.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Peoples Heritage and Mid Maine are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served and the other supervisory factors that the Board is required to consider under The Bank Merger Act also are consistent with approval. Moreover, the record in this case shows that:

(1) The transaction will not result in the transfer of any federally insured depository institution's federal deposit insurance from one federal deposit insurance fund to the other;

(2) Applicant and Peoples Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the interstate banking provision of the Bank Holding Company Act (12 U.S.C. § 1842(d)) if Mid Maine were a state bank that Peoples Heritage was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).[9]

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. Approval of this application is conditioned on Peoples Heritage's compliance with the commitments made in connection with this application, and is further subject to Portsmouth Bank obtaining the OCC's approval for the proposed transaction. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law. This approval is limited to the proposal presented to the Board by Peoples Heritage, and may not be construed as applying to any other transaction.

This transaction may not be consummated before the thirtieth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 20, 1994.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

8. The HHI in the Sanford banking market would increase by 90 points to 2165, and the HHI in the Portsmouth-Dover-Rochester banking market would increase by 145 points to 1037.

9. Maine and New Hampshire have each enacted an interstate banking statute that permits bank holding companies in every state to acquire banks in in their respective states. *See* Me. Rev. Stat. Ann. title 9-B, § 1013(2) (Supp. 1993); N.H. Rev. Stat. Ann. § 384:47 (Supp. 1993). Mid Maine would merge with and into Peoples Bank. Immediately following the merger, Peoples Heritage's bank subsidiary, The First National Bank of Portsmouth, Portsmouth, New Hampshire ("Portsmouth Bank"), would assume the liabilities and purchase the assets of the Hampton, New Hampshire branch office of Mid Maine. Peoples Bank would not operate the New Hampshire branches.

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

By the Secretary of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
First National of Nebraska, Inc., Omaha, Nebraska	Franklin Federal Savings Association, Ottawa, Kansas	First National Bank of Kansas, Overland Park, Kansas	June 10, 1994
Security Capital Bancorp, Salisbury, North Carolina	First Charlotte Interim Bank, Charlotte, North Carolina	Security Bank and Trust Company, Salisbury, North Carolina	June 30, 1994
Trans Financial Bancorp, Inc., Bowling Green, Kentucky	Trans Financial Bank of Tennessee, F.S.B., Cookeville, Tennessee	Peoples Bank and Trust of the Cumberlands, Cookeville, Tennessee	June 27, 1994

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

By the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
BSB Bancorp., Inc., Binghamton, New York	Columbia Banking FSA, Rochester, New York	Binghamton Savings Bank, Binghamton, New York	June 3, 1994
Chemical Bank and Trust Company, Midland, Michigan	Standard Federal Bank, Troy, Michigan	Chemical Financial Corporation, Midland, Michigan	June 15, 1994
Community Bank System, Inc., DeWitt, New York	Columbia Banking FSA, Rochester, New York	Community Bank, N.A., Canton, New York	June 3, 1994
Family Bancorp, Haverhill, Massachusetts	First Federal Savings Bank of Boston, Boston, Massachusetts	Family Mutual Savings Bank, Haverhill, Massachusetts	June 10, 1994
Financial Institutions, Inc., Warsaw, New York	Columbia Banking FSA, Rochester, New York	The National Bank of Geneva, Geneva, New York	June 3, 1994

FDICIA Orders—Continued

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Financial Institutions, Inc., Warsaw, New York	Columbia Banking FSA, Rochester, New York	Wyoming County Bank, Warsaw, New York	June 3, 1994
First Citizens Bank and Trust Company of South Carolina, Columbia, South Carolina	Cooper River Federal Savings Association, North Charleston, South Carolina	First Citizens Bancorporation of South Carolina, Inc., Columbia, South Carolina	June 3, 1994
Fulton Financial Corporation, Lancaster, Pennsylvania	Great Valley Savings Bank, Reading, Pennsylvania	Fulton Bank, Lancaster, Pennsylvania The First National Bank of Danville, Danville, Pennsylvania Swineford National Bank, Middleburg, Pennsylvania	June 7, 1994
Harbor Bankshares Corporation, Baltimore, Maryland	John Hanson Federal Savings Bank, Beltsville, Maryland	The Harbor Bank of Maryland, Baltimore, Maryland	June 10, 1994
KeyCorp, Inc., Cleveland, Ohio	Columbia Banking Federal Savings Association, Rochester, New York	Key Bank of New York, Albany, New York	June 3, 1994
Meridian Bancorp, Inc., Cherry Hill, New Jersey	Security Federal Savings Bank, Vineland, New Jersey	Meridian Bank, New Jersey, Cherry Hill, New Jersey	June 17, 1994
Mercantile Bancorporation Inc., St. Louis, Missouri	United Postal Savings Association, St. Louis, Missouri	Mercantile Bank of St. Louis, N.A., St. Louis, Missouri	June 14, 1994
ONBANCorp, Inc., Syracuse, New York	Columbia Banking FSA, Rochester, New York	OnBank & Trust Company, Syracuse, New York	June 3, 1994

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
First Commercial Corporation, Little Rock, Arkansas	United American Bancshares, Inc., Palestine, Texas The First National Bank of Palestine, Palestine, Texas	June 15, 1994
Keystone Financial, Inc., Harrisburg, Pennsylvania	The Frankford Corporation, Philadelphia, Pennsylvania	June 6, 1994
Union Planters Corporation, Memphis, Tennessee	Earle Bankshares, Inc., Earle, Arkansas	June 7, 1994

Section 4

Applicant(s)	Bank(s)	Effective Date
Compass Bancshares, Inc., Birmingham, Alabama	to engage *de novo* in making, acquiring or servicing loans or other extensions of credit	June 14, 1994
First Commercial Corporation, Little Rock, Arkansas	to engage *de novo* in making, acquiring, or servicing loans or other extensions of credit	June 10, 1994

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
Adam Financial Corporation, Bryan, Texas	New Adam Bank Group, Inc., Dover, Delaware First American Bank, Bryan, Texas	Dallas	June 2, 1994
Alabama National Bancorporation, Shoal Creek, Alabama	Citizens Holding Company, Inc., Talladega, Alabama	Atlanta	June 1, 1994
Alabama National Bancorporation, Shoal Creek, Alabama	Saint Clair Holding Company, Inc., Pell City, Alabama	Atlanta	June 1, 1994
AMCORE Financial, Inc., Rockford, Illinois	First State Bancorp of Princeton Illinois, Inc., Princeton, Illinois	Chicago	June 17, 1994
Central Pennsylvania Financial Corporation, Shamokin, Pennsylvania	Central Pennsylvania Savings Bank, Shamokin, Pennsylvania	Philadelphia	June 7, 1994
Central Shares, Inc., Lebanon, Missouri	Security Bancshares of Pulaski County, Inc., St. Robert, Missouri	St. Louis	May 24, 1994
Citco Community Bancshares, Inc., Elizabethton, Tennessee	Citco Bancshares, Inc., Elizabethton, Tennessee	Atlanta	June 7, 1994
Comerica Incorporated, Detroit, Michigan Comerica Texas Incorporated, Dallas, Texas	Lockwood Banc Group, Inc., Houston, Texas	Chicago	June 14, 1994
Commercial Financial Corporation, Inc., Storm Lake, Iowa	Central Trust Investment, Inc., Cherokee, Iowa	Chicago	May 27, 1994
Community Bancshares of Marysville, Inc., Marysville, Kansas	Citizens Bancshares of Marysville, Inc., Marysville, Kansas Citizens Bancshares of Waterville, Inc., Waterville, Kansas	Kansas City	May 27, 1994
Cooperative Bankshares, Inc., Wilmington, North Carolina	Cooperative Bank for Savings, Inc., SSB, Wilmington, North Carolina	Richmond	June 22, 1994
CSB, Inc., Bixby, Oklahoma	Citizens Security Bancshares, Inc., Bixby, Oklahoma	Kansas City	May 27, 1994
FCB Bancshares, Inc., Good Hope, Alabama	First Commercial Bank of Cullman County, Good Hope, Alabama	Atlanta	May 31, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
F & M National Corporation, Winchester, Virginia	Hallmark Bank and Trust Company, Springfield, Virginia	Richmond	May 31, 1994
F & M National Corporation, Winchester, Virginia	PNB Financial Corporation, Warrenton, Virginia	Richmond	May 31, 1994
First Ainsworth Company, Ainsworth, Nebraska	Kulek Insurance Agency, Ainsworth, Nebraska First National Agency of Ainsworth, Inc., Ainsworth, Nebraska	Kansas City	June 1, 1994
First Bank Corp., Fort Smith, Arkansas	Vista Bancorporation, Inc., Van Buren, Arkansas	St. Louis	June 15, 1994
First Financial Bancshares, Inc., Sallisaw, Oklahoma	First Sallisaw Bancshares, Inc., Sallisaw, Oklahoma	Kansas City	May 27, 1994
First Tennessee National Corporation, Memphis, Tennessee	Planters Bank, Tunica, Mississippi	St. Louis	May 25, 1994
First Trust Holdings, Inc., Watseka, Illinois	The First Trust and Savings Bank of Watseka, Watseka, Illinois The First National Bank of Clifton, Clifton, Illinois	Chicago	June 1, 1994
Freedom Bancshares, Inc., Osage City, Kansas	Citizens State Bank, Osage City, Kansas	Kansas City	June 21, 1994
Fulton Financial Corporation, Lancaster, Pennsylvania	Central Pennsylvania Savings Bank, Shamokin, Pennsylvania	Philadelphia	June 7, 1994
Glen Rock State Bancorp, Inc., Glen Rock, Pennsylvania	The Glen Rock State Bank, Glen Rock, Pennsylvania	Philadelphia	May 25, 1994
Heartland Financial USA, Inc., Dubuque, Iowa	Keokuk Bancshares, Inc., Keokuk, Iowa	Chicago	June 16, 1994
Kingston Bancshares, Inc., Kingston, Ohio	Kingston National Bank, Kingston, Ohio	Cleveland	June 13, 1994
Madison Bancorp, Inc., Madison Heights, Michigan	Madison National Bank, Madison Heights, Michigan	Chicago	June 22, 1994
Marquette National Corporation, Chicago, Illinois	Orland State Bank, Orland Park, Illinois	Chicago	May 31, 1994
McCreary Bancshares, Inc., Whitley City, Kentucky	First Trust and Savings Bank, Oneida, Tennessee	Cleveland	June 13, 1994

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Mountain West Financial Corp., Helena, Montana	Mountain West Bank of Helena, N.A., Helena, Montana	Minneapolis	June 2, 1994
New Adam Bank Group, Inc., Dover, Delaware	First American Bank, Bryan, Texas	Dallas	June 2, 1994
PCI Holdings, Inc., St. Marys, Kansas	St. Marys State Bank, St. Marys, Kansas	Kansas City	June 1, 1994
Pinnacle Bancorp, Inc., Central City, Nebraska	Nebraska Capital Corporation, Lincoln, Nebraska	Kansas City	May 27, 1994
Prescott Bancshares, Inc., Prescott, Arkansas	First State Holding Company of Prescott, Prescott, Arkansas	St. Louis	June 14, 1994
The Second Fourth St. Financial Corp., Pekin, Illinois	Herget Financial Corp., Pekin, Illinois The Herget National Bank of Pekin, Pekin, Illinois	Chicago	June 21, 1994
Security Bancshares of Pulaski County, Inc., St. Robert, Missouri	Security Bank of Pulaski County, St. Robert, Missouri	St. Louis	May 24, 1994
Texas Financial Bancorporation, Inc., Minneapolis, Minnesota First Bancorp, Inc., Denton, Texas First Delaware Bancorp, Inc., Dover, Delaware	Bedford National Bank, Bedford, Texas	Dallas	June 9, 1994
Waterhouse Investor Services, Inc., New York, New York	Waterhouse National Bank, White Plains, New York	New York	June 10, 1994
Westside Financial Corporation, Kennesaw, Georgia	The Westside Bank and Trust Company, Kennesaw, Georgia	Atlanta	June 17, 1994

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banco Santander, S.A., Santander, Spain	First Fidelity Bank, FSB, Beltsville, Maryland John Hanson Federal Savings Bank, Beltsville, Maryland	New York	June 10, 1994

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BankAmerica Corporation, San Francisco, California	BA Futures, Inc., Chicago, Illinois	San Francisco	June 3, 1994
BankAmerica Corporation, San Francisco, California	United Mortgage Holding Company, Bloomington, Minnesota	San Francisco	June 17, 1994
Citco Community Bancshares, Inc., Elizabethton, Tennessee	Small Business Resources, Inc., Panama City, Florida	Atlanta	June 7, 1994
Community Bancshares, Inc., North Wilkesboro, North Carolina	Community Mortgage Corporation of North Carolina, Statesville, North Carolina	Richmond	June 2, 1994
First Banks, Inc., Clayton, Missouri	St. Charles Federal Bancshares Inc., St. Charles, Missouri	St. Louis	June 15, 1994
First Fidelity Bancorporation, Lawrenceville, New Jersey	First Fidelity Bank, FSB, Beltsville, Maryland	Philadelphia	June 10, 1994
First State Bancorp, Inc., La Crosse, Wisconsin	Community First Development Corporation, La Crosse, Wisconsin	Minneapolis	June 2, 1994
Fulton Financial Corporation, Lancaster, Pennsylvania	Central Pennsylvania Financial Corp., Shamokin, Pennsylvania Central Pennsylvania Savings Association, Shamokin, Pennsylvania	Philadelphia	June 7, 1994
J.P. Morgan & Co. Incorporated, New York, New York	to engage in making equity and debt investments in corporations or projects designed primarily to promote community welfare	New York	June 20, 1994
J.P. Morgan & Co. Incorporated, New York, New York	The New York Equity Fund 1989 Limited Partnership, New York, New York Henry Phipps Plaza South Associates Limited Partnership, New York, New York HUDC TC Limited Partnership, New York, New York	New York	June 3, 1994
Mainline Bankshares of Portland, Inc., Portland, Arkansas	to engage in lending activities	St. Louis	June 9, 1994

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
National Penn Bancshares, Inc., Boyertown, Pennsylvania	Investors Trust Company, Wyomissing, Pennsylvania	Philadelphia	June 7, 1994
Northwest Bancorporation, Inc., Houston, Texas	Coronado Financial Group, Inc., Houston, Texas	Dallas	June 16, 1994
Norwest Corporation, Minneapolis, Minnesota	American Land Title Company of Kansas City, Inc., Kansas City, Missouri	Minneapolis	June 8, 1994
Norwest Corporation, Minneapolis, Minnesota	First Insurance Agency of Detroit Lakes, Inc., Detroit Lakes, Minnesota	Minneapolis	June 22, 1994
Norwest Corporation, Minneapolis, Minnesota	Title Network Agency, Buffalo, New York	Minneapolis	May 26, 1994
Wilmington Trust Corporation, Wilmington, Delaware	Wilmington Trust FSB, Salisbury, Maryland	Philadelphia	June 10, 1994

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 Fresno, Fresno, California	Merced Bank of Commerce, Merced, California	San Francisco	May 23, 1994
Fleet Bank of New York, Albany, New York	Fleet Bank, Melville, New York	New York	June 1, 1994
Wellington State Bank, Wellington, Texas	First National Bank in Wheeler, Wheeler, Texas	Dallas	June 16, 1994

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

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) (1994)). Petitioner's brief was filed June 7, 1994.

Scott v. Board of Governors, No. 94–4117 (10th Cir.), filed April 28, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

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.

DLG Financial Corp. v. Board of Governors, No. 94–10078 (5th Cir., filed January 20, 1994). Appeal of district court dismissal of appellants' action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and for money damages on a variety of tort and contract theories. The case has been consolidated on appeal with *Board of Governors v. DLG Financial Corp.,* Nos. 93–2944 and 94–20013 (5th Cir., filed December 14, 1993 and December 31, 1993), an appeal of a temporary restraining order and a preliminary injunction obtained by the Board freezing assets of a corporation and an individual pending administrative adjudication of civil money penalty assessments by the Board. Oral argument on the consolidated appeal was held June 1, 1994.

Richardson v. Board of Governors, et al., No. 94–4020 (10th Cir.), filed January 14, 1994. Appeal of dismissal of action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. The Board's brief was filed June 3, 1994.

Board of Governors v. Oppegard, No. 93–3706 (8th Cir., filed November 1, 1993). Appeal of district court order ordering appellant Oppegard to comply with prior order requiring compliance with Board prohibition and civil money penalty orders. Oral argument was held June 16, 1994.

Jackson v. Board of Governors, No. CV-N-93-401-ECR (D. Nev., filed June 14, 1993). Pro se action for violation of a prisoner's civil rights. On November 26, 1993, the Board filed a motion to dismiss.

First National Bank of Bellaire v. Board of Governors, No. H-93-1708 (S.D. Texas, filed June 8, 1993). Action to enjoin possible enforcement actions by Board of Governors and other bank regulatory agencies. On March 8, 1994, the district court granted the agencies' motion to dismiss; on June 20, 1994, the court denied plaintiff's motion for reconsideration.

Kubany v. Board of Governors, et al., No. 93–1428 (D. D.C., filed July 9, 1993). Action challenging Board determination under the Freedom of Information Act. The Board's motion to dismiss was filed on October 15, 1993.

Bennett v. Greenspan, No. 93–1813 (D. D.C., filed April 20, 1993). Employment discrimination action. Trial is scheduled to commence August 1, 1994.

Amann v. Prudential Home Mortgage Co., et al., No. 93-10320 WD (D. Massachusetts, filed February 12, 1993). Action for fraud and breach of contract arising out of a home mortgage. On April 17, 1993, the Board filed a motion to dismiss.

Adams v. Greenspan, No. 93–0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment. The Board's motion for partial summary judgment was filed on January 4, 1994.

CBC, Inc. v. Board of Governors, No. 93–1458 (U.S. Supreme Court, filed March 17, 1994). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements. On November 30, 1993, the Court of Appeals for the 10th Circuit denied the petition for review, and the plaintiffs' petition for *certiorari* was denied on June 6, 1994.

Zemel v. Board of Governors, No. 92–1056 (D. D.C., filed May 4, 1992). Age Discrimination in Employment Act case. The parties' cross-motions for summary judgment are pending.

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

Gene A. Osborne
Englewood, Colorado

The Federal Reserve Board announced on June 3, 1994, the issuance of an Order of Prohibition against Gene A. Osborne, the former president and principal shareholder of Arvada Bank Holding Company, Englewood, Colorado, a former registered bank holding company.

Scott A. Noyes
Colorado Springs, Colorado

The Federal Reserve Board announced on June 21, 1994, the issuance of a combined Order to Cease and Desist and of Assessment of a Civil Money Penalty against Scott A. Noyes, the sole officer and director of Peoples Bancshares, Inc.

Peoples Bancshares, Inc.
Colorado Springs, Colorado

The Federal Reserve Board announced on June 21, 1994, the issuance of an Order of Assessment of a Civil Money Penalty against Peoples Bancshares, Inc., Colorado Springs, Colorado, a bank holding company.

Pioneer Bank
Fullerton, California

The Federal Reserve Board announced on June 9, 1994, the issuance of a Prompt Corrective Action Directive by Consent against Pioneer Bank, Fullerton, California.

Membership of the Board of Governors of the Federal Reserve System, 1913–94

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do.	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do.	Resigned July 21, 1918.
W.P.G. Harding	Atlanta	do.	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do.	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[4]
Edward H. Cunningham	Chicago	do.	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas	Kansas City	do.	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do.	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do.	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do.	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson	Kansas City	do.	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	
Susan M. Phillips	Chicago	Dec. 2, 1991	
Alan S. Blinder	Philadelphia	June 27, 1994	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

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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	1993			1994	1994				
	Q2	Q3	Q4	Q1	Jan.	Feb.r	Mar.r	Apr.	May
Reserves of depository institutions[2]									
1 Total	10.4	12.5	14.2	3.1	2.5	3.2	−3.4	−7.4	−3.9
2 Required	12.0	12.4	14.1	2.5	−5.2	9.5	.0	−11.2	.8
3 Nonborrowed	10.2	11.0	15.6	3.7	2.7	3.3	−3.1	−8.8	−5.4
4 Monetary base[3]	10.1	10.6	9.8	10.2	11.7	13.4	9.3	6.3	8.2
Concepts of money, liquid assets, and debt[4]									
5 M1	10.7	12.0	9.4	6.0	5.4	5.4	4.0	−1.2	2.0
6 M2	2.2	2.5r	2.3r	1.8r	1.7r	−1.3	4.7	2.3	.3
7 M3	2.1	1.0	2.5r	.2r	1.2r	−7.5	2.4	2.1	−2.7
8 L	3.2r	1.0r	1.9r	2.6	4.7r	−2.7	1.7	3.4	n.a.
9 Debt	4.7r	5.8r	4.9r	5.7	6.0r	4.7	5.2	4.4	n.a.
Nontransaction components									
10 In M2[5]	−1.4	−1.7	−.8r	−.1r	.0r	−4.4	5.0	3.9	−.5
11 In M3 only[6]	1.6	−6.7	3.8r	−8.6r	−2.0r	−41.0	−10.5	1.1	−19.9
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	5.1	4.9	3.6	4.3r	7.3	1.5	−1.2	−3.2	−6.2
13 Small time[7]	−9.2	−10.6	−7.4	−5.2	−7.7	−4.1	−3.4	−2.6	6.2
14 Large time[8,9]	−.7	−7.7	−.4r	−3.6r	10.4r	−23.6	−17.5	−3.1	16.9
Thrift institutions									
15 Savings, including MMDAs	.7	2.3	−.4	.4r	.0	−1.4	5.3	2.2	−1.9
16 Small time[7]	−11.9	−14.0r	−9.5r	−11.5r	−11.7r	−13.4	−7.3	−6.2	−7.0
17 Large time[8,9]	−8.5	−4.5	−6.7	−9.3	3.9	−5.8	−15.6	5.9	−27.5
Money market mutual funds									
18 General purpose and broker–dealer	.2	−1.8	1.2	−.1r	−3.4	−14.1	16.4	45.1	12.0
19 Institution-only	−2.2	−10.5	8.8	−26.7	−26.2	−98.4	3.4	−2.7	−52.2
Debt components[4]									
20 Federal	10.4	9.2	5.5	7.1	3.0r	5.2	9.0	2.9	n.a.
21 Nonfederal	2.6r	4.6r	4.6r	5.2	7.1r	4.6	3.8	5.0	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: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

5. Sum of (1) overnight RPs and 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, 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			1994						
	Mar.	Apr.	May	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	375,629	382,420	382,760	380,871	384,496	382,062	383,059	382,150	382,315	382,550
U.S. government securities[2]										
2 Bought outright—System account	335,371	341,226	343,765	338,384	343,611	343,561	344,217	343,133	343,419	344,147
3 Held under repurchase agreements	2,721	2,452	1,376	3,975	2,366	0	0	655	1,449	1,716
Federal agency obligations										
4 Bought outright	4,235	4,115	4,019	4,145	4,101	4,076	4,047	4,040	4,022	4,016
5 Held under repurchase agreements	261	99	414	131	143	0	0	106	136	942
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	41	61	65	54	35	67	90	46	122	30
8 Seasonal credit	24	55	134	42	53	74	93	110	133	148
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	585	628	402	452	335	400	603	482	446	20
11 Other Federal Reserve assets	32,391	33,783	32,584	33,689	33,852	33,883	34,009	33,576	32,588	31,531
12 Gold stock	11,053	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052	11,052
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	22,265	22,327	22,387	22,316	22,330	22,344	22,358	22,372	22,386	22,400
ABSORBING RESERVE FUNDS										
15 Currency in circulation	366,753	370,738	374,164	371,284	371,152	370,552	371,452	373,405	374,032	374,016
16 Treasury cash holdings	377	376	373	376	378	378	378	378	375	373
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,122	5,701	6,174	3,965	6,568	5,473	8,992	6,067	5,997	5,287
18 Foreign	189	248	185	209	330	213	170	160	205	215
19 Service-related balances and adjustments	6,565	6,371	6,092	6,231	6,714	6,308	6,322	6,163	6,061	6,017
20 Other	358	311	304	303	297	309	322	308	318	282
21 Other Federal Reserve liabilities and capital	10,066	10,386	10,426	10,740	10,144	10,132	10,170	10,363	10,440	10,489
22 Reserve balances with Federal Reserve Banks[3]	27,536[r]	29,685	26,500	29,149	30,313	30,111	26,682	26,747	26,343	27,342

Factor	End-of-month figures			Wednesday figures						
	Mar.	Apr.	May	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	381,269[r]	381,576	386,651	378,045	384,970	382,112	385,820	380,611	381,730	383,834
U.S. government securities[2]										
2 Bought outright—System account	337,260	343,079	344,365	338,513	343,454	343,160	346,650	342,801	342,512	346,899
3 Held under repurchase agreements	5,300	0	4,405	374	3,034	0	0	0	2,016	375
Federal agency obligations										
4 Bought outright	4,227	4,047	3,977	4,102	4,098	4,047	4,047	4,022	4,022	3,977
5 Held under repurchase agreements	150	0	1,300	0	0	0	0	0	955	725
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	426	151	76	187	60	75	46	34	48	35
8 Seasonal credit	37	82	164	43	67	83	105	121	140	165
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	444[r]	48	495	1,313	169	753	1,371	266	638	37
11 Other Federal Reserve assets	33,424	34,168	31,869	33,513	34,088	33,994	33,601	33,367	31,400	31,622
12 Gold stock	11,052	11,053	11,052	11,052	11,053	11,052	11,052	11,052	11,052	11,053
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	22,302	22,358	22,414	22,316	22,330	22,344	22,358	22,372	22,386	22,400
ABSORBING RESERVE FUNDS										
15 Currency in circulation	369,016	370,677	377,892	372,074	371,389	371,556	373,055	374,706	374,582	375,694
16 Treasury cash holdings	370	378	361	378	378	378	379	375	373	361
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,181	7,965	5,675	3,904	9,166	7,543	10,373	6,330	5,131	5,594
18 Foreign	454	171	174	209	235	200	164	171	178	222
19 Service-related balances and adjustments	6,232[r]	6,322	5,981	6,231	6,714	6,308	6,322	6,163	6,061	6,017
20 Other	316	312	278	274	305	308	319	308	314	297
21 Other Federal Reserve liabilities and capital	10,618	10,189	10,836	9,955	9,993	9,989	9,991	10,195	10,295	10,291
22 Reserve balances with Federal Reserve Banks[3]	29,455[r]	26,990	26,939	26,405	28,190	27,245	26,645	23,804	26,252	26,829

1. For amounts of cash held as reserves, see table 1.12.
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									
	1991	1992	1993	1993		1994				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Reserve balances with Reserve Banks[2]	26,659	25,368	29,374	29,018	29,374	27,817	26,922	27,396[r]	29,614	26,791
2 Total vault cash[3]	32,509	34,542	36,812	35,655	36,812	37,907	36,295	35,585	35,215	35,892
3 Applied vault cash[4]	28,872	31,172	33,484	32,278	33,484	34,254	32,671	32,208	32,027	32,484
4 Surplus vault cash[5]	3,637	3,370	3,328	3,377	3,328	3,653	3,624	3,377	3,188	3,408
5 Total reserves[6]	55,532	56,540	62,858	61,296	62,858	62,072	59,593	59,605	61,641	59,275
6 Required reserves	54,553	55,385	61,795	60,195	61,795	60,624	58,454	58,638[r]	60,489	58,358
7 Excess reserve balances at Reserve Banks[7]	979	1,155	1,063	1,101	1,063	1,448	1,140	967[r]	1,151	917
8 Total borrowings at Reserve Banks[8]	192	124	82	89	82	73	70	55	124	200
9 Seasonal borrowings	38	18	31	75	31	15	15	24	57	134
10 Extended credit[9]	1	1	0	0	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for weeks ending on date indicated									
	1994									
	Feb. 2	Feb. 16	Mar. 2	Mar. 16	Mar. 30	Apr. 13[r]	Apr. 27	May 11	May 25	June 8
1 Reserve balances with Reserve Banks[2]	25,672	26,339	27,811	27,139	27,434	29,641	30,212	26,702	26,848	26,820
2 Total vault cash[3]	38,108	37,475	34,617	36,654	34,667	35,434	34,748	36,447	35,320	36,209
3 Applied vault cash[4]	34,152	33,651	31,282	33,105	31,440	32,268	31,599	32,983	31,952	32,812
4 Surplus vault cash[5]	3,957	3,824	3,335	3,549	3,227	3,167	3,150	3,464	3,368	3,397
5 Total reserves[6]	59,824	59,989	59,093	60,244	58,874	61,909	61,810	59,684	58,800	59,632
6 Required reserves	58,557	58,878	57,942	59,192	58,013[r]	61,012	60,350	58,871	57,881	58,531
7 Excess reserve balances at Reserve Banks[7]	1,267	1,112	1,151	1,052	861[r]	897	1,460	814	919	1,101
8 Total borrowings at Reserve Banks[8]	45	95	45	39	68	125	114	170	216	218
9 Seasonal borrowings	18	15	15	17	32	40	64	102	141	176
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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 can 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								
	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 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	72,139	71,680	69,568	63,648	65,833	68,573	68,148	66,700	66,665
2 For all other maturities	13,350	11,424	12,785	13,226	12,976	12,781	12,765	12,498	12,504
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	23,688	24,751	21,512	22,378	18,933	18,210	20,401	23,418	20,452
4 For all other maturities	20,146	19,158	19,909	21,662	19,425	20,093	21,017	21,742	21,704
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	20,969	26,002	25,591	23,001	20,226	22,298	23,630	24,001	22,351
6 For all other maturities	36,030	35,477	37,190	34,276	33,846	33,538	29,969	29,841	34,067
All other customers									
7 For one day or under continuing contract	28,186	31,750	31,907	29,831	30,306	29,046	30,238	31,458	31,843
8 For all other maturities	19,496	16,099	16,396	16,464	16,845	15,869	15,570	16,644	16,442
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	52,960	43,928	45,846	48,620	52,788	48,864	53,700	50,909	50,373
10 To all other specified customers[2]	23,638	25,634	24,176	21,753	22,402	21,618	24,802	23,001	23,592

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 7/1/94	Effective date	Previous rate	On 7/1/94	Effective date	Previous rate	On 7/1/94	Effective date	Previous rate
Boston	3.5	5/17/94	3.0	4.35	6/23/94	4.35	4.85	6/23/94	4.85
New York		5/17/94			6/23/94			6/23/94	
Philadelphia		5/17/94			6/23/94			6/23/94	
Cleveland		5/18/94			6/23/94			6/23/94	
Richmond		5/17/94			6/23/94			6/23/94	
Atlanta		5/17/94			6/23/94			6/23/94	
Chicago		5/17/94			6/23/94			6/23/94	
St. Louis		5/17/94			6/23/94			6/23/94	
Minneapolis		5/17/94			6/23/94			6/23/94	
Kansas City		5/17/94			6/23/94			6/23/94	
Dallas		5/17/94			6/23/94			6/23/94	
San Francisco	3.5	5/17/94	3.0	4.35	6/23/94	4.35	4.85	6/23/94	4.85

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
29	10	10
July 28	10–11	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	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
July 11	6	6

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
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
In effect July 1, 1994	3.5	3.5

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 on 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 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–$51.9 million	3	12/21/93
2 More than $51.9 million[4]	10	12/21/93
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, 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 (Public Law 97–320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 21, 1993, the exemption was raised from $3.8 million to $4.0 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. 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 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 each year. Effective Dec. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 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	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	20,158	14,714	17,717	1,396	5,911	1,394	0	1,264	900	1,101
2 Gross sales	120	1,628	0	0	0	0	0	0	0	0
3 Exchanges	277,314	308,699	332,229	25,783	27,641	33,536	28,986	28,709	33,163	28,881
4 Redemptions	1,000	1,600	468	468	0	0	0	0	0	0
Others within one year										
5 Gross purchases	3,043	1,096	1,223	0	0	189	0	0	147	209
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	24,454	36,662	31,368	913	5,158	2,910	0	0	0	0
8 Exchanges	−28,090	−30,543	−36,582	−1,566	−7,641	−2,910	0	0	0	0
9 Redemptions	1,000	0	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	6,583	13,118	10,350	0	100	2,619	0	0	1,413	2,817
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,211	−34,478	−27,140	−31	−4,689	−2,910	0	0	0	0
13 Exchanges	24,594	25,811	0	1,566	5,341	2,910	0	0	0	0
Five to ten years										
14 Gross purchases	1,280	2,818	4,168	0	0	1,008	0	0	1,103	1,117
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,037	−1,915	0	−882	−272	0	0	0	0	0
17 Exchanges	2,894	3,532	0	0	2,300	0	0	0	0	0
More than ten years										
18 Gross purchases	375	2,333	3,457	0	0	826	0	0	618	896
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,209	−269	0	0	−197	0	0	0	0	0
21 Exchanges	600	1,200	0	0	0	0	0	0	0	0
All maturities										
22 Gross purchases	31,439	34,079	36,915	1,396	6,011	6,035	0	1,264	4,181	6,140
23 Gross sales	120	1,628	0	0	0	0	0	0	0	0
24 Redemptions	1,000	1,600	468	468	0	0	616	0	0	440
Matched transactions										
25 Gross sales	1,570,456	1,482,467	1,475,085	115,160	109,941	137,645	132,872	124,125	155,950	120,393
26 Gross purchases	1,571,534	1,480,140	1,475,941	112,837	112,772	136,821	133,468	124,270	155,625	134,051
Repurchase agreements										
27 Gross purchases	310,084	378,374	475,447	27,693	38,493	33,751	25,818	33,693	38,490	19,741
28 Gross sales	311,752	386,257	470,723	30,397	34,072	29,577	29,348	37,425	38,115	25,041
29 Net change in U.S. Treasury securities	29,729	20,642	42,027	−4,099	13,263	9,386	−3,550	−2,323	4,232	14,058
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	5	0	0	0	0	0	0	0	0	0
32 Redemptions	292	632	1,072	70	15	81	202	102	108	180
Repurchase agreements										
33 Gross purchases	22,807	14,565	35,063	3,812	2,841	2,211	2,600	3,277	3,160	728
34 Gross sales	23,595	14,486	34,669	5,509	2,861	1,615	3,106	3,636	3,170	878
35 Net change in federal agency obligations	−1,085	−554	−678	−1,767	−35	515	−708	−461	−118	−330
36 Total net change in System Open Market Account	**28,644**	**20,089**	**41,348**	**−5,866**	**13,228**	**9,901**	**−4,258**	**−2,784**	**4,114**	**13,728**

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					1994		
	Apr. 27	May 4	May 11	May 18	May 25	Mar. 31	Apr. 30	May 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,052	11,052	11,052	11,052	11,053	11,052	11,053	11,052
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	415	411	406	397	380	435	429	357
Loans								
4 To depository institutions	158	151	154	188	200	463	234	240
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	4,047	4,047	4,022	4,022	3,977	4,227	4,047	3,977
8 Held under repurchase agreements	0	0	0	955	725	150	0	1,300
9 **Total U.S. Treasury securities**	**343,160**	**346,650**	**342,801**	**344,528**	**347,274**	**342,560**	**343,079**	**348,770**
10 Bought outright[2]	343,160	346,650	342,801	342,512	346,899	337,260	343,079	344,365
11 Bills	164,248	167,737	163,889	163,600	167,981	162,947	164,167	165,297
12 Notes	137,445	137,445	137,445	138,531	138,536	133,858	137,445	138,686
13 Bonds	41,467	41,467	41,467	40,381	40,381	40,455	41,467	40,381
14 Held under repurchase agreements	0	0	0	2,016	375	5,300	0	4,405
15 **Total loans and securities**	**347,365**	**350,848**	**346,978**	**349,693**	**352,176**	**347,400**	**347,360**	**354,287**
16 Items in process of collection	6,135	6,929	5,296	5,572	4,756	4,735	4,571	2,412
17 Bank premises	1,056	1,056	1,057	1,057	1,057	1,054	1,055	1,058
Other assets								
18 Denominated in foreign currencies[3]	23,115	22,911	22,208	22,225	22,242	23,297	23,149	22,349
19 All other[4]	9,808	9,833	10,058	8,072	8,308	9,021	9,967	8,673
20 **Total assets**	**406,964**	**411,058**	**405,074**	**406,086**	**407,989**	**405,013**	**405,602**	**408,207**
LIABILITIES								
21 Federal Reserve notes	350,006	351,487	353,116	352,967	354,036	347,520	349,127	356,197
22 **Total deposits**	**41,866**	**43,711**	**36,866**	**37,778**	**39,105**	**42,683**	**41,922**	**39,306**
23 Depository institutions	33,816	32,855	30,057	32,155	32,995	35,733	33,474	33,186
24 U.S. Treasury—General account	7,543	10,373	6,330	5,131	5,594	6,181	7,965	5,675
25 Foreign—Official accounts	200	164	171	178	222	454	171	174
26 Other	308	319	308	314	297	316	312	278
27 Deferred credit items	5,104	5,869	4,897	5,047	4,558	4,192	4,363	1,868
28 Other liabilities and accrued dividends[5]	2,705	2,707	2,879	2,947	2,924	2,684	2,763	3,106
29 **Total liabilities**	**399,681**	**403,774**	**397,758**	**398,739**	**400,623**	**397,080**	**398,176**	**400,477**
CAPITAL ACCOUNTS								
30 Capital paid in	3,479	3,484	3,483	3,516	3,517	3,445	3,479	3,517
31 Surplus	3,401	3,401	3,401	3,401	3,401	3,401	3,401	3,401
32 Other capital accounts	403	399	432	431	448	1,088	546	811
33 **Total liabilities and capital accounts**	**406,964**	**411,058**	**405,074**	**406,086**	**407,989**	**405,013**	**405,602**	**408,207**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	368,705	370,716	372,683	363,985	365,291	371,757	367,031	372,886
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	419,232	419,474	420,397	420,722	420,919	414,534	419,336	420,983
36 LESS: Held by Federal Reserve Banks	69,226	67,987	67,281	67,755	66,883	67,014	70,209	64,787
37 Federal Reserve notes, net	350,006	351,487	353,116	352,967	354,036	347,520	349,127	356,197
Collateral held against notes, net:								
38 Gold certificate account	11,052	11,052	11,052	11,052	11,053	11,052	11,053	11,052
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	330,935	332,417	334,046	333,897	334,965	328,450	330,056	337,126
42 **Total collateral**	**350,006**	**351,487**	**353,116**	**352,967**	**354,036**	**347,520**	**349,127**	**356,197**

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					1994		
	Apr. 27	May 4	May 11	May 18	May 25	Mar. 31	Apr. 29	May 31
1 **Total loans**	**158**	**151**	**155**	**188**	**200**	**463**	**234**	**240**
2 Within fifteen days[1]	148	75	74	171	176	445	196	155
3 Sixteen days to ninety days	10	75	80	17	24	18	38	85
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**	**343,160**	**346,650**	**342,801**	**344,528**	**347,274**	**337,260**	**343,079**	**344,365**
10 Within fifteen days[1]	17,576	23,851	16,713	18,845	20,859	9,213	11,062	10,423
11 Sixteen days to ninety days	79,084	80,294	79,744	78,334	78,589	77,058	89,445	88,120
12 Ninety-one days to one year	103,711	98,809	102,649	104,939	105,410	112,661	99,783	103,708
13 One year to five years	84,250	85,157	85,157	84,021	84,026	81,093	84,250	83,725
14 Five years to ten years	24,961	24,961	24,961	25,264	25,264	24,553	24,961	25,264
15 More than ten years	33,578	33,578	33,578	33,125	33,125	32,682	33,578	33,125
16 **Total federal agency obligations**	**4,047**	**4,047**	**4,022**	**4,977**	**4,702**	**4,227**	**4,047**	**3,977**
17 Within fifteen days[1]	130	25	45	1,241	966	325	130	266
18 Sixteen days to ninety days	528	624	579	353	353	527	528	386
19 Ninety-one days to one year	955	964	964	949	949	960	955	891
20 One year to five years	1,833	1,833	1,833	1,833	1,833	1,913	1,833	1,833
21 Five years to ten years	577	577	577	577	577	477	577	577
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	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	41.77	45.53	54.34	60.48	59.75	60.32	60.48	60.60	60.76	60.59	60.22	60.02
2 Nonborrowed reserves[4]	41.44	45.34	54.22	60.39	59.46	60.23	60.39	60.53	60.69	60.53	60.09	59.82
3 Nonborrowed reserves plus extended credit[5]	41.47	45.34	54.22	60.39	59.46	60.23	60.39	60.53	60.69	60.53	60.09	59.82
4 Required reserves	40.11	44.55	53.19	59.41	58.66	59.22	59.41	59.16	59.62	59.62r	59.06	59.10
5 Monetary base[6]	293.16	317.12	350.61	385.86	381.40	384.03	385.86	389.61	393.96	397.01	399.09	401.83
	Not seasonally adjusted											
6 Total reserves[7]	43.07	46.98	56.06	62.37	59.48	60.67	62.37	62.04	59.53	59.50	61.40	58.97
7 Nonborrowed reserves	42.74	46.78	55.93	62.29	59.20	60.58	62.29	61.96	59.46	59.44	61.27	58.77
8 Nonborrowed reserves plus extended credit[5]	42.77	46.78	55.93	62.29	59.20	60.58	62.29	61.96	59.46	59.44	61.27	58.77
9 Required reserves[8]	41.40	46.00	54.90	61.31	58.39	59.57	61.31	60.59	58.39	58.53	60.25	58.06
10 Monetary base[9]	296.68	321.07	354.55	390.59	380.80	384.29	390.59	391.00	390.86	394.15	399.76	400.26
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	59.12	55.53	56.54	62.86	60.04	61.30	62.86	62.07	59.59	59.61	61.64	59.28
12 Nonborrowed reserves	58.80	55.34	56.42	62.78	59.75	61.21	62.78	62.00	59.52	59.55	61.52	59.08
13 Nonborrowed reserves plus extended credit[5]	58.82	55.34	56.42	62.78	59.75	61.21	62.78	62.00	59.52	59.55	61.52	59.08
14 Required reserves	57.46	54.55	55.39	61.80	58.95	60.20	61.80	60.62	58.45	58.64	60.49	58.36
15 Monetary base[12]	313.70	333.61	360.90	397.62	387.51	391.14	397.62	397.89	397.93	400.78	406.32	406.59
16 Excess reserves[13]	1.66	.98	1.16	1.06	1.09	1.10	1.06	1.45	1.14	.97r	1.15	.92
17 Borrowings from the Federal Reserve	.33	.19	.12	.08	.29	.09	.08	.07	.07	.06	.12	.20

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Monetary and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, 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 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 changes in reserve requirements (CRR), 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	1990 Dec.	1991 Dec.	1992 Dec.	1993 Dec.	1994 Feb.[r]	1994 Mar.[r]	1994 Apr.	1994 May
	Seasonally adjusted							
Measures[2]								
1 M1	826.4	897.7	1,024.8	1,128.4	1,138.6	1,142.4	1,141.3	1,143.2
2 M2	3,353.0	3,455.3	3,509.0	3,567.4[r]	3,568.7	3,582.7	3,589.5	3,590.4
3 M3	4,125.7	4,180.4	4,183.0	4,229.4[r]	4,207.0	4,215.3	4,222.8	4,213.2
4 L	4,974.8	4,992.9	5,057.1	5,131.8[r]	5,140.5	5,147.7	5,162.2	n.a.
5 Debt	10,670.1	11,147.3	11,727.7[r]	12,309.8[r]	12,419.8	12,473.3	12,519.2	n.a.
M1 components								
6 Currency[3]	246.7	267.1	292.2	321.4	329.2	332.4	334.8	337.6
7 Travelers checks[4]	7.8	7.7	8.1	7.9	7.9	8.0	8.1	8.1
8 Demand deposits[5]	277.9	290.0	339.6	384.8	390.3	390.0	388.9	385.8
9 Other checkable deposits[6]	294.0	332.8	384.9	414.3	411.2	411.9	409.5	411.6
Nontransaction components								
10 In M2[7]	2,526.6	2,557.6	2,484.3	2,439.1[r]	2,430.2	2,440.3	2,448.2	2,447.2
11 In M3[8]	772.7	725.2	674.0	662.0[r]	638.3	632.7	633.3	622.8
Commercial banks								
12 Savings deposits, including MMDAs	582.1	665.5	754.6	785.3	791.1	790.3	788.2	784.1
13 Small time deposits[9]	611.3	602.9	508.7	468.5	463.9	462.6	461.6	464.0
14 Large time deposits[10, 11]	368.6	342.4	292.8	277.1[r]	274.0	270.0	269.3	273.1
Thrift institutions								
15 Savings deposits, including MMDAs	338.3	375.6	429.0	430.2	429.7	431.6	432.4	431.7
16 Small time deposits[9]	563.2	464.5	361.8	317.1[r]	310.5	308.6	307.0	305.2
17 Large time deposits[10]	120.9	83.4	67.5	61.8	61.7	60.9	61.2	59.8
Money market mutual funds								
18 General purpose and broker–dealer	355.5	370.4	352.0	348.8	343.7	348.4	361.5	365.1
19 Institution-only	135.0	181.0	201.5	197.0	176.9	177.4	177.0	169.3
Debt components								
20 Federal debt	2,490.7	2,763.8	3,068.4	3,327.6[r]	3,350.3	3,375.4	3,383.5	n.a.
21 Nonfederal debt	8,179.4	8,383.5	8,659.3[r]	8,982.1[r]	9,069.5	9,097.9	9,135.7	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	843.8	916.7	1,046.7	1,153.8	1,124.7	1,131.9	1,153.3	1,133.2
23 M2	3,366.0	3,470.4	3,527.6	3,590.0[r]	3,556.6	3,581.1	3,606.9	3,575.7
24 M3	4,135.5	4,191.9	4,198.2	4,248.8[r]	4,197.8	4,215.3	4,238.5	4,204.2
25 L	4,997.2	5,018.0	5,087.6	5,166.8[r]	5,132.2	5,151.6	5,171.4	n.a.
26 Debt	10,667.7	11,144.6	11,729.5[r]	12,312.2[r]	12,391.9	12,448.1	12,493.4	n.a.
M1 components								
27 Currency[3]	249.5	269.9	295.0	324.9	327.3	330.7	334.4	337.3
28 Travelers checks[4]	7.4	7.4	7.8	7.6	7.7	7.8	7.8	7.9
29 Demand deposits[5]	289.9	303.1	355.1	402.6	380.6	380.7	390.3	378.9
30 Other checkable deposits[6]	297.0	336.3	388.9	418.6	409.1	412.9	420.8	409.1
Nontransaction components								
31 In M2[7]	2,522.3	2,553.7	2,480.9	2,436.3[r]	2,432.0	2,449.1	2,453.5	2,442.5
32 In M3[8]	769.5	721.6	670.5	658.8[r]	641.1	634.2	631.7	628.4
Commercial banks								
33 Savings deposits, including MMDAs	580.8	664.0	752.9	783.9	787.7	791.3	790.6	784.8
34 Small time deposits[9]	610.5	601.9	507.8	467.6	463.8	462.1	461.2	463.0
35 Large time deposits[10, 11]	367.7	341.3	291.7	276.0[r]	272.3	269.8	268.6	275.5
Thrift institutions								
36 Savings deposits, including MMDAs	337.6	374.8	428.1	429.4	427.9	432.2	433.7	432.0
37 Small time deposits[9]	562.4	463.8	361.2	316.4[r]	310.4	308.3	306.7	304.5
38 Large time deposits[10]	120.6	83.1	67.2	61.6	61.3	60.9	61.0	60.3
Money market mutual funds								
39 General purpose and broker–dealer	353.8	368.5	350.2	347.2	349.4	357.4	367.2	364.5
40 Institution-only	134.7	180.4	200.4	195.8	186.1	180.5	176.2	171.0
Repurchase agreements and Eurodollars								
41 Overnight	77.3	80.6	80.7	91.9[r]	92.8	97.8	94.1	93.7
42 Term	158.3	130.1	126.7	141.7[r]	137.5	139.0	142.8	140.1
Debt components								
43 Federal debt	2,491.3	2,765.0	3,069.8	3,329.5	3,345.4	3,374.4	3,376.7	n.a.
44 Nonfederal debt	8,176.3	8,379.7	8,659.7[r]	8,982.7[r]	9,046.5	9,073.7	9,116.7	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 are available from the Money and Reserves Projection 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: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages. This sum is seasonally adjusted as a whole.

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, 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	1991 Dec.	1992 Dec.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	1.96	1.92	1.89	1.86	1.84	1.82	1.82r	1.81	1.82
2 Savings deposits[2]	4.30	2.88	2.51	2.49	2.48	2.46	2.46	2.43	2.43	2.45	2.50
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.63	2.63	2.64	2.65	2.65	2.68	2.76	2.87	2.99
4 92 to 182 days	4.41	3.16	2.92	2.91	2.92	2.91	2.90	2.94	3.02	3.13	3.28
5 183 days to 1 year	4.59	3.37	3.13	3.11	3.13	3.13	3.14	3.18	3.27	3.42	3.64
6 More than 1 year to 2½ years	4.95	3.88	3.55	3.54	3.54	3.55	3.56	3.61	3.69	3.87	4.12
7 More than 2½ years	5.52	4.77	4.28	4.27	4.28	4.29	4.31	4.35	4.46	4.67	4.89
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	2.01	1.98	1.95	1.87	1.89	1.88	1.83	1.86	1.86
9 Savings deposits[2]	4.97	3.20	2.73	2.68	2.65	2.63	2.62	2.64	2.63	2.65	2.67
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	2.76	2.75	2.73	2.70	2.69	2.69	2.71	2.72	2.77
11 92 to 182 days	4.92	3.44	3.05	3.05	3.03	3.02	3.03	3.04	3.08	3.13	3.21
12 183 days to 1 year	4.99	3.61	3.33	3.34	3.32	3.31	3.33	3.34	3.37	3.47	3.67
13 More than 1 year to 2½ years	5.23	4.02	3.69	3.68	3.69	3.66	3.72	3.76	3.85	3.96	4.12
14 More than 2½ years	5.98	5.00	4.62	4.57	4.60	4.62	4.61	4.66	4.75	4.85	5.08
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	286,056	289,813	297,329	305,223	293,806	295,573	297,496r	293,888	292,813
16 Savings deposits[2]	652,058	738,253	758,835	765,372	770,609	766,413	771,559	776,204	779,340r	771,869	773,173
17 Personal	508,191	578,757	592,028	595,715	598,200	597,838	606,615	611,725	615,875r	611,720	612,622
18 Nonpersonal	143,867	159,496	166,807	169,657	172,408	168,575	164,944	164,479	163,465r	160,149	160,551
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	30,384	30,022	29,730	29,455	29,312	29,578	29,539r	29,467	29,958
20 92 to 182 days	158,605	127,831	108,574	108,504	109,228	110,069	109,110	109,444	107,407r	105,615	104,580
21 183 days to 1 year	209,672	163,098	152,501	149,758	147,334	146,565	144,037	143,624	144,022r	146,733	148,818
22 More than 1 year to 2½ years	171,721	152,977	139,406	139,042	139,315	141,223	141,204	141,006	139,946r	139,313	139,648
23 More than 2½ years	158,078	169,708	184,414	183,790	180,972	181,528	182,193	181,240	180,973r	181,977	180,451
24 IRA/Keogh Plan deposits	147,266	147,350	145,636	144,776	145,002	143,985	143,875	143,409	142,002r	142,448	142,049
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,471	10,548	10,852	11,151	10,796	10,870	11,078	11,051	11,040
26 Savings deposits[2]	71,215	81,786	78,182	77,995	77,948	80,115	78,660	78,016	78,701r	78,982	78,784
27 Personal	68,638	78,695	74,978	74,737	74,664	77,035	75,445	74,756	75,444r	75,717	75,443
28 Nonpersonal	2,577	3,091	3,204	3,258	3,284	3,079	3,215	3,260	3,257	3,265	3,342
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	2,886	2,839	2,778	2,793	2,737	2,735	2,671	2,697	2,699
30 92 to 182 days	21,686	17,345	13,261	13,131	12,926	12,946	13,094	13,165	13,177	13,058	12,811
31 183 days to 1 year	29,715	21,780	17,798	17,441	17,178	17,426	17,418	17,436	17,511	17,504	17,429
32 More than 1 year to 2½ years	25,379	18,442	16,161	16,124	15,995	16,546	16,281	16,338	16,180r	16,453	16,471
33 More than 2½ years	18,665	18,845	19,610	19,657	19,645	20,464	20,630	20,939	21,110r	21,454	21,532
34 IRA/Keogh Plan accounts	23,007	21,713	19,766	19,601	19,382	19,356	19,395	19,474	19,447	19,860	19,760

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 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.
2. Includes personal and nonpersonal money market deposits.
3. BIF-insured savings banks include 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 customer	1991[2]	1992[2]	1993[2]	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.[r]	1994 Feb.	1994 Mar.
	Seasonally adjusted								
DEBITS									
Demand deposits[3]									
1 All insured banks	277,741.7	313,251.6	334,793.7	329,586.5	358,503.0	367,734.8	349,548.3	371,836.4	393,904.6
2 Major New York City banks	137,337.2	165,484.5	171,312.0	168,055.5	187,022.4	189,024.1	183,244.7	200,051.3	210,684.3
3 Other banks	140,404.5	147,767.2	163,481.7	161,530.9	171,480.6	178,710.7	166,303.6	171,785.1	183,220.3
4 Other checkable deposits[4]	3,643.1	3,781.5	3,486.8	3,348.0	3,598.6	3,809.5	3,448.1	3,812.6	3,909.7
5 Savings deposits (including MMDAs)[5]	3,206.4	3,310.6	3,507.3	3,403.1	3,740.5	3,933.6	3,595.3	4,057.0	3,918.8
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	803.7	826.0	786.5	741.7	803.0	826.9	771.4	823.2	873.6
7 Major New York City banks	4,267.1	4,794.5	4,200.6	3,937.7	4,352.2	4,550.0	4,268.2	4,674.4	4,798.4
8 Other banks	448.1	428.9	424.8	402.1	425.0	443.3	405.4	420.1	450.2
9 Other checkable deposits[4]	16.2	14.4	11.9	11.1	12.0	12.6	11.4	12.7	13.0
10 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.4	4.8	5.1	4.6	5.2	5.0
	Not seasonally adjusted								
DEBITS									
Demand deposits[3]									
11 All insured banks	277,752.4	313,416.8	334,775.6	336,009.2	344,140.1	380,187.5	349,643.9	345,559.7	406,855.0
12 Major New York City banks	137,307.2	165,595.0	171,283.5	172,675.6	180,990.2	194,541.0	181,971.7	187,904.4	218,783.5
13 Other banks	140,445.2	147,821.9	163,492.1	163,333.6	163,149.9	185,646.4	167,672.1	157,655.3	188,071.5
14 Other checkable deposits[4]	3,645.2	3,784.4	3,485.2	3,323.3	3,370.1	3,888.9	3,768.6	3,505.6	3,916.7
15 Savings deposits (including MMDAs)[5]	3,209.2	3,310.0	3,505.8	3,336.0	3,511.8	4,066.4	3,780.9	3,616.9	3,883.0
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	803.6	826.3	786.5	750.0	754.8	820.6	759.5	783.1	923.4
17 Major New York City banks	4,269.0	4,803.5	4,197.9	4,059.2	4,129.6	4,387.8	4,047.8	4,319.0	5,140.2
18 Other banks	448.1	429.0	424.9	402.8	395.9	443.1	403.6	396.3	472.5
19 Other checkable deposits[4]	16.2	14.4	11.9	11.2	11.2	12.7	12.2	11.7	13.0
20 Savings deposits (including MMDAs)[5]	5.2	4.7	4.6	4.3	4.5	5.2	4.8	4.6	5.0

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			
	1993	1993[r]		1994					1994[r]			
	May[r]	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May	May 4	May 11	May 18	May 25
ALL COMMERCIAL BANKING INSTITUTIONS	Seasonally adjusted											
Assets												
1 Bank credit	3,015.6	3,091.2	3,104.7	3,124.2	3,138.3	3,165.8	3,192.5	3,198.2	3,185.0	3,198.4	3,194.2	3,202.4
2 Securities in bank credit	883.9	903.1	910.9	925.0	930.1	950.1	966.9	965.5	963.9	966.4	965.7	964.7
3 U.S. government securities	701.3	720.4	726.7	732.3	732.3	747.6	758.8	752.2	752.3	754.8	752.6	748.1
4 Other securities	182.6	182.8	184.2	192.6	197.8	202.4	208.1	213.3	211.6	211.6	213.1	216.6
5 Loans and leases in bank credit[2]	2,131.8	2,188.0	2,193.8	2,199.2	2,208.2	2,215.7	2,225.6	2,232.8	2,221.1	2,232.0	2,228.5	2,237.8
6 Commercial and industrial	591.4	584.3	583.6	588.7	591.1	595.9	602.6	606.6	605.0	605.0	606.7	607.4
7 Real estate	907.6	933.8	940.9	942.3	941.2	941.1	943.3	944.7	943.7	943.6	943.7	944.7
8 Revolving home equity	75.2	73.5	73.2	73.0	73.1	73.2	73.2	73.6	73.3	73.4	73.6	73.7
9 Other	832.4	860.3	867.7	869.3	868.1	868.0	870.2	871.1	870.4	870.3	870.1	871.1
10 Consumer	369.2	388.2	390.9	393.8	397.1	401.3	407.4	410.7	409.9	410.2	410.7	410.6
11 Security[3]	69.3	87.9	87.3	80.9	82.1	83.3	76.9	77.5	69.8	79.1	73.2	83.3
12 Other	194.2	193.8	191.0	193.5	196.6	194.0	195.3	193.2	192.8	194.0	194.2	191.8
13 Interbank loans[4]	154.7	154.0	153.0	153.7	153.5	145.9	146.0	156.6	146.7	165.1	153.8	164.2
14 Cash assets[5]	215.1	218.8	219.2	219.6	225.4	216.8	210.4	218.2	207.8	216.3	209.2	218.5
15 Other assets[6]	218.5	217.4	214.4	220.2	222.4	222.8	228.5	232.3	231.9	234.1	231.3	231.3
16 **Total assets**[7]	**3,543.1**	**3,622.5**	**3,633.0**	**3,660.0**	**3,682.2**	**3,694.1**	**3,720.1**	**3,747.8**	**3,714.0**	**3,756.4**	**3,730.9**	**3,758.9**
Liabilities												
17 Deposits	2,518.3	2,533.2	2,537.8	2,537.2	2,530.8	2,516.2	2,505.7	2,518.6	2,507.6	2,527.2	2,497.5	2,525.2
18 Transaction	775.0	816.5	819.1	815.9	818.1	814.4	801.5	813.4	798.6	820.4	795.2	819.1
19 Nontransaction	1,743.3	1,716.7	1,718.8	1,721.3	1,712.8	1,701.8	1,704.2	1,705.1	1,709.0	1,706.8	1,702.3	1,706.2
20 Large time	363.7	347.4	349.8	348.2	339.9	331.7	334.4	337.1	338.9	337.4	336.3	338.1
21 Other	1,379.6	1,369.3	1,368.9	1,373.1	1,372.8	1,370.1	1,369.9	1,368.0	1,370.1	1,369.4	1,366.0	1,368.1
22 Borrowings	509.3	515.7	522.4	543.2	541.1	552.2	576.5	578.5	564.5	590.6	578.1	573.2
23 From banks in the U.S.	156.8	153.3	152.4	150.3	149.7	141.9	144.9	158.4	144.4	166.0	158.2	165.6
24 From nonbanks in the U.S.	352.6	362.5	370.0	392.9	391.4	410.3	431.6	420.1	420.1	424.5	419.9	407.6
25 Net due to related foreign offices	84.2	121.8	119.4	116.0	136.0	157.5	172.4	173.8	166.9	166.7	176.6	181.8
26 Other liabilities[8]	151.8	144.1	143.1	155.7	162.5	159.7	164.7	168.9	167.6	168.2	170.9	170.8
27 **Total liabilities**	**3,263.6**	**3,314.7**	**3,322.7**	**3,352.1**	**3,370.5**	**3,385.6**	**3,419.2**	**3,439.8**	**3,406.6**	**3,452.7**	**3,423.1**	**3,451.0**
28 Residual (assets less liabilities)[9]	279.5	307.8	310.3	307.9	311.8	308.5	300.8	308.0	307.4	303.7	307.8	307.9
	Not seasonally adjusted											
Assets												
29 Bank credit	3,006.4	3,102.0	3,120.3	3,125.2	3,136.9	3,164.6	3,190.9	3,187.2	3,187.8	3,185.7	3,185.1	3,177.8
30 Securities in bank credit	881.2	908.5	910.4	920.9	930.0	953.4	967.9	961.3	964.5	962.9	961.6	956.3
31 U.S. government securities	699.2	724.4	726.3	728.3	731.0	751.3	760.9	749.2	753.5	751.7	750.1	742.8
32 Other securities	182.0	184.1	184.2	192.6	199.0	202.1	207.0	212.1	211.0	211.3	211.5	213.5
33 Loans and leases in bank credit[2]	2,125.2	2,193.4	2,209.9	2,204.3	2,206.9	2,211.2	2,223.0	2,225.9	2,223.3	2,222.8	2,223.4	2,221.5
34 Commercial and industrial	592.9	585.2	585.5	587.9	590.3	598.8	605.6	608.1	609.5	607.1	607.7	607.4
35 Real estate	907.5	936.3	944.1	940.8	937.8	937.4	941.4	945.1	943.3	945.5	944.0	944.1
36 Revolving home equity	74.9	74.0	73.5	73.1	72.9	72.5	72.7	73.3	73.1	73.1	73.3	73.4
37 Other	832.6	862.3	870.6	867.6	864.8	864.9	868.7	871.8	870.3	872.4	870.7	870.7
38 Consumer	368.0	388.4	395.3	398.2	398.4	398.5	404.2	409.4	408.0	408.7	409.8	409.5
39 Security[3]	65.8	87.8	89.3	83.2	86.7	85.5	79.6	73.6	72.1	72.3	72.1	74.4
40 Other	190.8	195.8	195.7	194.2	193.6	191.0	192.3	189.7	190.4	189.1	189.8	186.1
41 Interbank loans[4]	149.8	155.6	161.3	157.9	154.3	145.8	147.5	151.7	148.6	155.5	150.2	152.6
42 Cash assets[5]	212.2	226.3	232.5	224.6	219.9	211.5	207.7	215.7	210.6	204.2	203.2	204.5
43 Other assets[6]	215.8	220.2	218.5	222.6	221.9	221.3	224.9	229.4	231.6	232.2	226.5	224.9
44 **Total assets**[7]	3,523.3	3,644.9	3,673.8	3,672.8	3,675.3	3,685.5	3,713.8	3,726.4	3,721.1	3,720.0	3,707.2	3,702.2
Liabilities												
45 Deposits	2,508.1	2,544.0	2,566.6	2,540.5	2,520.5	2,507.9	2,512.4	2,507.3	2,515.6	2,503.3	2,484.2	2,484.2
46 Transaction	764.2	828.1	853.6	825.5	808.9	802.8	809.8	802.0	809.1	796.3	781.9	779.1
47 Nontransaction	1,743.9	1,715.9	1,713.1	1,715.0	1,711.6	1,705.0	1,702.6	1,705.3	1,706.4	1,707.0	1,702.3	1,705.0
48 Large time	368.1	344.3	346.0	344.6	340.3	334.3	335.5	341.1	341.5	340.9	340.6	343.0
49 Other	1,375.8	1,371.6	1,367.0	1,370.3	1,371.3	1,370.8	1,367.1	1,364.1	1,365.0	1,366.1	1,361.7	1,362.0
50 Borrowings	497.5	526.6	532.4	545.1	545.5	546.2	561.2	567.5	565.5	575.0	566.6	556.8
51 From banks in the U.S.	149.8	154.2	159.6	155.9	152.1	143.3	146.3	151.7	148.6	155.5	150.2	152.6
52 From nonbanks in the U.S.	347.6	372.4	372.8	389.2	393.4	403.0	414.8	415.7	416.9	419.5	416.4	404.1
53 Net due to related foreign offices	87.2	124.6	126.5	124.2	139.0	162.2	171.3	179.4	170.0	170.5	185.0	188.0
54 Other liabilities[8]	148.0	150.0	146.6	158.0	162.6	159.5	159.1	164.4	162.9	164.8	164.8	165.8
55 **Total liabilities**	**3,240.7**	**3,345.2**	**3,372.1**	**3,367.7**	**3,367.6**	**3,375.7**	**3,404.0**	**3,418.6**	**3,413.9**	**3,413.6**	**3,400.6**	**3,394.7**
56 Residual (assets less liabilities)[9]	282.6	299.7	301.7	305.0	307.7	309.8	309.8	307.8	307.2	306.4	306.7	307.5

Footnotes appear on last page.

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1993	1993[r]		1994					1994[r]			
	May[r]	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May	May 4[r]	May 11[r]	May 18[r]	May 25[r]
DOMESTICALLY CHARTERED COMMERCIAL BANKS	Seasonally adjusted											
Assets												
57 Bank credit	2,682.9	2,756.2	2,771.9	2,792.9	2,801.0	2,826.1	2,840.8	2,847.8	2,838.3	2,845.9	2,846.3	2,852.3
58 Securities in bank credit	810.6	826.2	833.6	846.5	850.1	869.3	876.8	874.2	874.5	874.8	874.4	873.9
59 U.S. government securities	652.9	668.2	673.3	678.4	676.8	691.1	695.4	691.7	691.9	693.1	692.2	689.4
60 Other securities	157.7	158.0	160.3	168.1	173.3	178.1	181.4	182.4	182.5	181.7	182.2	184.5
61 Loans and leases in bank credit[2]	1,872.3	1,930.0	1,938.3	1,946.4	1,950.9	1,956.8	1,964.0	1,973.6	1,963.8	1,971.1	1,971.9	1,978.4
62 Commercial and industrial	438.1	434.1	435.5	440.3	442.5	444.3	448.2	451.1	450.4	450.0	450.8	451.5
63 Real estate	857.8	886.8	894.7	897.5	896.7	897.3	900.8	902.6	901.6	901.6	901.5	902.7
64 Revolving home equity	75.2	73.5	73.2	73.0	73.1	73.1	73.2	73.5	73.3	73.4	73.6	73.7
65 Other	782.6	813.3	821.5	824.5	823.6	824.1	827.7	829.0	828.3	828.3	828.0	829.1
66 Consumer	369.2	388.2	390.9	393.8	397.1	401.3	407.4	410.7	409.9	410.2	410.7	410.6
67 Security[3]	48.2	60.0	57.9	54.4	54.5	55.5	49.5	51.5	45.8	51.5	50.7	56.6
68 Other	158.9	160.9	159.4	160.5	160.1	158.3	158.0	157.7	156.2	157.9	158.1	157.0
69 Interbank loans[4]	134.1	132.9	133.6	135.3	130.4	125.9	124.4	133.0	124.0	140.2	131.2	138.1
70 Cash assets[5]	188.2	193.2	193.8	194.5	200.9	191.4	184.3	191.0	182.1	189.1	181.2	190.8
71 Other assets[6]	172.2	172.5	171.7	175.4	175.9	177.0	182.6	182.9	183.5	183.8	182.4	182.8
72 **Total assets**[7]	**3,116.6**	**3,196.1**	**3,212.7**	**3,240.6**	**3,251.1**	**3,263.2**	**3,274.7**	**3,297.2**	**3,270.6**	**3,301.6**	**3,283.6**	**3,306.4**
Liabilities												
73 Deposits	2,362.2	2,378.9	2,379.4	2,381.6	2,381.5	2,375.3	2,362.2	2,374.6	2,361.9	2,383.0	2,355.1	2,379.7
74 Transaction	764.2	804.9	808.2	805.0	806.7	802.9	790.7	802.6	788.2	809.6	784.5	808.2
75 Nontransaction	1,598.0	1,574.0	1,571.2	1,576.6	1,574.9	1,572.4	1,571.5	1,572.0	1,573.8	1,573.4	1,570.6	1,571.5
76 Large time	222.5	210.8	208.9	210.3	208.6	207.2	207.5	208.9	209.3	209.0	208.6	209.1
77 Other	1,375.5	1,363.2	1,362.3	1,366.3	1,366.3	1,365.2	1,364.0	1,363.1	1,364.4	1,364.4	1,362.0	1,362.4
78 Borrowings	387.1	410.3	417.2	437.2	440.3	455.6	475.1	474.5	467.5	483.5	475.6	470.3
79 From banks in the U.S.	115.9	121.5	121.9	120.3	121.7	117.3	116.9	126.9	115.2	129.7	129.3	135.1
80 From nonbanks in the U.S.	271.1	288.9	295.3	317.0	318.5	338.2	358.1	347.6	352.3	353.8	346.3	335.2
81 Net due to related foreign offices	−13.8	−2.7	1.7	3.4	3.2	14.0	21.1	25.2	18.7	16.1	31.3	31.4
82 Other liabilities[8]	109.0	104.9	104.7	113.2	119.1	117.8	122.9	125.8	124.6	125.0	127.9	127.5
83 **Total liabilities**	**2,844.4**	**2,891.4**	**2,903.0**	**2,935.5**	**2,944.1**	**2,962.7**	**2,981.2**	**3,000.1**	**2,972.8**	**3,007.7**	**2,989.9**	**3,009.0**
84 Residual (assets less liabilities)[9]	272.1	304.7	309.8	305.1	307.0	300.5	293.5	297.1	297.9	293.8	293.7	297.5
	Not seasonally adjusted											
Assets												
85 Bank credit	2,678.8	2,764.9	2,778.7	2,786.0	2,797.2	2,821.0	2,841.5	2,842.9	2,843.3	2,840.6	2,843.0	2,836.3
86 Securities in bank credit	809.1	830.3	830.9	840.1	849.3	870.0	879.1	871.7	875.0	872.7	872.4	867.7
87 U.S. government securities	652.1	670.9	670.6	672.3	675.6	692.7	699.0	690.5	693.2	691.9	691.8	685.9
88 Other securities	157.0	159.4	160.3	167.8	173.7	177.2	180.0	181.2	181.8	180.8	180.6	181.8
89 Loans and leases in bank credit[2]	1,869.8	1,934.6	1,947.7	1,945.9	1,947.9	1,951.0	1,962.4	1,971.2	1,968.3	1,967.9	1,970.6	1,968.6
90 Commercial and industrial	440.7	434.9	435.5	437.8	441.7	446.3	450.9	453.8	455.2	453.2	453.3	453.0
91 Real estate	857.8	889.1	898.0	896.1	893.1	893.4	899.0	903.0	901.1	903.4	901.9	902.2
92 Revolving home equity	74.9	74.0	73.5	73.1	72.9	72.5	72.7	73.3	73.0	73.1	73.3	73.4
93 Other	782.9	815.2	824.6	823.0	820.2	820.9	826.3	829.7	828.1	830.3	828.6	828.8
94 Consumer	368.0	388.4	395.3	398.2	398.4	398.5	404.2	409.4	408.0	408.7	409.8	409.5
95 Security[3]	46.3	59.8	57.2	53.9	56.6	56.7	52.1	49.4	48.4	48.0	50.2	50.5
96 Other	156.9	162.5	161.8	159.8	158.0	156.1	156.3	155.7	155.6	154.6	155.4	153.4
97 Interbank loans[4]	129.6	134.6	138.9	138.4	132.6	126.5	126.4	128.8	126.1	131.5	127.7	127.4
98 Cash assets[5]	186.3	200.6	206.8	199.7	196.0	186.6	182.5	189.5	185.2	178.4	176.6	178.2
99 Other assets[6]	170.5	173.8	173.8	176.6	175.1	176.1	179.9	181.1	183.7	182.5	178.8	177.8
100 **Total assets**[7]	3,104.4	3,214.9	3,239.4	3,243.3	3,243.3	3,252.6	3,273.1	3,284.7	3,280.9	3,275.4	3,268.4	3,262.1
Liabilities												
101 Deposits	2,348.2	2,394.0	2,411.4	2,386.6	2,370.4	2,363.8	2,367.6	2,360.1	2,367.4	2,356.6	2,338.8	2,334.8
102 Transaction	753.8	816.5	842.5	814.3	797.5	791.8	799.2	791.6	799.0	785.9	771.9	768.5
103 Nontransaction	1,594.4	1,577.5	1,569.0	1,572.2	1,572.8	1,572.1	1,568.4	1,568.5	1,568.4	1,570.7	1,567.0	1,566.2
104 Large time	223.0	211.3	207.5	208.8	208.7	206.6	206.8	209.5	209.2	209.6	209.1	210.2
105 Other	1,371.4	1,366.2	1,361.4	1,363.4	1,364.2	1,365.4	1,361.6	1,359.0	1,359.2	1,361.1	1,357.8	1,356.1
106 Borrowings	380.3	420.1	425.8	439.1	446.2	450.3	461.3	467.8	469.8	472.8	469.1	459.2
107 From banks in the U.S.	112.4	121.3	126.7	124.9	124.9	118.6	119.3	123.0	120.8	123.1	124.2	125.4
108 From nonbanks in the U.S.	267.9	298.8	299.1	314.1	321.2	331.7	342.0	344.8	349.0	349.8	344.9	333.8
109 Net due to related foreign offices	−9.4	−3.3	−1.8	3.0	5.4	16.0	20.6	31.1	20.1	22.0	35.2	41.1
110 Other liabilities[8]	105.7	109.6	107.4	114.5	118.6	117.9	118.3	121.8	565.5	575.0	566.6	556.8
111 **Total liabilities**	**2,824.8**	**2,920.5**	**2,942.8**	**2,943.1**	**2,940.6**	**2,948.0**	**2,967.9**	**2,980.8**	**2,977.6**	**2,972.9**	**2,965.7**	**2,958.5**
112 Residual (assets less liabilities)[9]	279.6	294.4	296.6	300.1	302.8	304.6	305.2	303.9	303.3	302.5	302.7	303.6

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								
	Mar. 30[r]	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
ASSETS									
1 Cash and balances due from depository institutions	112,145	113,279	108,545	111,076	101,279	108,992	103,871	104,071	106,010
2 U.S. Treasury and government securities	*318,573*	*325,919*	322,816	*319,297*	*312,989*	*314,962*	*312,872*	*312,382*	*308,301*
3 Trading account	24,755	29,031	27,778	27,129	24,357	26,163	25,766	26,647	23,803
4 Investment account	293,818	296,888	295,038	292,167	288,632	288,800	287,106	285,735	284,498
5 Mortgage-backed securities[1]	92,206	93,637	92,800	91,068	88,058	87,685	86,980	86,296	87,523
All others, by maturity									
6 One year or less	51,012	49,029	48,359	49,489	50,438	49,351	48,347	49,534	48,645
7 One year through five years	79,615	82,387	82,177	79,998	79,211	79,946	79,769	78,350	77,794
8 More than five years	70,985	71,835	71,701	71,612	70,925	71,817	72,011	71,556	70,536
9 Other securities	87,892	90,930	90,706	90,784	90,467	92,486	91,418	91,274	92,279
10 Trading account	1,940	1,970	1,638	1,773	1,784	1,776	1,806	1,868	2,237
11 Investment account	57,847	58,029	58,340	58,094	57,790	57,935	57,857	57,723	57,999
12 State and political subdivisions, by maturity	21,748	21,701	21,796	21,819	21,842	21,734	21,720	21,692	21,725
13 One year or less	4,231	4,175	4,410	4,391	4,412	4,467	4,448	4,437	4,439
14 More than one year	17,517	17,526	17,385	17,428	17,430	17,267	17,272	17,256	17,286
15 Other bonds, corporate stocks, and securities	36,099	36,328	36,544	36,275	35,948	36,201	36,137	36,031	36,274
16 Other trading account assets	28,105	30,931	30,728	30,917	30,893	32,775	31,754	31,683	32,043
17 Federal funds sold[2]	92,762	91,996	96,296	91,330	100,447	92,311	97,088	96,788	95,399
18 To commercial banks in the United States	61,388	56,739	59,596	59,165	65,794	59,730	65,662	62,999	62,788
19 To nonbank brokers and dealers	25,950	29,412	31,140	26,209	29,398	26,757	25,995	28,147	27,570
20 To others[3]	5,423	5,845	5,560	5,956	5,256	5,824	5,432	5,642	5,041
21 Other loans and leases, gross	1,041,746	1,043,921	1,043,222	1,048,448	1,047,488	1,052,695	1,052,412	1,052,645	1,051,422
22 Commercial and industrial	287,801	288,806	286,890	290,830	290,281	293,744	291,966	291,959	291,865
23 Bankers acceptances and commercial paper	2,663	2,688	2,858	2,972	2,882	2,964	3,101	3,197	3,100
24 All other	285,138	286,118	284,032	287,858	287,399	290,780	288,865	288,762	288,766
25 U.S. addressees	283,122	284,191	282,120	285,920	285,604	288,894	287,038	286,939	286,950
26 Non-U.S. addressees	2,016	1,927	1,912	1,938	1,795	1,886	1,827	1,823	1,816
27 Real estate loans	419,208	422,239	424,571	421,970	421,099	424,105	425,991	423,891	423,534
28 *Revolving, home equity*	43,482	43,433	43,546	43,759	43,850	43,856	43,941	44,119	44,162
29 All other	375,726	378,806	381,025	378,211	377,249	380,249	382,051	379,772	379,372
30 To individuals for personal expenditures	209,579	209,440	210,225	211,357	212,447	213,188	213,513	214,323	214,118
31 To financial institutions	35,517	37,167	35,775	35,871	35,948	36,736	36,100	36,228	36,169
32 Commercial banks in the United States	14,898	15,107	14,930	15,424	16,078	16,832	16,241	17,117	17,209
33 Banks in foreign countries	2,519	3,011	2,580	2,443	2,233	2,314	2,215	2,571	2,677
34 Nonbank financial institutions	18,099	19,049	18,266	18,004	17,638	17,591	17,643	16,540	16,282
35 For purchasing and carrying securities	19,836	16,491	17,565	17,216	18,286	15,639	16,100	16,178	17,102
36 To finance agricultural production	5,945	6,017	6,019	6,106	6,097	6,141	6,175	6,231	6,253
37 To states and political subdivisions	11,975	11,908	11,917	11,921	11,882	11,915	11,795	11,857	11,849
38 To foreign governments and official institutions	1,064	1,034	986	1,075	1,011	1,015	992	1,112	1,088
39 All other loans[4]	24,070	24,065	22,481	25,201	23,525	22,967	22,499	23,511	22,081
40 Lease-financing receivables	26,751	26,756	26,792	26,901	26,910	27,245	27,281	27,356	27,363
41 LESS: Unearned income	1,605	1,590	1,588	1,594	1,586	1,623	1,631	1,657	1,659
42 Loan and lease reserve[5]	34,971	34,826	34,797	34,704	34,585	34,921	35,063	35,054	35,026
43 Other loans and leases, net	1,005,170	1,007,505	1,006,836	1,012,151	1,011,317	1,016,150	1,015,718	1,015,934	1,014,737
44 Other assets	162,144	165,590	164,918	164,217	162,953	168,171	168,066	159,996	155,485
45 **Total assets**	**1,778,685**	**1,795,217**	**1,790,116**	**1,788,854**	**1,779,452**	**1,793,073**	**1,789,033**	**1,780,444**	**1,772,211**

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								
	Mar. 30[r]	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
LIABILITIES									
46 Deposits	1,129,345	1,149,060	1,147,134	1,131,055	1,119,976	1,134,591	1,128,951	1,118,594	1,116,016
47 Demand deposits	293,242	300,862	300,322	292,226	286,899	292,867	288,046	281,479	281,242
48 Individuals, partnerships, and corporations	243,530	250,303	252,578	243,522	236,503	243,931	241,927	235,189	234,993
49 Other holders	49,711	50,559	47,744	48,705	50,396	48,936	46,119	46,290	46,249
50 States and political subdivisions	8,734	8,468	8,763	10,032	10,148	10,286	8,631	8,633	8,867
51 U.S. government	2,073	2,169	2,255	3,420	3,061	2,093	1,939	1,893	1,738
52 Depository institutions in the United States	20,789	22,213	21,010	20,288	20,235	21,854	20,354	20,364	21,249
53 Banks in foreign countries	5,444	6,566	5,030	5,195	5,304	5,500	5,282	5,125	4,890
54 Foreign governments and official institutions	583	644	729	588	1,028	585	631	795	545
55 Certified and officers' checks	12,088	10,499	9,957	9,182	10,619	8,618	9,282	9,480	8,959
56 Transaction balances other than demand deposits[4]	123,769	129,064	128,424	127,229	122,056	125,789	123,406	122,636	121,488
57 Nontransaction balances	712,334	719,134	718,388	711,600	711,020	715,935	717,498	714,478	713,286
58 Individuals, partnerships, and corporations	690,914	698,705	698,005	689,102	688,336	693,148	694,356	691,123	689,885
59 Other holders	21,420	20,428	20,384	22,498	22,685	22,787	23,142	23,355	23,401
60 States and political subdivisions	17,818	17,915	17,788	17,676	17,755	17,852	18,113	18,343	18,371
61 U.S. government	1,519	622	610	2,832	2,800	2,678	2,706	2,684	2,692
62 Depository institutions in the United States	1,707	1,514	1,611	1,614	1,757	1,882	1,940	1,943	1,961
63 Foreign governments, official institutions, and banks	377	377	376	376	374	376	383	385	377
64 Liabilities for borrowed money[5]	345,925	340,208	337,390	351,964	351,752	350,074	349,626	343,566	334,397
65 Borrowings from Federal Reserve Banks	0	0	150	0	0	0	0	0	0
66 Treasury tax and loan notes	14,291	6,466	9,166	31,776	33,420	32,497	30,528	13,676	8,823
67 Other liabilities for borrowed money[6]	331,634	333,742	328,074	320,188	318,332	317,577	319,098	329,889	325,575
68 Other liabilities (including subordinated notes and debentures)	139,478	141,049	140,534	141,006	142,801	144,649	147,004	154,772	158,418
69 **Total liabilities**	**1,614,748**	**1,630,317**	**1,625,059**	**1,624,025**	**1,614,529**	**1,629,314**	**1,625,581**	**1,616,932**	**1,608,832**
70 Residual (total assets less total liabilities)[7]	163,937	164,901	165,058	164,829	164,924	163,759	163,452	163,513	163,379
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,464,686	1,480,919	1,478,514	1,475,269	1,469,519	1,475,893	1,471,888	1,472,973	1,467,404
72 Time deposits in amounts of $100,000 or more	91,561	92,382	93,488	95,373	95,477	96,505	96,682	96,112	96,732
73 Loans sold outright to affiliates[9]	697	694	694	693	695	700	700	699	698
74 Commercial and industrial	334	329	329	329	329	329	328	328	328
75 Other	363	365	365	364	366	371	371	371	370
76 Foreign branch credit extended to U.S. residents[10]	21,882	21,774	21,958	22,026	22,107	22,141	22,283	22,598	22,399
77 Net owed to related institutions abroad	16,171	10,625	13,663	17,644	19,806	15,503	16,963	30,309	35,913

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 accounts (NOWs), automatic transfer service (ATS), 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.

NOTE. Data that formerly appeared in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. For ordering address, see inside front cover.

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

Millions of dollars, Wednesday figures

Account	1994 Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
ASSETS									
1 Cash and balances due from depository institutions	16,412	15,670	16,016	16,309	16,790	16,347	16,652	17,210	17,097
2 U.S. Treasury and government agency securities	38,776	41,128	41,176	40,089	39,920	39,482	39,227	38,317	37,429
3 Other securities	8,670	8,592	8,887	9,478	9,956	10,136	10,584	10,725	11,057
4 Federal funds sold[1]	27,290	25,055	26,813	24,234	28,989	24,474	25,961	22,910	26,134
5 To commercial banks in the United States	7,438	5,344	6,509	4,374	8,204	7,028	8,062	7,152	8,879
6 To others[2]	19,852	19,711	20,304	19,860	20,785	17,446	17,900	15,758	17,255
7 Other loans and leases, gross	160,813	159,422	157,353	159,567	159,526	157,997	157,427	158,221	157,348
8 Commercial and industrial	98,598[r]	98,787	97,685	99,492	99,177	98,753	98,793	99,158	99,542
9 Bankers acceptances and commercial paper	3,380	3,812	3,582	3,820	3,794	3,662	3,662	3,444	3,476
10 All other	95,218[r]	94,975	94,103	95,671	95,383	95,092	95,131	95,714	96,066
11 U.S. addressees	91,482[r]	91,213	90,477	92,026	91,672	91,399	91,443	91,896	92,165
12 Non-U.S. addressees	3,736[r]	3,762	3,627	3,645	3,710	3,693	3,688	3,818	3,901
13 Loans secured by real estate	28,428	28,180	27,694	27,751	27,781	27,777	27,750	27,747	27,718
14 To financial institutions	23,366[r]	24,021	23,724	23,456	23,706	23,443	22,971	23,518	22,327
15 Commercial banks in the United States	5,449	5,635	5,477	5,392	5,448	5,488	5,322	5,445	5,280
16 Banks in foreign countries	2,349	2,237	2,069	2,026	1,965	1,867	1,795	2,065	1,847
17 Nonbank financial institutions	15,568[r]	16,149	16,178	16,038	16,294	16,088	15,854	16,008	15,200
18 For purchasing and carrying securities	6,121	4,233	3,819	4,577	4,446	3,761	3,755	3,636	3,706
19 To foreign governments and official institutions	545	666	815	656	629	570	642	557	528
20 All other	3,754[r]	3,535	3,616	3,636	3,787	3,692	3,515	3,606	3,526
21 Other assets (claims on nonrelated parties)	31,709[r]	31,706	31,585	32,174	30,392	33,643	35,176	33,620	33,307
22 **Total assets**[3]	**301,888**[r]	**300,912**	**300,511**	**303,034**	**302,627**	**302,571**	**305,815**	**302,697**	**303,449**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	90,288	87,282	87,936	91,200	90,056	92,586	91,598	92,217	93,318
24 Demand deposits[4]	5,194	4,688	4,210	4,275	4,611	4,194	4,325	4,220	4,433
25 Individuals, partnerships, and corporations	3,891	3,728	3,498	3,550	3,497	3,432	3,405	3,476	3,510
26 Other	1,303	961	713	725	1,115	762	920	745	923
27 Nontransaction accounts	85,094	82,594	83,725	86,925	85,445	88,391	87,273	87,997	88,885
28 Individuals, partnerships, and corporations	58,123	55,941	56,861	58,999	58,004	59,778	58,653	58,639	58,783
29 Other	26,971	26,653	26,865	27,926	27,441	28,613	28,619	29,358	30,102
30 Borrowings from other than directly-related institutions	64,972[r]	70,269	72,298	72,192	68,760	66,352	70,452	68,569	67,610
31 Federal funds purchased[5]	31,944	37,749	37,648	37,172	35,753	32,658	34,485	29,976	30,762
32 From commercial banks in the United States	7,015	9,435	8,093	8,161	8,068	6,977	9,392	5,980	6,866
33 From others	24,929	28,314	29,555	29,011	27,685	25,681	25,093	23,996	23,896
34 Other liabilities for borrowed money	64,972[r]	70,269	72,298	72,192	68,760	66,352	70,452	68,569	67,610
35 To commercial banks in the United States	5,348[r]	5,429	5,294	5,718	6,225	6,378	6,776	6,438	6,243
36 To others	27,681	27,091	29,356	29,302	26,782	27,317	29,191	32,156	30,604
37 Other liabilities to nonrelated parties	29,401[r]	27,685	28,772	28,600	28,466	30,459	31,013	30,748	30,359
38 **Total liabilities**[6]	**301,888**[r]	**300,912**	**300,511**	**303,034**	**302,627**	**302,571**	**305,815**	**302,697**	**303,449**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	222,662	223,219	222,243	223,602	224,739	219,574	219,816	217,576	217,810
40 Net owed to related institutions abroad	99,008[r]	96,337	92,824	89,859	98,290	92,683	91,965	89,470	91,087

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net "due from" position.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. Includes net owed to related institutions abroad for U.S. branches and agencies of foreign banks having a net "due to" position.
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					1993		1994			
	1989	1990	1991	1992	1993	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**525,831**	**562,656**	**528,832**	**545,619**	**555,075**	**547,982**	**555,075**	**559,443r**	**560,352**	**557,129**	**553,355**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	183,622	214,706	212,999	226,456	218,947	216,887	218,947	219,350r	221,649	214,722	205,267
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	210,930	200,036	182,463	171,605	180,389	175,868	180,389	182,075	186,318	194,527	199,803
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]	131,279	147,914	133,370	147,558	155,739	155,227	155,739	158,018r	152,385	147,880	148,285
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**62,972**	**54,771**	**43,770**	**38,194**	**32,348**	**31,997**	**32,348**	**31,792**	**30,994**	**31,061**	**31,775**
By holder											
8 Accepting banks	9,433	9,017	11,017	10,555	12,421r	12,475	12,421r	11,410r	11,258r	11,727	11,643
9 Own bills	8,510	7,930	9,347	9,097	10,707r	10,853	10,707r	9,953r	10,248r	10,758	10,888
10 Bills bought from other banks	924	1,087	1,670	1,458	1,714	1,622	1,714	1,457	1,010	969	755
Federal Reserve Banks[7]											
11 Foreign correspondents	1,066	918	1,739	1,276	725	650	725	869	753	693	625
12 Others	52,473	44,836	31,014	26,364	19,202r	18,872	19,202r	19,513r	18,983r	18,641	19,507
By basis											
13 Imports into United States	15,651	13,095	12,843	12,209	10,217	10,368	10,217	10,649	10,707	10,554	10,834
14 Exports from United States	13,683	12,703	10,351	8,096	7,293	7,054	7,293	7,123	6,872	6,708	6,723
15 All other	33,638	28,973	20,577	17,890	14,838	14,575	14,838	14,020	13,414	13,800	14,217

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
1991—Jan. 1	10.00	1991	8.46	1992—Jan.	6.50	1993—Jan.	6.00
2	9.50	1992	6.25	Feb.	6.50	Feb.	6.00
Feb. 4	9.00	1993	6.00	Mar.	6.50	Mar.	6.00
May 1	8.50			Apr.	6.50	Apr.	6.00
Sept. 13	8.00	1991—Jan.	9.52	May	6.50	May	6.00
Nov. 6	7.50	Feb.	9.05	June	6.50	June	6.00
Dec. 23	6.50	Mar.	9.00	July	6.02	July	6.00
		Apr.	9.00	Aug.	6.00	Aug.	6.00
1992—July 2	6.00	May	8.50	Sept.	6.00	Sept.	6.00
		June	8.50	Oct.	6.00	Oct.	6.00
1994—Mar. 24	6.25	July	8.50	Nov.	6.00	Nov.	6.00
Apr. 19	6.75	Aug.	8.50	Dec.	6.00	Dec.	6.00
May 17	7.25	Sept.	8.20				
		Oct.	8.00			1994—Jan.	6.00
		Nov.	7.58			Feb.	6.00
		Dec.	7.21			Mar.	6.06
						Apr.	6.45
						May	6.99
						June	7.25

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

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1991	1992	1993	1994				1994, week ending				
				Feb.	Mar.	Apr.	May	Apr. 29	May 6	May 13	May 20	May 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.69	3.52	3.02	3.25	3.34	3.56	4.01	3.59	3.76	3.70	4.02	4.22
2 Discount window borrowing[2,4]	5.45	3.25	3.00	3.00	3.00	3.00	3.24	3.00	3.00	3.00	3.14	3.50
Commercial paper[3,5,6]												
3 1-month	5.89	3.71	3.17	3.39	3.63	3.81	4.28	3.89	4.05	4.37	4.35	4.33
4 3-month	5.87	3.75	3.22	3.49	3.85	4.05	4.57	4.15	4.38	4.73	4.61	4.55
5 6-month	5.85	3.80	3.30	3.62	4.08	4.40	4.92	4.56	4.76	5.07	4.96	4.89
Finance paper, directly placed[3,5,7]												
6 1-month	5.73	3.62	3.12	3.30	3.53	3.71	4.19	3.81	3.97	4.30	4.25	4.23
7 3-month	5.71	3.65	3.16	3.40	3.71	3.94	4.44	4.07	4.23	4.60	4.48	4.42
8 6-month	5.60	3.63	3.15	3.39	3.70	4.03	4.45	4.15	4.26	4.53	4.50	4.49
Bankers acceptances[3,5,8]												
9 3-month	5.70	3.62	3.13	3.40	3.73	3.96	4.45	4.06	4.31	4.63	4.46	4.41
10 6-month	5.67	3.67	3.21	3.56	3.96	4.27	4.77	4.39	4.65	4.95	4.77	4.72
Certificates of deposit, secondary market[3,9]												
11 1-month	5.82	3.64	3.11	3.31	3.56	3.75	4.23	3.84	4.02	4.34	4.29	4.28
12 3-month	5.83	3.68	3.17	3.43	3.77	4.01	4.51	4.12	4.35	4.68	4.53	4.49
13 6-month	5.91	3.76	3.28	3.62	4.03	4.38	4.90	4.50	4.74	5.09	4.91	4.84
14 Eurodollar deposits, 3-month[3,10]	5.86	3.70	3.18	3.43	3.75	4.00	4.51	4.14	4.33	4.71	4.53	4.49
U.S. Treasury bills[5]												
Secondary market[3,5]												
15 3-month	5.38	3.43	3.00	3.25	3.50	3.68	4.14	3.85	4.04	4.19	4.16	4.18
16 6-month	5.44	3.54	3.12	3.43	3.78	4.09	4.60	4.26	4.47	4.74	4.56	4.61
17 1-year	5.52	3.71	3.29	3.69	4.11	4.57	5.03	4.72	4.96	5.19	4.95	5.00
Auction average[3,5,11]												
18 3-month	5.42	3.45	3.02	3.21	3.52	3.74	4.19	3.85	4.00	4.32	4.22	4.23
19 6-month	5.49	3.57	3.14	3.38	3.79	4.13	4.64	4.25	4.41	4.81	4.69	4.63
20 1-year	5.54	3.75	3.33	3.59	4.03	4.30	4.77	n.a.	4.77	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	5.86	3.89	3.43	3.87	4.32	4.82	5.31	4.99	5.23	5.49	5.23	5.29
22 2-year	6.49	4.77	4.05	4.47	5.00	5.55	5.97	5.67	5.91	6.15	5.85	5.94
23 3-year	6.82	5.30	4.44	4.83	5.40	5.99	6.34	6.08	6.30	6.54	6.20	6.30
24 5-year	7.37	6.19	5.14	5.40	5.94	6.52	6.78	6.56	6.76	6.98	6.65	6.73
25 7-year	7.68	6.63	5.54	5.72	6.28	6.80	7.01	6.77	7.00	7.22	6.87	6.94
26 10-year	7.86	7.01	5.87	5.97	6.48	6.97	7.18	6.96	7.16	7.37	7.06	7.14
27 20-year	n.a.	n.a.	6.29	6.57	7.00	7.40	7.54	7.34	7.51	7.69	7.44	7.54
28 30-year	8.14	7.67	6.59	6.49	6.91	7.27	7.41	7.22	7.38	7.56	7.31	7.40
Composite												
29 More than 10 years (long-term)	8.16	7.52	6.45	6.44	6.90	7.32	7.47	7.27	7.44	7.62	7.36	7.46
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.56	6.09	5.38	5.06	5.29	5.44	n.a.	5.47	5.53	5.58	5.66	5.72
31 Baa	6.99	6.48	5.82	5.52	5.74	5.87	n.a.	5.91	5.95	5.97	6.05	6.11
32 *Bond Buyer* series[14]	6.92	6.44	5.60	5.40	5.91	6.23	6.19	6.16	6.18	6.32	6.14	6.13
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	9.23	8.55	7.54	7.39	7.78	8.17	8.28	8.11	8.26	8.41	8.19	8.27
Rating group												
34 Aaa	8.77	8.14	7.22	7.08	7.48	7.88	7.99	7.81	7.97	8.12	7.89	7.98
35 Aa	9.05	8.46	7.40	7.29	7.69	8.08	8.19	8.01	8.17	8.32	8.10	8.18
36 A	9.30	8.62	7.58	7.44	7.82	8.22	8.32	8.14	8.30	8.45	8.23	8.31
37 Baa	9.80	8.98	7.93	7.76	8.13	8.52	8.62	8.46	8.59	8.74	8.53	8.62
38 A-rated, recently offered utility bonds[16]	9.32	8.52	7.46	7.45	7.82	8.20	8.37	8.27	8.51	8.46	8.23	8.30
MEMO												
Dividend–price ratio[17]												
39 Preferred stocks	8.17	7.46	6.89	7.00	7.07	7.33	7.44	7.34	7.43	7.44	7.44	7.43
40 Common stocks	3.24	2.99	2.78	2.70	2.78	2.90	2.89	2.88	2.88	2.95	2.87	2.86

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 or 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. Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. 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	1991	1992	1993	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	206.35	229.00	249.71	254.86	257.53	255.93	257.73	262.11	261.97	257.32	247.97	249.56
2 Industrial	258.16	284.26	300.10	300.92	306.61	310.84	313.22	320.92	322.41	318.08	304.48	307.58
3 Transportation	173.97	201.02	242.68	247.74	254.04	262.96	268.11	278.29	276.67	265.68	250.43	244.75
4 Utility	92.64	99.48	114.55	122.32	120.49	115.08	114.97	112.67	116.22	107.72	105.04	102.89
5 Finance	150.84	179.29	216.55	229.35	228.18	214.08	216.00	218.71	217.12	211.02	208.12	211.30
6 Standard & Poor's Corporation (1941–43 = 10)[1]	376.20	415.75	451.63	459.24	463.90	462.89	465.95	472.99	471.58	463.81	447.23	450.90
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	360.32	391.28	438.77	454.91	472.73	472.41	465.95	481.14	476.25	465.72	437.01	437.54
Volume of trading (thousands of shares)												
8 New York Stock Exchange	179,411	202,558	263,374	261,770	280,503	277,886	259,457	313,223	307,269	311,096	301,242	269,812
9 American Stock Exchange	12,486	14,171	n.a.	18,889	21,279	18,436	17,461	19,211	19,630	19,481	15,805	15,727
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**36,660**	**43,990**	**60,310**	**53,700**	**56,690**	**59,760**	**60,310**	**61,250**	**62,020**	**61,960**	**60,700**	**59,870**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,290	8,970	12,360	10,030	10,270	10,940	12,360	12,125	12,890	13,185	13,175	12,715
12 Cash accounts	19,255	22,510	27,715	23,170	22,450	23,560	27,715	26,020	25,665	26,190	24,800	23,265

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. 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. New series since June 1984.
6. These 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 1991	Fiscal year 1992	Fiscal year 1993	Calendar year 1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
U.S. budget[1]									
1 Receipts, total	1,054,272	1,090,453	1,153,226	125,408	122,966	72,874	93,108	141,326	83,546
2 On-budget	760,388	788,027	841,292	99,714	94,396	46,879	64,612	104,311	55,367
3 Off-budget	293,885	302,426	311,934	25,694	28,570	25,995	28,496	37,015	28,179
4 Outlays, total	1,323,793	1,380,856	1,408,484r	133,660	107,718	114,440	125,423	123,872	115,600
5 On-budget	1,082,106	1,128,518	1,141,897r	121,977	83,527	88,523	100,260	100,625	89,729
6 Off-budget	241,687	252,339	266,587	11,682	24,191	25,918	25,163	23,247	25,871
7 Surplus or deficit (−), total	−269,521	−290,403	−255,258r	−8,252	15,248	−41,566	−32,315	17,454	−32,054
8 On-budget	−321,719	−340,490	−300,605r	−22,263	10,869	−41,644	−35,648	3,686	−34,362
9 Off-budget	52,198	50,087	45,347	14,012	4,379	77	3,333	13,768	2,308
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	13,995	−6,933	31,633	26,511	−21,801	27,649
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	−17,413	−8,089	19,666	−6,461	−4,124	21,537
12 Other[2]	−5,952	−3,210	356r	11,670	−226	−9,733	12,265	8,471	−17,132
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	49,723	57,812	38,146	44,607	48,731	27,194
14 Federal Reserve Banks	7,928	24,586	17,289	14,809	21,541	4,886	6,181	7,965	5,675
15 Tax and loan accounts	33,556	34,203	35,217	34,914	36,271	33,259	38,426	40,766	21,519

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

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 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						
	1992	1993r	1992		1993		1994		
			H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,226**	**560,318**	**540,484**	**593,212**	**582,054**	**93,108**	**141,326**	**83,546**
2 Individual income taxes, net	475,964	509,680	236,576	246,938	255,556	262,073	29,917	60,038	24,384
3 Withheld	408,352	430,217	198,868	215,584	209,535r	228,429	42,805	34,979	35,706
4 Presidential Election Campaign Fund	30	28	20	10	25	2	14	17	12
5 Nonwithheld	149,342	154,982	110,995	39,288	113,506r	41,765	4,434	47,201	5,359
6 Refunds	81,760	75,546	73,308	7,942	67,468	8,114	17,336	22,160	16,692
Corporation income taxes									
7 Gross receipts	117,951	131,548	61,682	58,022	69,044	68,266	17,234	21,994	3,847
8 Refunds	17,680	14,027	9,403	7,219	7,198	6,514	1,660	1,408	1,030
9 Social insurance taxes and contributions, net	413,689	428,300	224,569	192,599	227,177	206,174	36,957	50,323	46,540
10 Employment taxes and contributions[2]	385,491	396,939	208,110	180,758	208,776	192,749	35,976	47,348	35,749
11 Self-employment taxes and contributions[3]	24,421	20,604	20,434	3,988	16,270	4,335	1,630	13,754	1,577
12 Unemployment insurance	23,410	26,556	14,070	9,397	16,074	11,010	522	2,605	10,426
13 Other net receipts[4]	4,788	4,805	2,389	2,445	2,326	2,417	459	370	364
14 Excise taxes	45,569	48,057	22,389	23,456	23,398	25,994	5,285	4,050	5,253
15 Customs deposits	17,359	18,802	8,146	9,497	8,860	10,215	1,745	1,479	1,620
16 Estate and gift taxes	11,143	12,577	5,701	5,733	6,494	6,617	1,211	2,378	1,342
17 Miscellaneous receipts[5]	26,459	18,273	10,658	11,458	9,879	9,227	2,418	2,472	1,589
OUTLAYS									
18 **All types**	**1,380,856r**	**1,408,484**	**704,266**	**723,527**	**673,915r**	**728,200r**	**125,423**	**123,872**	**115,600**
19 National defense	298,350	291,086	147,065	155,231	140,535	146,177	24,476	24,501	19,509
20 International affairs	16,107	16,826	8,540	9,916	6,565	10,534	696	1,554	917
21 General science, space, and technology	16,409	17,030	7,951	8,521	7,996	8,904	1,685	1,238	1,415
22 Energy	4,500r	4,319	1,442	3,109	2,462	1,641	510	316	325
23 Natural resources and environment	20,025	20,239	8,594	11,467	8,592	11,077	1,631	1,463	1,519
24 Agriculture	15,205	20,443	7,526	8,852	11,872	7,335	1,439	1,641	1,112
25 Commerce and housing credit	10,083r	−22,725	15,615	−7,697	−14,537r	−1,724	−1,260	−702	1,564
26 Transportation	33,333	35,004	15,651	18,425	16,076r	20,375	2,845	2,620	2,869
27 Community and regional development	6,838	9,051	3,903	4,464	4,929	5,606	1,276	938	843
28 Education, training, employment, and social services	45,248r	50,012	23,767	21,241	24,106r	25,515	2,285	3,694	3,841
29 Health	89,497	99,415	44,164	47,232	49,882	52,631	10,014	8,410	9,074
30 Social security and Medicare	406,569	435,137	205,500	232,109	195,933	223,735	40,350	37,872	37,955
31 Income security	196,958r	207,257	104,537	98,382	107,863r	103,163	20,549	20,957	15,796
32 Veterans benefits and services	34,138r	35,720	15,597	18,561	16,385	19,848	2,793	3,930	1,666
33 Administration of justice	14,426	14,955	7,435	7,238	7,482r	7,448	1,760	1,230	1,277
34 General government	12,990r	13,009	5,050	8,223	5,205	6,565	779	−148	1,279
35 Net interest[6]	199,421r	198,811	100,161	98,692	99,635	99,963	16,594	17,080	17,671
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−18,229	−20,628	−17,035	−20,407	−2,999	−2,721	−3,032

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. Consists of 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 the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1995*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1992				1993				1994
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	**4,436**	**4,562**	**4,576**
2 Public debt securities	3,881	3,985	4,065	4,177	4,231	4,352	4,412	4,536	↑
3 Held by public	2,918	2,977	3,048	3,129	3,188	3,252	3,295	3,382	
4 Held by agencies	964	1,008	1,016	1,048	1,043	1,100	1,117	1,154	
5 Agency securities	16	16	18	19	20	21	25	27	n.a.
6 Held by public	16	16	18	19	20	21	25	27	
7 Held by agencies	0	0	0	0	0	0	0	0	↓
8 **Debt subject to statutory limit**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**	**4,446**	**4,491**
9 Public debt securities	3,783	3,890	3,972	4,085	4,139	4,256	4,315	4,445	4,491
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,370	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	1990	1991	1992	1993	1993			1994
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**3,364.8**	**3,801.7**	**4,177.0**	**4,535.7**	**4,352.0**	**4,411.5**	**4,535.7**	n.a.
By type								
2 Interest-bearing	3,362.0	3,798.9	4,173.9	4,532.3	4,349.0	4,408.6	4,532.3	4,572.6
3 Marketable	2,195.8	2,471.6	2,754.1	2,989.5	2,860.6	2,904.9	2,989.5	3,042.9
4 Bills	527.4	590.4	657.7	714.6	659.3	658.4	714.6	721.2
5 Notes	1,265.2	1,430.8	1,608.9	1,764.0	1,698.7	1,734.2	1,764.0	1,802.5
6 Bonds	388.2	435.5	472.5	495.9	487.6	497.4	495.9	504.2
7 Nonmarketable[1]	1,166.2	1,327.2	1,419.8	1,542.9	1,488.4	1,503.7	1,542.9	1,529.7
8 State and local government series	160.8	159.7	153.5	149.5	152.8	149.5	149.5	145.5
9 Foreign issues[2]	43.5	41.9	37.4	43.5	43.0	42.5	43.5	42.7
10 Government	43.5	41.9	37.4	43.5	43.0	42.5	43.5	42.7
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	124.1	135.9	155.0	169.4	164.4	167.0	169.4	172.6
13 Government account series[3]	813.8	959.2	1,043.5	1,150.0	1,097.8	1,114.3	1,150.0	1,138.4
14 Non-interest-bearing	2.8	2.8	3.1	3.4	2.9	2.9	3.4	3.3
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	828.3	968.7	1,047.8	1,153.5	1,099.8	1,116.7	1,153.5	↑
16 Federal Reserve Banks	259.8	281.8	302.5	334.2	328.2	325.7	334.2	
17 Private investors	2,288.3	2,563.2	2,839.9	3,047.7	2,938.4	2,983.0	3,047.7	
18 Commercial banks	171.5	233.4	294.0	316.0	306.5[r]	313.3[r]	316.0	
19 Money market funds	45.4	80.0	79.4	80.5	76.2	75.2	80.5	
20 Insurance companies	142.0	168.7	197.5	216.0	210.2[r]	215.5[r]	216.0	
21 Other companies	108.9	150.8	192.5	213.0	206.1	215.6	213.0	n.a.
22 State and local treasuries	490.4	520.3	534.8	564.0	553.9	558.0	564.0	
Individuals								
23 Savings bonds	126.2	138.1	157.3	171.9	166.5	169.1	171.9	
24 Other securities	107.6	125.8	131.9	137.9	136.4	136.7	137.9	
25 Foreign and international[5]	458.4	491.8	549.7	623.3	568.2	592.3	623.3	
26 Other miscellaneous investors[6]	637.7	651.3	702.4	725.0	714.3[r]	707.2[r]	725.0	↓

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								
	Feb.	Mar.	Apr.	Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18	May 25
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	53,692	54,077	50,420	63,400	64,117	46,593	55,007	38,280	51,478	48,474	60,154	54,849
Coupon securities, by maturity												
2 Less than 3.5 years	68,772	60,771	56,202	58,870	69,629	46,897	56,159	53,531	59,398	69,921	70,575	66,277
3 3.5 to 7.5 years	48,599	45,280	40,471	43,769	47,199	35,305	43,142	37,946	39,568	37,687	42,854	48,613
4 7.5 to 15 years	34,562[r]	31,297[r]	29,625	31,054	42,450	28,702	27,106	21,636	32,551	42,686	37,108	29,259
5 15 years or more	22,524	19,964	15,977	19,170	22,206	12,728	14,610	14,965	17,584	17,133	17,484	14,965
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	11,177	12,927	12,901	13,740	13,503	13,398	13,663	10,952	13,424	13,393	14,007	15,825
7 3.5 to 7.5 years	695	664	504	613	572	667	413	404	434	385	553	657
8 7.5 years or more	525	536	623	601	674	530	854	487	513	700	578	444
Mortgage-backed												
9 Pass-throughs	23,264[r]	24,765	25,873	22,319	25,199	35,887	28,898	14,921	22,004	29,273	27,324	18,754
10 All others[3]	3,807	3,409[r]	3,053	3,353[r]	3,502	3,577	3,041	2,399	2,507	3,258	2,425	1,877
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	144,393	137,235	123,507	138,966	154,331	109,384	128,265	107,415	125,505	140,471	147,846	140,327
Federal agency securities												
12 Debt	1,666	2,023	2,143	1,961	2,301	2,206	2,176	1,774	2,514	2,283	1,502	1,708
13 Mortgage-backed	11,377[r]	12,317[r]	13,076	12,896	12,735	17,002	14,977	8,402	10,880	12,039	13,400	9,479
Customers												
14 U.S. Treasury securities	83,756[r]	74,155[r]	69,188	77,296	91,270	60,841	67,760	58,942	75,073	75,429	80,330	73,635
Federal agency securities												
15 Debt	10,731	12,104	11,884	12,993	12,448	12,389	12,754	10,069	11,858	12,194	13,636	15,218
16 Mortgage-backed	15,693[r]	15,857[r]	15,849	12,776[r]	15,966	22,461	16,962	8,918	13,631	20,492	16,349	11,151
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	3,094	3,733[r]	3,904	2,865	7,797	3,246	3,701	1,899	3,281	3,341	3,315	6,166
Coupon securities, by maturity												
18 Less than 3.5 years	3,197	3,399	2,535	2,265	3,288	1,747	2,336	2,720	3,034	3,701	3,315	3,522
19 3.5 to 7.5 years	2,932[r]	2,465[r]	1,941	1,927[r]	2,354	1,326	1,873	2,209	2,150	2,282	2,037	3,098
20 7.5 to 15 years	4,928[r]	5,013[r]	4,367	4,018	5,804	3,870	4,038	3,741	5,125	6,416	5,316	5,065
21 15 years or more	13,903	14,204[r]	12,689	12,808	16,078	10,396	13,279	11,295	13,653	14,074	13,297	12,881
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	237	181	105	269	85	90	211	30	100	64	17	55
23 3.5 to 7.5 years	211	133	126	36	99	255	178	6	31	50	65	3
24 7.5 years or more	201	80	35	49	37	6	33	70	19	58	39	45
Mortgage-backed												
25 Pass-throughs	24,752[r]	25,161[r]	22,207	15,597	31,634	29,053	18,667	12,799	18,605	29,441	20,732	11,611
26 Others[3]	2,198	1,522	1,022	887	1,276	983	747	1,141	1,001	691	823	951
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	3,329	3,428	3,767	3,134	6,423	3,387	2,884	3,171	3,105	4,717	4,968	4,536
28 3.5 to 7.5 years	899	1,253	877	1,388	1,522	735	589	912	570	904	498	1,151
29 7.5 to 15 years	1,613	1,297	1,091	1,907	1,766	1,079	711	1,041	844	1,177	1,368	1,510
30 15 years or more	2,595[r]	2,133[r]	1,654	2,112[r]	1,964	1,549	1,570	1,682	1,440	2,069	2,732	3,110
Federal agency, mortgage-backed securities												
31 Pass-throughs	952	801	747	600	1,390	979	514	308	559	705	394	417

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages are based on the number of trading days in the period. 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. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed 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.

3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. 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.

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

NOTE. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

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

Millions of dollars

Item	1994 Feb.	1994 Mar.	1994 Apr.	1994, week ending Mar. 30	Apr. 6	Apr. 13	Apr. 20	Apr. 27	May 4	May 11	May 18
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	3,681	4,792	12,752	1,838	11,375	14,931	9,561	14,514	13,755	12,975	4,177
Coupon securities, by maturity											
2 Less than 3.5 years	−9,169	−18,921r	−21,399	−19,779	−22,696	−28,330	−20,993	−15,786	−16,680	−14,038	−16,886
3 3.5 to 7.5 years	−24,417	−25,482r	−26,208	−25,156	−24,087	−25,521	−28,030	−28,722	−21,939	−23,055	−23,503
4 7.5 to 15 years	−2,424	−4,212r	−7,653	−5,893	−7,414	−7,110	−7,028	−7,999	−10,052	−6,765	−10,543
5 15 years or more	5,994	2,016r	−3,026	−1,151	−889	−2,258	−3,008	−4,496	−5,701	−6,305	−7,376
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	12,031	8,925	8,667	6,919	8,500	7,982	7,924	9,589	10,178	7,544	7,991
7 3.5 to 7.5 years	3,226	4,707	5,728	5,009	5,542	5,834	5,792	5,785	5,572	5,292	5,575
8 7.5 years or more	3,798	4,174	5,276	3,695	4,775	5,211	5,133	5,860	5,404	4,574	4,850
Mortgage-backed											
9 Pass-throughs	51,071	51,257	44,711	31,442	37,717	55,359	46,279	43,266	33,569	43,369	36,402
10 All others[4]	28,837	32,642r	33,965	37,396	35,632	33,098	33,640	31,996	38,006	35,419	32,901
Other money market instruments											
11 Certificates of deposit	3,925	2,431	2,728	1,840	1,702	2,240	2,206	4,160	3,791	2,765	3,240
12 Commercial paper	7,619	5,489	5,398	4,799	4,839	4,409	5,774	6,040	6,451	4,895	5,322
13 Bankers acceptances	777	553	589	475	383	498	484	969	574	411	568
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−1,382	2,030r	2,133	2,384	1,058	3,029	3,092	1,711	942	−870	−1,975
Coupon securities, by maturity											
15 Less than 3.5 years	−175	2,739r	1,579	2,863	2,116	868	1,995	1,857	542	−397	−74
16 3.5 to 7.5 years	2,608r	3,115r	2,536	3,879	2,458	2,230	1,711	3,694	2,624	2,990	2,790
17 7.5 to 15 years	7,942r	10,710r	7,992	13,719	10,982	8,847	7,178	5,349	8,087	6,152	4,449
18 15 years or more	−6,634r	−10,009r	−7,551	−7,813	−8,809	−7,581	−8,186	−6,372	−6,231	−6,168	−4,590
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	3	126r	79	161	206	117	38	16	−18	−7	23
20 3.5 to 7.5 years	123	127	91	−50	138	176	91	6	−2	−25	−18
21 7.5 years or more	438	−157r	−62	−56	−173	−144	24	−5	14	43	33
Mortgage-backed											
22 Pass-throughs	−37,532r	−39,342r	−32,719	−20,327	−25,255	−43,303	−34,266	−31,569	−22,020	−27,287	−21,996
23 All others[4]	8,687	9,561r	7,039	6,053	6,314	8,012	7,984	8,690	162	1,416	1,055
24 Certificates of deposit	−241,652	−186,475	−154,901	−164,886	−148,732	−159,956	−135,899	−173,125	−157,263	−139,404	−176,418
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	268,842r	292,435r	275,469	273,517	292,619	295,517	289,758	229,746	267,732	287,508	305,958
26 Term	409,814r	398,126r	396,537	406,468	361,633	400,928	402,640	425,162	375,066	389,128	358,758
Repurchase agreements											
27 Overnight and continuing	483,847	479,210	447,713	438,311	467,253	483,478	472,957	367,928	452,442	466,892	503,904
28 Term	382,705	375,510	376,304	390,186	322,254	363,039	375,200	449,462	347,232	368,673	322,076
Securities borrowed											
29 Overnight and continuing	152,813r	155,484r	152,707	152,127	151,914	156,126	153,458	147,766	156,096	160,022	162,316
30 Term	45,660r	39,830r	35,824	38,661	35,702	35,907	35,552	38,648	29,923	30,729	29,800
Securities loaned											
31 Overnight and continuing	5,444	4,579	3,591	4,316	3,914	3,617	3,735	3,370	3,061	3,366	3,803
32 Term	294	348	306	346	201	302	132	546	373	322	415
Collateralized loans											
33 Overnight and continuing	16,243	20,074	24,153	24,751	23,876	26,035	25,339	22,431	21,564	22,206	21,513
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	182,784	200,306	197,715	199,853	202,131	204,543	213,257	171,759	197,248	206,664	226,047
35 Term	359,530	348,058	340,574	350,977	309,999	349,530	348,351	359,966	317,435	335,092	312,477
Repurchase agreements											
36 Overnight and continuing	240,887	244,375	232,199	234,106	241,528	255,676	253,576	181,833	226,400	239,950	257,419
37 Term	290,676	286,309	286,839	302,695	243,751	281,812	284,981	337,164	271,650	293,001	254,480

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; monthly figures are averages of weekly data.
2. Securities positions are reported at market value.
3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of 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.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).
5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. 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.
6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.
7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns 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. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1989	1990	1991	1992	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**568,021**	**570,711**	**581,886**	**592,751**	**604,421**
2 Federal agencies	35,664	42,159	41,035	41,829	44,055	45,193	44,988	44,753	44,291
3 Defense Department[1]	7	7	7	7	7	6	6	6	6
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	5,801	5,315	5,315	5,315	4,853
5 Federal Housing Administration[4]	328	393	397	374	255	255	80	99	114
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	9,732	9,732	9,732	9,732	9,732
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	28,260	29,885	29,855	29,601	29,586
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	523,966	525,518	536,898	547,998	560,130
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	139,364	141,577	139,241	137,862	147,309
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	56,809	49,993	61,245	70,482	62,908
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	195,165	201,112	203,013	206,493	216,430
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	51,861	53,123	52,621	52,839	52,433
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	40,840	39,784	40,861	40,407	41,120
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]	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**126,490**	**128,187**	**125,182**	**123,304**	**120,103**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	5,795	5,309	5,309	5,309	4,847
21 Postal Service[6]	6,195	6,698	8,201	10,440	9,732	9,732	9,732	9,732	9,732
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,760	4,760	2,760	1,760	0
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,325	6,325	6,075	6,075	6,075
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	38,619	38,619	38,619	38,619	38,209
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	17,561	17,578	17,511	17,512	17,360
27 Other	23,724	70,896	84,931	64,436	43,698	45,864	45,176	43,667	43,880

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. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, 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	1991	1992	1993	1993			1994				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **All issues, new and refunding**[1]	**154,402**	**215,191**	**279,945**	**21,900**	**18,094**	**24,520**	**16,560**	**14,698**	**15,461**	**10,129**	**12,388**
By type of issue											
2 General obligation	55,100	78,611	90,599	7,495	6,422	6,542	4,622	4,365	7,371	3,469	4,029
3 Revenue	99,302	136,580	189,346	14,405	11,672	17,978	11,000	8,553	8,090	6,660	8,359
By type of issuer											
4 State	24,939	25,295	28,285	3,216	885	1,265	1,235	921	3,302	1,013	1,158
5 Special district or statutory authority[2]	80,614	129,686	164,169	9,875	10,992	16,485	10,672	10,263	6,145	5,235	8,085
6 Municipality, county, or township	48,849	60,210	84,972	8,418	4,528	6,770	4,653	3,514	6,014	3,881	3,145
7 **Issues for new capital**	**116,953**	**120,272**	**91,434**	**7,261**	**6,734**	**9,543**	**5,558**[r]	**8,774**[r]	**10,114**	**8,147**	**9,125**
By use of proceeds											
8 Education	21,121	22,071	17,098	547	1,416	1,227	1,573	2,292	1,859	2,102	1,933
9 Transportation	13,395	17,334	9,571	304	979	429	293	1,223	401	1,453	1,037
10 Utilities and conservation	21,039	20,058	11,802	593	687	1,454	480	243	540	707	423
11 Social welfare	25,648	21,796	n.a.	1,764	n.a.	2,171	825	1,660	1,670	1,502	2,099
12 Industrial aid	8,376	5,424	6,381	518	673	1,272	392	1,316	470	601	657
13 Other purposes	30,275	33,589	29,519	3,737	1,820	2,990	5,558	8,774	5,174	1,782	2,976

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	1991	1992	1993	1993				1994			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.
1 **All issues**[1]	**465,246**	**559,827**[r]	**766,696**	**64,495**[r]	**56,143**	**54,813**[r]	**44,394**[r]	**57,239**[r]	**47,135**	**52,100**	**31,146**
2 **Bonds**[2]	**389,822**	**471,502**[r]	**642,543**	**53,837**	**45,608**	**43,214**	**33,863**[r]	**51,512**[r]	**39,433**	**43,001**	**25,800**
By type of offering											
3 Public, domestic	286,930	378,058[r]	487,924[r]	49,132	42,645	39,525	32,282[r]	46,068[r]	32,116	40,427	23,000
4 Private placement, domestic[3]	74,930	65,853	116,240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	27,962	27,591	38,379[r]	4,705	2,963	3,689	1,582	5,444[r]	7,317	2,574	2,800
By industry group											
6 Manufacturing	86,628	82,058	88,002[r]	4,036	3,273	3,334	3,068	4,635[r]	3,511	2,416	2,010
7 Commercial and miscellaneous	36,666	43,111[r]	60,443[r]	2,378	6,306	3,078	2,525	2,869	2,362	3,419	2,073
8 Transportation	13,598	9,979	10,756[r]	288	1,416	648	895	693	100	870	540
9 Public utility	23,944	48,055	56,272[r]	5,163	2,585	1,763	2,336	2,566	1,868	1,489	1,510
10 Communication	9,431	15,394	31,950[r]	2,237	2,991	1,015	2,001	2,495	2,212	2,090	1,798
11 Real estate and financial	219,555	272,904[r]	395,121[r]	39,735	29,039	33,376	23,039[r]	38,254[r]	29,380	32,717	17,868
12 **Stocks**[2]	**75,424**	**88,325**	**124,153**	**10,658**[r]	**10,535**	**11,599**[r]	**10,531**	**5,727**[r]	**7,702**	**9,099**	**5,346**
By type of offering											
13 Public preferred	17,085	21,339	21,677	1,358	2,549	1,385	650	1,592	1,318	1,969	2,248
14 Common	48,230	57,118	90,559	9,336	7,987	10,209	9,881	4,135[r]	6,383	6,564	3,099
15 Private placement[3]	10,109	9,867	11,917	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	24,111	22,723	22,271	2,274	2,121	2,169	2,267	1,564	1,807	2,891	2,669
17 Commercial and miscellaneous	19,418	20,231	25,761	2,242	1,842	3,061	1,970	1,516	1,682	1,547	785
18 Transportation	2,439	2,595	2,237	153	128	221	162	78	703	980	106
19 Public utility	3,474	6,532	7,050	908	1,103	371	129	293	203	480	75
20 Communication	475	2,366	3,439	248	18	1,074	1,603	n.a.	120	0	0
21 Real estate and financial	25,507	33,879	49,889	4,666	5,323	4,486	4,381	2,397[r]	3,800	4,360	1,715

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. IDD Information Services, Inc., 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	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.[r]	1994 Mar.	1994 Apr.
1 **Sales of own shares[2]**	**647,055**		**69,938**	**74,490**	**72,865**	**89,775**	**98,679**	**78,032**	**87,381**	**71,173**
2 Redemptions of own shares	447,140		49,270	47,168	51,306	62,764	61,829	56,235	73,395	61,941
3 Net sales[3]	199,915	n.a.	20,667	27,322	21,559	27,011	36,849	21,797	13,986	9,233
4 **Assets[4]**	**1,056,310**		**1,370,654**	**1,411,628**	**1,416,841**	**1,510,047**	**1,572,907**	**1,561,705**	**1,500,745**	**1,510,599**
5 Cash[5]	73,999		96,848	104,301	103,352	100,209	110,022	113,975	112,399	118,535
6 Other	982,311		1,273,807	1,307,327	1,303,489	1,409,838	1,462,879	1,447,730	1,388,347	1,392,063

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 new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1991	1992	1993[r]	1992 Q2	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4[r]	1994 Q1
1 Profits with inventory valuation and capital consumption adjustment	369.5	407.2	466.6	411.7	367.5	439.5	432.1	458.1	468.5	507.9	474.4
2 Profits before taxes	362.3	395.4	449.4	409.5	357.9	409.9	419.8	445.6	443.8	488.4	470.3
3 Profits tax liability	129.8	146.3	174.0	153.0	130.1	155.0	160.9	173.3	169.5	192.5	185.3
4 Profits after taxes	232.5	249.1	275.4	256.5	227.8	254.9	258.9	272.3	274.3	295.9	284.9
5 Dividends	137.4	150.5	169.0	146.1	155.2	162.9	167.5	168.5	169.7	170.3	171.8
6 Undistributed profits	95.2	98.6	106.4	110.4	72.7	92.0	91.4	103.9	104.6	125.6	113.2
7 Inventory valuation	4.9	-5.3	-7.1	-13.7	-7.8	4.9	-12.7	-12.2	1.0	-4.3	-16.0
8 Capital consumption adjustment	2.2	17.1	24.3	16.0	17.4	24.7	25.1	24.7	23.8	23.9	20.1

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]	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1	1994 Q2[1]	1994 Q3[1]
1 **Total nonfarm business**	**546.60**	**585.64**	**634.02**	**559.24**	**564.13**	**579.79**	**594.11**	**604.51**	**619.11**	**637.14**	**639.71**
Manufacturing											
2 Durable goods industries	73.32	81.33	90.12	73.30	79.11	80.88	81.99	83.35	86.98	92.42	90.86
3 Nondurable goods industries	100.69	97.84	101.49	103.56	95.94	96.21	100.18	99.04	99.06	102.54	101.21
Nonmanufacturing											
4 Mining	8.88	10.03	10.75	8.47	8.89	9.10	11.14	10.98	11.30	10.34	10.79
Transportation											
5 Railroad	6.67	6.23	6.79	7.04	6.00	6.00	5.91	7.01	6.69	6.07	7.10
6 Air	8.93	6.43	4.07	7.60	7.30	6.54	6.92	4.95	4.27	4.53	4.02
7 Other	7.04	9.22	10.50	6.97	9.17	9.04	8.88	9.78	10.94	9.50	11.04
Public utilities											
8 Electric	48.22	52.26	52.62	49.57	49.92	50.51	52.74	55.88	48.63	53.30	54.85
9 Gas and other	23.99	23.46	25.03	24.50	23.59	24.04	22.88	23.33	24.26	24.01	25.19
10 Commercial and other[2]	268.84	298.83	332.65	278.24	284.21	297.46	303.47	310.20	326.98	334.44	334.65

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	1992			1993			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross[2]	480.6	482.1	476.1	476.7	473.9	482.1	469.6	469.3	467.6	476.1
2 Consumer	121.9	117.1	117.5	116.7	116.7	117.1	111.9	111.3	112.6	117.5
3 Business	292.9	296.5	290.1	293.2	288.5	296.5	289.6	290.7	287.8	290.1
4 Real estate	65.8	68.4	68.6	66.8	68.8	68.4	68.1	67.2	67.2	68.6
5 LESS: Reserves for unearned income	55.1	50.8	49.0r	51.2	50.8	50.8	47.4	47.5	47.9	49.0r
6 Reserves for losses	12.9	15.8	11.0r	12.3	12.0	15.8	15.5	13.8	11.1	11.0r
7 Accounts receivable, net	412.6	415.5	416.1r	413.2	411.1	415.5	406.6	408.0	408.6	416.1r
8 All other	149.0	150.6	177.3r	139.4	146.5	150.6	155.0	156.6	169.7	177.3r
9 **Total assets**	**561.6**	**566.1**	**593.4r**	**552.6**	**557.6**	**566.1**	**561.6**	**564.6**	**578.3**	**593.4r**
LIABILITIES AND CAPITAL										
10 Bank loans	42.3	37.6	25.3	37.8	38.1	37.6	34.1	29.5	25.8	25.3
11 Commercial paper	159.5	156.4	159.2	147.7	153.2	156.4	149.8	144.5	149.9	159.2
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	34.5	37.8	46.1	34.8	34.9	37.8	41.9	46.4	47.9	46.1
15 Not elsewhere classified	191.3	195.3	199.9	191.9	191.4	195.3	195.1	195.8	198.1	199.9
16 All other liabilities	69.0	71.2	91.1	73.4	73.7	71.2	74.2	81.3	87.6	91.1
17 Capital, surplus, and undivided profits	64.8	67.8	71.7	67.1	68.1	67.8	66.6	67.1	68.9	71.7
18 **Total liabilities and capital**	**561.2**	**566.1**	**593.4**	**552.7**	**559.4**	**566.1**	**561.7**	**564.6**	**578.3**	**593.4**

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	1991	1992	1993	1993		1994			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted								
1 **Total**	**519,910**	**534,845**	**532,828**	**532,687**	**532,828**	**535,567**	**539,513r**	**546,756**	**549,632**
2 Consumer	154,822	157,707	159,791	157,438	159,791	159,313	160,371r	160,831	161,408
3 Real estate[2]	65,383	68,011	68,174	68,540	68,174	69,441	69,543r	69,604	70,566
4 Business	299,705	309,127	304,863	306,709	304,863	306,813	309,599r	316,321	317,658
	Not seasonally adjusted								
5 **Total**	**523,192**	**538,158**	**536,124**	**532,354**	**536,124**	**535,138**	**537,278r**	**546,925**	**551,578**
6 Consumer	155,713	158,631	160,734	157,848	160,734	159,186	158,543r	159,448	160,375
7 Motor vehicles	63,415	57,605	55,274	55,337	55,274	56,509	56,963	57,797	59,458
8 Other consumer[3]	58,522	59,522	62,189	59,463	62,189	61,427	61,132r	62,264	63,387
9 Securitized motor vehicles[4]	23,166	29,775	34,659	34,301	34,659	32,924	32,280	31,439	29,700
10 Securitized other consumer[4]	10,610	11,729	8,611	8,747	8,611	8,325	8,168	7,948	7,830
11 Real estate[2]	65,760	68,410	68,577	68,718	68,577	69,385	69,446r	69,005	70,114
12 Business	301,719	311,118	306,814	305,788	306,814	306,568	309,289r	318,472	321,089
13 Motor vehicles	90,613	87,456	90,172	88,510	90,172	88,377	90,668r	95,719	97,727
14 Retail[5]	22,957	19,303	16,024	16,723	16,024	16,965	17,514r	19,162	19,632
15 Wholesale[6]	31,216	29,962	31,067	29,260	31,067	27,975	29,435	31,070	31,059
16 Leasing	36,440	38,191	43,081	42,526	43,081	43,437	43,720	45,487	47,036
17 Equipment	141,399	151,607	148,858	146,703	148,858	147,915	147,425	149,721	151,150
18 Retail	30,962	32,212	33,266	32,360	33,266	33,109	33,033	33,861	34,602
19 Wholesale[6]	9,671	8,669	8,007	7,802	8,007	7,996	7,972	8,281	8,295
20 Leasing	100,766	110,726	107,585	106,541	107,585	106,810	106,420	107,579	108,253
21 Other business[7]	60,900	57,464	51,054	53,886	51,054	50,821	51,489r	53,596	53,352
22 Securitized business assets[4]	8,807	14,590	16,730	16,690	16,730	19,456	19,707	19,436	18,859
23 Retail	576	1,118	1,830	1,953	1,830	1,696	1,593	1,486	1,401
24 Wholesale	5,285	8,756	9,697	9,407	9,697	12,358	13,006	12,866	12,483
25 Leasing	2,946	4,716	5,203	5,330	5,203	5,402	5,108	5,084	4,975

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	1991	1992	1993	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	155.0	158.1	163.1	174.4	167.9	168.1	157.9	167.8	166.1	171.6
2 Amount of loan (thousands of dollars)	114.0	118.1	123.0	134.0	128.7	127.9	124.1	131.0	127.6	132.2
3 Loan-to-price ratio (percent)	75.0	76.6	78.0	79.1	79.2	78.0	80.2	80.2	79.3	78.5
4 Maturity (years)	26.8	25.6	26.1	26.9	26.8	27.2	27.0	27.6	26.7	27.6
5 Fees and charges (percent of loan amount)[2]	1.71	1.60	1.30	1.23	1.10	1.18	1.16	1.20	1.16	1.45
Yield (percent per year)										
6 Contract rate[1]	9.02	7.98	7.02	6.61	6.74	6.77	6.67	6.81	7.13	7.20
7 Effective rate[1,3]	9.30	8.25	7.24	6.80	6.92	6.95	6.85	6.99	7.31	7.43
8 Contract rate (HUD series)[4]	9.20	8.43	7.37	7.38	7.26	7.13	7.54	8.31	8.56	8.61
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	9.25	8.46	7.46	7.51	7.52	7.05	7.59	8.57	8.63	8.63
10 GNMA securities[6]	8.59	7.71	6.65	6.61	6.58	6.45	6.72	7.40	7.93	8.05
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	122,837	142,833	172,791	185,463	190,861	194,441	196,078	197,770	201,542	206,147
12 FHA/VA insured	21,702	22,168	22,876	23,334	23,857	23,796	23,789	24,226	25,088	25,303
13 Conventional	101,135	120,664	149,914	162,129	167,004	170,645	172,289	173,544	176,454	180,844
Mortgage transactions (during period)										
14 Purchases	37,202	75,905	92,037	8,979	12,123	7,919	5,427	5,820	6,677	7,238
Mortgage commitments (during period)										
15 Issued[7]	40,010	74,970	92,537	11,144	8,461	6,159	4,858	8,683	4,788	3,801
16 To sell[8]	7,608	10,493	5,097	0	209	664	525	136	90	281
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	24,131	29,959	42,789	52,933	55,012	56,067	57,245	58,498	59,352	60,799
18 FHA/VA insured	484	408	327	324	321	319	318	315	309	304
19 Conventional	23,283	29,552	42,462	52,610	54,691	55,747	56,928	59,184	59,043	60,495
Mortgage transactions (during period)										
20 Purchases	99,965	191,125	229,242	27,062	29,396	22,611	17,840	15,970	14,589	10,629
21 Sales	92,478	179,208	208,723	24,028	26,607	21,253	16,719	14,486	14,175	10,228
Mortgage commitments (during period)[9]										
22 Contracted	114,031	261,637	274,599	39,977	24,176	31,393	12,880	22,533	22,765	9,586

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				1994
				Q1	Q2	Q3	Q4	Q1p
1 **All holders**	**3,762,872r**	**3,924,782r**	**4,049,256r**	**4,059,221r**	**4,108,890r**	**4,166,286r**	**4,208,512r**	**4,247,007**
By type of property								
2 One- to four-family residences	2,616,288r	2,780,044r	2,959,558r	2,975,768r	3,034,781r	3,096,443r	3,146,832r	3,189,641
3 Multifamily residences	309,369	306,410	295,417r	294,045r	291,272r	290,679	290,553r	289,273
4 Commercial	758,313	759,023	713,862r	708,966	702,210	698,435r	690,388r	687,126
5 Farm	78,903r	79,306r	80,419r	80,442r	80,627r	80,730r	80,739r	80,967
By type of holder								
6 Major financial institutions	1,914,315	1,846,726	1,769,187	1,753,045	1,765,176	1,769,014r	1,766,633r	1,747,288
7 Commercial banks[2]	844,826	876,100	894,513	891,755	910,989	922,596r	940,253r	937,966
8 One- to four-family	455,931	483,623	507,780	507,497	526,817	538,919r	558,583r	555,434
9 Multifamily	37,015	36,935	38,024	37,425	38,058	37,633r	38,436r	38,166
10 Commercial	334,648	337,095	328,826	326,853	325,519	325,201r	322,373r	323,120
11 Farm	17,231	18,447	19,882	19,980	20,595	20,843r	20,862r	21,245
12 Savings institutions[3]	801,628	705,367	627,972	617,163	612,458	609,563r	598,348r	584,352
13 One- to four-family	600,154	538,358	489,622	480,415	480,722	478,324r	469,689r	457,679
14 Multifamily	91,806	79,881	69,791	70,608	68,303	68,552r	67,823r	67,348
15 Commercial	109,168	86,741	68,235	65,808	63,111	62,367r	60,531r	59,029
16 Farm	500	388	324	332	322	320	305r	297
17 Life insurance companies	267,861	265,258	246,702	244,128	241,729	236,855	228,032r	224,970
18 One- to four-family	13,005	11,547	11,441	11,316	11,195	10,967	10,534r	10,387
19 Multifamily	28,979	29,562	27,770	27,466	27,174	26,620	25,568r	25,211
20 Commercial	215,121	214,105	198,269	196,100	194,012	190,061	182,553r	180,001
21 Farm	10,756	10,044	9,222	9,246	9,348	9,206	9,376r	9,371
22 Federal and related agencies	239,003	266,146	286,263	287,081	298,991	309,579	321,486r	325,835
23 Government National Mortgage Association	20	19	30	45	45	43	22r	20
24 One- to four-family	20	19	30	37	38	37	15r	13
25 Multifamily	0	0	0	8	7	7	7	7
26 Farmers Home Administration[4]	41,439	41,713	41,695	41,529	41,446	41,424	41,386	41,209
27 One- to four-family	18,527	18,496	16,912	16,536	16,133	15,714	15,303	14,870
28 Multifamily	9,640	10,141	10,575	10,650	10,739	10,830	10,940	11,037
29 Commercial	4,690	4,905	5,158	5,187	5,250	5,347	5,406	5,399
30 Farm	8,582	8,171	9,050	9,156	9,324	9,533	9,739	9,903
31 Federal Housing and Veterans' Administrations	8,801	10,733	12,581	13,027	12,945	11,797	12,215	11,344
32 One- to four-family	3,593	4,036	5,153	5,631	5,635	4,850	5,364	4,738
33 Multifamily	5,208	6,697	7,428	7,396	7,311	6,947	6,851	6,606
34 Resolution Trust Corporation	32,600	45,822	32,045	27,331	21,973	19,925	17,284	14,241
35 One- to four-family	15,800	14,535	12,960	11,375	8,955	8,381	7,203r	6,312
36 Multifamily	8,064	15,018	9,621	8,070	6,743	6,002	5,327r	4,190
37 Commercial	8,736	16,269	9,464	7,886	6,275	5,543	4,754r	3,739
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	104,870	112,283	137,584	141,192	151,513	160,721	166,642	172,343
40 One- to four-family	94,323	100,387	124,016	127,252	137,340	146,009	151,310	156,576
41 Multifamily	10,547	11,896	13,568	13,940	14,173	14,712	15,332	15,767
42 Federal Land Banks	29,416	28,767	28,664	28,536	28,592	28,810	28,460r	28,181
43 One- to four-family	1,838	1,693	1,687	1,679	1,682	1,695	1,675r	1,658
44 Farm	27,577	27,074	26,977	26,857	26,909	27,115	26,785r	26,523
45 Federal Home Loan Mortgage Corporation	21,857	26,809	33,665	35,421	42,477	46,859	55,476	58,498
46 One- to four-family	19,185	24,125	31,032	32,831	39,905	44,315	52,929	55,942
47 Multifamily	2,672	2,684	2,633	2,589	2,572	2,544	2,547	2,556
48 Mortgage pools or trusts[5]	1,079,103	1,250,666	1,425,546	1,462,181	1,473,323	1,514,002	1,546,818	1,602,595
49 Government National Mortgage Association	403,613	425,295	419,516	421,514	413,166	415,076	414,066	423,446
50 One- to four-family	391,505	415,767	410,675	412,798	404,425	405,963	404,864	414,194
51 Multifamily	12,108	9,528	8,841	8,716	8,741	9,113	9,202	9,251
52 Federal Home Loan Mortgage Corporation	316,359	359,163	407,514	420,932	422,882	430,089	439,029	457,577
53 One- to four-family	308,369	351,906	401,525	415,279	417,646	425,154	434,494	453,407
54 Multifamily	7,990	7,257	5,989	5,654	5,236	4,935	4,535	4,170
55 Federal National Mortgage Association	299,833	371,984	444,979	457,316	465,220	481,880	495,525	507,376
56 One- to four-family	291,194	362,667	435,979	448,483	456,645	473,599	486,804	498,489
57 Multifamily	8,639	9,317	9,000	8,833	8,575	8,281	8,721	8,887
58 Farmers Home Administration[4]	66	47	38	34	32	30	28	26
59 One- to four-family	17	11	8	7	6	6	5	5
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	24	19	17	16	15	14	13	12
62 Farm	26	17	13	11	11	10	10	9
63 Private mortgage conduits	59,232	94,177	153,499	162,385	172,023	186,927	198,171	214,171
64 One- to four-family	53,335	84,000	132,000	137,000	145,000	158,000	164,000	177,000
65 Multifamily	731	3,698	6,305	6,665	7,407	7,991	8,701	9,481
66 Commercial	5,166	6,479	15,194	18,720	19,616	20,936	25,469	27,689
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	530,452r	561,244r	568,260r	556,913r	571,400r	573,691r	573,576r	571,289
69 One- to four-family	349,491r	368,874r	378,739r	367,632r	382,637r	384,510r	384,060r	382,938
70 Multifamily	85,969	83,796	85,871r	86,026r	86,235r	86,512r	86,565r	86,597
71 Commercial	80,761	93,410	88,699r	88,396	88,412	88,966r	89,289r	88,137
72 Farm	14,232r	15,164r	14,951r	14,859r	14,117r	13,703r	13,662r	13,618

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not 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, are estimated mainly 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	1991	1992	1993	1993		1994			
				Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.
	Seasonally adjusted								
1 **Total**	**733,510**	**741,093**	**790,082**	**782,561**	**790,082**	**796,458**	**800,440**	**808,872**	**817,755**
2 Automobile	260,898	259,627	278,321	276,853	278,321	279,046	280,444	284,232	287,048
3 Revolving	243,564	254,299	281,474	279,273	281,474	284,898	287,414	288,838	293,816
4 Other	229,048	227,167	230,288	226,435	230,288	232,514	232,582	235,802	236,890
	Not seasonally adjusted								
5 **Total**	**749,052**	**756,944**	**807,298**	**784,148**	**807,298**	**801,883**	**798,387**	**801,251**	**811,393**
By major holder									
6 Commercial banks	340,713	331,869	367,140	358,429	367,140	365,607	365,136	368,653	374,920
7 Finance companies	121,937	117,127	117,464	114,800	117,464	117,937	118,095	120,061	122,845
8 Credit unions	92,681	97,641	114,451	112,342	114,451	115,055	116,034	117,962	120,091
9 Retailers	39,832	42,079	47,382	42,047	47,382	44,986	43,164	43,088	42,866
10 Savings institutions	45,965	43,461	33,000	33,500	33,000	32,500	32,000	31,751	31,750
11 Gasoline companies	4,362	4,365	4,212	4,507	4,212	4,189	3,952	3,769	3,980
12 Pools of securitized assets[2]	103,562	120,402	123,649	118,523	123,649	121,609	120,006	115,967	114,941
By major type of credit[3]									
13 Automobile	261,219	259,964	278,690	277,060	278,690	278,265	278,733	281,674	285,297
14 Commercial banks	112,666	109,743	123,734	122,989	123,734	123,916	124,491	126,866	129,833
15 Finance companies	63,415	57,605	55,274	55,337	55,274	56,509	56,963	57,797	59,458
16 Pools of securitized assets[2]	28,915	33,878	36,781	36,569	36,781	34,947	34,217	33,275	31,454
17 Revolving	256,876	267,949	296,445	280,080	296,445	290,197	286,351	285,025	289,703
18 Commercial banks	138,005	132,582	148,698	142,382	148,698	144,874	143,633	145,157	148,380
19 Retailers	34,712	36,629	41,378	36,319	41,378	39,057	37,293	37,191	36,966
20 Gasoline companies	4,362	4,365	4,212	4,507	4,212	4,189	3,952	3,769	3,980
21 Pools of securitized assets[2]	63,595	74,243	77,416	72,357	77,416	77,280	76,581	73,722	74,782
22 Other	230,957	229,031	232,162	227,008	232,162	233,420	233,303	234,552	236,393
23 Commercial banks	90,042	89,544	94,708	93,058	94,708	96,817	97,012	96,630	96,707
24 Finance companies	58,522	59,522	62,189	59,463	62,189	61,427	61,132	62,264	63,387
25 Retailers	5,120	5,450	6,004	5,728	6,004	5,929	5,871	5,897	5,900
26 Pools of securitized assets[2]	11,052	12,281	9,452	9,597	9,452	9,382	9,208	8,970	8,705

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	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Interest Rates										
Commercial banks[2]										
1 48-month new car	11.14	9.29	8.09	n.a.	7.63	n.a.	n.a.	7.54	n.a.	n.a.
2 24-month personal	15.18	14.04	13.47	n.a.	13.22	n.a.	n.a.	12.89	n.a.	n.a.
3 120-month mobile home	13.70	12.67	11.87	n.a.	11.55	n.a.	n.a.	11.56	n.a.	n.a.
4 Credit card	18.23	17.78	16.83	n.a.	16.30	n.a.	n.a.	16.06	n.a.	n.a.
Auto finance companies										
5 New car	12.41	9.93	9.48	9.25	8.96	8.80	7.55	8.93	9.13	9.71
6 Used car	15.60	13.80	12.79	12.58	12.41	12.33	12.02	12.23	12.68	13.25
Other Terms[3]										
Maturity (months)										
7 New car	55.1	54.0	54.5	55.0	54.5	54.0	52.9	54.4	54.0	53.8
8 Used car	47.2	47.9	48.8	48.2	48.4	48.3	50.0	50.3	50.1	50.0
Loan-to-value ratio										
9 New car	88	89	91	90	91	90	91	91	92	92
10 Used car	96	97	98	98	98	98	98	99	99	99
Amount financed (dollars)										
11 New car	12,494	13,584	14,332	14,650	14,839	15,097	15,330	14,904	14,821	15,067
12 Used car	8,884	9,119	9,875	9,969	10,230	10,349	10,434	10,449	10,427	10,477

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[r]	1992		1993				1994
						Q3	Q4	Q1	Q2	Q3[r]	Q4[r]	Q1
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**723.0**	**631.0**	**475.5**	**582.4**	**592.3**	**611.1**	**529.5**	**382.6[r]**	**719.2[r]**	**584.2**	**683.2**	**620.0**
By sector and instrument												
2 U.S. government	146.4	246.9	278.2	304.0	256.1	299.1	240.1	229.6	348.2	177.2	269.6	195.9
3 Treasury securities	144.7	238.7	292.0	303.8	248.3	290.1	237.4	226.4	344.1	160.9	261.9	197.2
4 Budget agency issues and mortgages	1.6	8.2	−13.8	.2	7.8	9.0	2.7	3.2	4.1	16.2	7.7	−1.3
5 Private	576.6	384.1	197.3	278.4	336.2	312.0	289.4	153.1[r]	370.9[r]	407.0	413.6	424.1
By instrument												
6 Tax-exempt obligations	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
7 Corporate bonds	73.8	47.1	78.8	67.5	75.3	61.7	54.0	85.7[r]	75.7[r]	72.6	67.4	51.0
8 Mortgages	269.1	188.7	165.1	120.8	155.4	134.8	94.0	74.9[r]	171.5[r]	206.7	168.6	184.0
9 Home mortgages	212.5	177.2	166.0	176.0	187.1	203.3	172.8	100.1[r]	211.6[r]	229.9	206.7	206.7
10 Multifamily residential	12.0	3.4	−2.5	−11.1	−6.3	−11.2	−27.8	−6.5[r]	−12.0[r]	−4.4	−2.3	−6.9
11 Commercial	47.3	8.9	.9	−45.5	−25.7	−57.8	−51.5	−18.9[r]	−28.9	−19.2	−35.8	−16.7
12 Farm	−2.7	−.8	.7	1.3	.3	.6	.5	.1[r]	.7[r]	.4	.0	.9
13 Consumer credit	49.5	13.4	−13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
14 Bank loans n.e.c.	36.4	4.2	−46.8	−5.6	4.7	−24.0	21.3	−39.7	31.7	6.9	20.0	36.7
15 Commercial paper	21.4	9.7	−18.4	8.6	10.0	9.3	25.4	−27.1	33.7	23.8	9.7	−27.4
16 Other loans	61.0	63.6	−37.8	12.1	−18.8	40.8	4.1	−22.3[r]	−31.6[r]	−11.9	−9.2	69.7
By borrowing sector												
17 Household	276.7	207.7	168.4	215.0	247.8	217.9	266.5	109.2[r]	251.1[r]	324.3	306.5	255.2
18 Nonfinancial business	236.3	121.9	−33.4	4.0	23.0	20.6	−12.2	−27.8[r]	50.8[r]	30.6	38.3	96.7
19 Farm	.5	1.8	2.4	1.2	1.9	−.2	−1.9	−2.7[r]	3.1[r]	4.4	2.7	3.8
20 Nonfarm noncorporate	49.4	19.4	−24.5	−39.4	−25.6	−37.3	−51.0	−32.7	−31.4	−24.1	−14.3	29.7
21 Corporate	186.5	100.7	−11.3	42.1	46.7	58.2	40.7	7.5[r]	79.1[r]	50.3	49.8	63.2
22 State and local government	63.5	54.5	62.3	59.4	65.4	73.5	35.1	71.7	69.1	52.1	68.8	72.2
23 Foreign net borrowing in United States	10.2	23.9	13.9	24.2	47.7	37.8	−.6	50.3	39.3[r]	82.4	19.0	7.6
24 Bonds	4.9	21.4	14.1	17.3	60.5	20.3	22.2	75.6	42.4	84.5	39.3	43.8
25 Bank loans n.e.c.	−.1	−2.9	3.1	2.3	.7	3.9	−10.3	1.6	6.5	1.0	−6.3	6.1
26 Commercial paper	13.1	12.3	6.4	5.2	−9.0	13.1	−12.1	−21.7	−.6	−1.6	−12.0	−49.0
27 U.S. government and other loans	−7.6	−7.0	−9.8	−.6	−4.5	.5	−.4	−5.3	−9.0[r]	−1.5	−2.0	6.7
28 **Total domestic plus foreign**	**733.1**	**654.9**	**489.4**	**606.6**	**640.0**	**649.0**	**528.8**	**432.9[r]**	**758.5[r]**	**666.6**	**702.2**	**627.6**
						Financial sectors						
29 **Total net borrowing by financial sectors**	**213.7**	**193.5**	**150.4**	**216.4**	**239.0**	**304.1**	**174.8**	**145.4[r]**	**131.5[r]**	**385.7**	**293.2**	**408.7**
By instrument												
30 U.S. government-related	149.5	167.4	145.7	155.8	157.2	169.3	131.8	165.8	62.7	273.7	126.4	322.7
31 Government-sponsored enterprises securities	25.2	17.1	9.2	40.3	80.6	67.7	33.6	32.2	68.8	167.8	53.4	160.0
32 Mortgage pool securities	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
33 Loans from U.S. government	.0	−.1	.0	.0	.0	.0	−.1	.0	.0	.0	.0	−19.2
34 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	−20.3[r]	68.8[r]	112.0	166.8	86.0
35 Corporate bonds	37.3	40.8	56.8	65.3	70.8	81.2	79.4	54.6[r]	55.7[r]	97.3	75.7	81.8
36 Mortgages	.5	.4	.8	.0	3.8	.4	.0	.9	2.7	6.2	5.5	5.4
37 Bank loans n.e.c.	6.0	1.1	17.1	−4.8	−9.9	17.5	−19.8	−21.2	−5.9	−14.0	1.5	8.6
38 Open market paper	31.3	8.6	−32.0	−.7	−6.2	17.5	−6.5	−73.1	−17.3	−9.7	75.5	4.5
39 Loans from Federal Home Loan Banks	−11.0	−24.7	−38.0	.8	23.3	18.1	−10.1	18.6	33.5	32.3	8.6	−14.3
By borrowing sector												
40 Government sponsored enterprises	25.2	17.0	9.1	40.2	80.6	67.7	33.5	32.2	68.8	167.8	53.4	140.8
41 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	−6.1	105.9	73.0	181.9
42 Private	64.2	26.1	4.6	60.6	81.8	134.8	42.9	−20.3[r]	68.8[r]	112.0	166.8	86.0
43 Commercial banks	−1.4	−.7	−11.7	8.8	5.6	12.1	14.5	5.4	10.1	6.2	.8	7.0
44 Bank holding companies	6.2	−27.7	−2.5	2.3	8.1	6.6	.8	21.1	1.3	−2.2	12.2	4.1
45 Funding corporations	13.8	12.5	−13.6	1.6	−10.7	−7.7	−31.1	−51.9	8.2	−13.2	14.0	−22.2
46 Savings institutions	−15.1	−30.2	−44.5	−6.7	11.1	11.2	−14.4	7.9	17.7	18.4	.6	−9.0
47 Credit unions	.0	.0	.0	.0	.2	.0	.1	.0	.3	.3	.1	.1
48 Life insurance companies	.0	.0	.0	.0	.2	.2	−.2	.1	.6	−.1	.4	.0
49 Finance companies	27.4	24.0	18.6	−3.6	−5.0	21.2	19.9	−33.1	−38.6	16.0	35.8	56.2
50 Mortgage companies	3.0	−4.0	5.7	.1	4.0	14.4	−6.4	−10.4	15.9	2.4	8.0	−5.9
51 Real estate investment trusts (REITs)	1.3	1.0	1.6	.1	3.3	2.3	−5.1	−1.4	2.5	6.1	5.9	6.0
52 Issuers of asset-backed securities (ABSs)	28.9	51.1	51.0	58.0	64.9	74.3	64.8	41.9[r]	50.7[r]	78.1	89.0	49.7

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1989	1990	1991	1992	1993[r]	1992		1993				1994
						Q3	Q4	Q1	Q2	Q3[r]	Q4[r]	Q1
	All sectors											
53 **Total net borrowing, all sectors**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3[r]**	**889.9[r]**	**1,052.3**	**995.4**	**1,036.3**
54 U.S. government securities	295.8	414.4	424.0	459.8	413.3	468.5	372.0	395.3	410.9	450.9	396.0	537.8
55 Tax-exempt securities	65.3	57.3	69.6	65.7	60.4	75.8	42.4	62.4	67.2	48.3	63.9	60.5
56 Corporate and foreign bonds	116.0	109.2	149.6	150.1	206.6	163.3	155.6	215.9[r]	173.8[r]	254.4	182.4	176.7
57 Mortgages	269.6	189.1	165.8	120.8	159.2	135.3	93.9	75.7[r]	174.2[r]	212.9	174.1	189.4
58 Consumer credit	49.5	13.4	−13.1	9.3	49.0	13.5	48.3	19.2	22.9	60.7	93.3	49.5
59 Bank loans n.e.c.	42.3	2.4	−26.6	−8.1	−4.5	−2.5	−8.8	−59.3	32.3	−6.2	15.2	51.3
60 Open market paper	65.9	30.7	−44.0	13.1	−5.1	39.9	6.8	−121.9	15.7	12.5	73.2	−71.9
61 Other loans	42.4	31.8	−85.6	12.2	.0	59.3	−6.6	−9.1[r]	−7.1[r]	18.8	−2.6	43.0
	Funds raised through mutual funds and corporate equities											
62 **Total net share issues**	**−59.6**	**22.2**	**210.6**	**284.0**	**423.7**	**297.7**	**300.3**	**296.0[r]**	**462.2[r]**	**491.7**	**445.1**	**320.8**
63 Mutual funds	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
64 Corporate equities	−98.1	−45.7	60.1	77.3	112.9	62.5	82.6	55.1[r]	104.7[r]	154.1	137.8	103.3
65 Nonfinancial corporations	−124.2	−63.0	18.3	27.0	22.9	12.0	14.0	8.6[r]	24.8[r]	28.7	29.5	2.0
66 Financial corporations	8.8	9.9	11.2	19.6	25.1	15.7	21.1	14.5[r]	25.9[r]	26.7	33.2	30.0
67 *Foreign shares purchased in United States*	17.2	7.4	30.7	30.6	64.9	34.8	47.5	31.9	54.0	98.6	75.1	71.3

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	1992 Q3	1992 Q4	1993 Q1	1993 Q2	1993 Q3	1993 Q4[r]	1994 Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3[r]**	**889.9[r]**	**1,052.3[r]**	**995.4**	**1,036.3**
2 Private domestic nonfinancial sectors	122.6	162.8	-16.1	65.3	-62.8	-105.4	87.0	-79.8[r]	-82.4[r]	-94.8[r]	5.8	306.5
3 Households	78.6	140.1	-49.7	37.0	-67.9	-135.7	66.6	-83.9[r]	-82.5[r]	-110.7[r]	5.4	260.4
4 Nonfarm noncorporate business	-.7	-1.7	-4.2	-2.4	-2.5	-2.0	-1.0	-3.7	-3.0	-2.2	-1.0	-4.4
5 Nonfinancial corporate business	13.6	-5.3	4.3	36.3	12.3	46.5	36.9	-4.0[r]	10.6[r]	42.7[r]	.0	24.1
6 State and local governments	31.1	29.6	33.5	-5.7	-4.8	-14.1	-15.5	11.8	-7.5	-24.6	1.3	26.4
7 U.S. government	-3.1	33.7	10.5	-12.0	-18.6	-26.7	-13.3	-24.7	-28.5[r]	-15.4[r]	-5.9	-41.7
8 Foreign	84.4	82.1	25.6	100.8	128.2	78.1	87.8	74.0[r]	93.4[r]	138.3[r]	207.2	112.8
9 Financial sectors	742.9	569.9	619.8	668.8	832.2	1,006.9	542.1	608.9[r]	907.4[r]	1,024.2[r]	788.3	658.7
10 Government sponsored enterprises	-4.1	16.4	14.2	69.0	90.2	73.0	71.7	14.6	134.1	145.1[r]	66.7	77.9
11 Federally related mortgage pools	124.3	150.3	136.6	115.6	76.6	101.6	98.4	133.5	-6.1	105.9	73.0	181.9
12 Monetary authority	-7.3	8.1	31.1	27.9	36.2	15.7	48.3	44.5	32.6	28.2	39.5	51.5
13 Commercial banking	177.2	125.1	84.3	94.8	143.2	148.0	73.3	86.4	153.4	131.9	201.1	169.6
14 U.S. commercial banks	146.1	94.9	39.2	69.8	150.5	123.5	66.0	100.4	142.0	147.0	212.7	108.7
15 Foreign banking offices	26.7	28.4	48.5	16.5	-9.8	5.2	4.8	-12.5	-.7	-17.2	-8.7	50.2
16 Bank holding companies	2.8	-2.8	-1.5	5.6	-.1	16.4	-.6	-4.3	9.5	-.4	-5.1	8.6
17 Banks in U.S. affiliated areas	1.6	4.5	-1.9	2.9	2.6	3.0	3.0	2.9	2.6	2.5	2.3	2.1
18 Private nonbank finance	452.9	270.0	353.7	361.6	486.0	668.6	250.4	329.9[r]	593.3[r]	613.0[r]	407.9	177.8
19 Thrift institutions	-86.6	-153.3	-123.0	-59.5	-13.3	-42.6	-15.0	-33.3	-5.2	10.3[r]	-24.9	10.1
20 Insurance	257.4	181.6	234.3	177.9	192.4	261.4	161.6	257.0	172.9	261.6	78.1	65.9
21 Life insurance companies	101.8	94.4	83.2	82.4	109.5	85.1	103.7	122.1	108.0	117.1	90.6	119.6
22 Other insurance companies	29.7	26.5	32.3	12.7	9.4	-2.8	8.3	8.9	10.6	8.6	9.7	19.7
23 Private pension funds	81.1	17.2	85.3	37.3	40.2	99.9	8.4	118.0	11.1	91.9	-60.1	-104.9
24 State and local government retirement funds	44.7	43.5	33.5	45.5	33.3	79.2	41.2	8.0	43.2	44.0	37.9	31.5
25 Finance n.e.c.	282.2	241.7	242.3	243.2	306.9	449.7	103.8	106.2[r]	425.7[r]	341.1[r]	354.7	101.9
26 Finance companies	32.0	28.4	-12.1	1.7	-5.4	4.0	24.0	-34.0	-22.8	8.1	27.2	64.9
27 Mortgage companies	6.1	-8.0	11.4	.1	-.4	28.9	-12.8	-50.3[r]	64.9[r]	-1.9	-14.2	-12.0
28 Mutual funds	23.8	41.4	90.3	123.7	164.0	156.9	119.2	130.2	193.4	168.4	163.9	45.5
29 Closed-end funds	6.3	.0	15.2	12.3	11.4	8.7	13.1	8.9	13.0	11.0	12.7	12.5
30 Money market funds	67.1	80.9	30.1	1.3	12.9	8.5	-26.1	-65.0	51.5	11.5	53.6	-46.3
31 Real estate investment trusts (REITs)	.5	-.7	-1.0	.4	.6	-.3	-.1	.2[r]	.8	1.0	.2	.7
32 Brokers and dealers	96.3	34.9	49.0	40.2	57.1	180.3	-90.2	79.5	66.7	69.0	13.4	-37.9
33 Asset-backed securities issuers (ABSs)	27.7	49.9	49.0	55.5	63.6	72.0	59.2	41.4[r]	49.6[r]	80.9[r]	82.5	50.3
34 Bank personal trusts	22.4	14.8	10.4	8.0	3.1	-9.3	17.3	-4.7[r]	8.6[r]	-7.0[r]	15.5	24.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**946.8**	**848.4**	**639.8**	**822.9**	**879.0**	**953.1**	**703.6**	**578.3[r]**	**889.9[r]**	**1,052.3[r]**	**995.4**	**1,036.3**
Other financial sources												
36 Official foreign exchange	24.8	2.0	-5.9	-1.6	.8	-8.5	5.1	3.4	-4.0	1.7	2.2	6.0
37 Treasury currency and special drawing rights certificates	4.1	2.5	.0	-1.8	.4	.2	-7.7	.3	.4	.4	.7	.7
38 Life insurance reserves	28.8	25.7	25.7	27.3	50.6	41.5	26.3	53.6	39.5	59.5	49.6	49.6
39 Pension fund reserves	309.7	158.1	358.8	227.8	235.4	291.7	267.0	332.9[r]	224.2[r]	304.1[r]	80.3	-65.8
40 Interbank claims	-16.5	34.2	-3.7	48.1	32.9	79.8	50.0	26.2[r]	48.3[r]	14.8[r]	42.4	156.3
41 Deposits at financial institutions	284.8	98.1	48.2	9.3	85.7	174.1	-142.7	-.4	219.6	-14.6[r]	138.3	33.7
42 Checkable deposits and currency	6.1	44.2	75.8	122.8	119.5	200.4	93.5	25.0	232.2	96.3	124.4	78.0
43 Small time and savings deposits	100.4	59.0	16.7	-60.8	-79.8	-83.6	-37.8	-155.9	-57.3	-73.0[r]	-33.0	-24.5
44 Large time deposits	13.9	-65.7	-60.8	-80.0	-16.1	-52.9	-84.2	1.9	-17.5	-57.3	8.7	-31.8
45 Money market fund shares	90.1	70.3	41.2	3.9	15.8	-22.4	-32.9	-37.7	66.5	-15.8	50.3	-1.7
46 Security repurchase agreements	77.8	-24.2	-16.5	33.6	67.2	89.6	-67.1	180.3	17.6	78.7	-7.9	21.7
47 Foreign deposits	-3.6	14.6	-8.2	-10.2	-20.9	43.0	-14.2	-13.9	-21.9	-43.5[r]	-4.2	-8.0
48 Mutual fund shares	38.5	67.9	150.5	206.7	310.8	235.2	217.7	240.9	357.5	337.6	307.2	217.5
49 Corporate equities	-98.1	-45.7	60.1	77.3	112.9	62.5	82.6	55.1[r]	104.7[r]	154.1[r]	137.8	103.3
50 Security credit	15.6	3.5	51.4	4.2	61.9	82.8	5.5	39.7	38.3	77.2	92.6	13.4
51 Trade debt	59.4	32.1	-2.2	54.9	53.4	54.0	33.0	29.2[r]	43.0[r]	57.6[r]	83.8	30.3
52 Taxes payable	2.0	-4.5	-8.5	7.9	3.7	6.7	10.3	3.4[r]	9.3[r]	-4.2[r]	6.2	3.0
53 Noncorporate proprietors' equity	-31.1	-35.5	-12.5	-5.7	-18.5	-27.5	10.5	-10.1[r]	-20.3[r]	-8.4[r]	-35.2	-103.4
54 Investment in bank personal trusts	23.1	21.5	29.8	-7.5	13.8	-55.4	-35.2	-27.7[r]	24.8[r]	32.4[r]	25.7	17.1
55 Miscellaneous	292.1	98.2	169.9	195.7	281.7	202.6	211.8	190.4[r]	423.7[r]	177.8[r]	335.0	188.3
56 **Total financial sources**	**1,883.8**	**1,306.5**	**1,501.3**	**1,665.5**	**2,104.7**	**2,092.8**	**1,437.9**	**1,515.2[r]**	**2,398.9[r]**	**2,242.4[r]**	**2,262.3**	**1,686.2**
Floats not included in assets (−)												
57 U.S. government checkable deposits	8.4	3.3	-13.1	.7	-1.5	4.4	-3.6	.1	6.2	-6.4	-5.8	-5.9
58 Other checkable deposits	-3.2	2.5	2.0	1.6	-3.8	-11.7	2.3	-1.8	-1.4	-5.6	-6.3	-9.1
59 Trade credit	-1.9	2.5	8.1	18.5	17.7	40.2	1.2	-8.6[r]	28.6[r]	10.7[r]	39.9	1.6
Liabilities not identified as assets (−)												
60 Treasury currency	-.2	.2	-.6	-.2	-.2	-.2	-.1	-.2	-.2	-.2	-.2	-.1
61 Interbank claims	-4.4	1.6	26.2	-4.9	4.2	-7.8	-1.7	11.4	-5.7	-16.5	27.7	-17.5
62 Security repurchase agreements	32.4	-31.5	5.2	31.1	69.3	43.5	23.4	154.9[r]	14.1[r]	66.7[r]	41.4	-24.9
63 Taxes payable	2.3	.5	.4	6.9	-1.3	24.1	4.0	-17.4[r]	21.2[r]	-.1[r]	-9.1	-18.7
64 Miscellaneous	-77.8	-23.6	-32.1	-21.1	-46.6	1.2	49.3	-77.2[r]	-31.0[r]	-61.3[r]	-16.8	110.3
65 **Total identified to sectors as assets**	**1,928.2**	**1,351.0**	**1,505.2**	**1,632.8**	**2,067.0**	**1,999.2**	**1,363.1**	**1,454.1[r]**	**2,367.2[r]**	**2,255.0[r]**	**2,191.5**	**1,650.7**

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	1992		1993				1994
					Q3	Q4	Q1	Q2	Q3	Q4r	Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,692.0**	**11,160.6**	**11,747.2**	**12,347.0**	**11,580.6**	**11,747.2**	**11,826.0r**	**11,995.0r**	**12,142.4r**	**12,347.0**	**12,478.8**
By lending sector and instrument											
2 U.S. government	2,498.1	2,776.4	3,080.3	3,336.5	2,998.9	3,080.3	3,140.2	3,201.2	3,247.3	3,336.5	3,387.7
3 Treasury securities	2,465.8	2,757.8	3,061.6	3,309.9	2,980.7	3,061.6	3,120.6	3,180.6	3,222.6	3,309.9	3,361.4
4 Budget agency issues and mortgages	32.4	18.6	18.8	26.6	18.1	18.8	19.6	20.6	24.7	26.6	26.3
5 Private	8,193.9	8,384.3	8,666.9	9,010.5	8,581.7	8,666.9	8,685.8r	8,793.8r	8,895.1r	9,010.5	9,091.1
By instrument											
6 Tax-exempt obligations	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
7 Corporate bonds	1,008.2	1,086.9	1,154.4	1,229.8	1,140.9	1,154.4	1,175.9r	1,194.8r	1,212.9r	1,229.8	1,242.5
8 Mortgages	3,715.4	3,880.4	4,001.6	4,163.6	3,979.4	4,001.6	4,017.9	4,066.9r	4,122.7r	4,163.6	4,200.7
9 Home mortgages	2,580.6	2,746.6	2,922.7	3,115.8	2,880.8	2,922.7	2,944.8r	3,003.8r	3,065.4r	3,115.8	3,158.6
10 Multifamily residential	305.5	303.0	291.9	286.0	298.9	291.9	290.7	287.7r	286.6	286.0	284.3
11 Commercial	750.8	751.7	706.5	681.0	719.4	706.5	702.0	694.8	689.9r	681.0	676.8
12 Farm	78.4	79.1	80.4	80.7	80.3	80.4	80.4r	80.6r	80.7r	80.7	81.0
13 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
14 Bank loans n.e.c.	747.8	701.0	695.6	700.3	686.2	695.6	683.0	691.8	691.5r	700.3	707.5
15 Commercial paper	116.9	98.5	107.1	117.8	108.2	107.1	113.9	124.0	123.2	117.8	125.1
16 Other loans	730.6	685.9	701.6	683.0	696.1	701.6	691.5r	688.3r	681.2	683.0	695.3
By borrowing sector											
17 Household	3,594.8	3,762.7	3,978.0	4,231.8	3,900.1	3,978.0	3,981.2r	4,054.5r	4,143.4r	4,231.8	4,264.9
18 Nonfinancial business	3,728.5	3,688.7	3,696.7	3,721.0	3,698.6	3,696.7	3,697.4r	3,715.9r	3,711.3r	3,721.0	3,753.4
19 Farm	134.9	134.8	136.0	137.9	137.6	136.0	133.1r	136.3r	138.3r	137.9	136.6
20 Nonfarm noncorporate	1,219.0	1,192.3	1,154.5	1,128.9	1,165.1	1,154.5	1,145.3	1,139.3	1,130.6r	1,128.9	1,135.0
21 Corporate	2,374.6	2,361.6	2,406.1	2,454.3	2,395.8	2,406.1	2,419.1r	2,440.3r	2,442.4r	2,454.3	2,481.8
22 State and local government	870.5	932.8	992.2	1,057.7	983.1	992.2	1,007.2	1,023.4	1,040.5	1,057.7	1,072.9
23 **Foreign credit market debt held in United States**	**285.1**	**298.9**	**313.8**	**361.6**	**312.9**	**313.8**	**324.8**	**336.3r**	**355.6**	**361.6**	**361.8**
24 Bonds	115.4	129.5	146.9	207.3	141.3	146.9	165.8	176.4	197.5r	207.3	218.3
25 Bank loans n.e.c.	18.5	21.6	23.9	24.6	26.5	23.9	24.3	25.9	26.2	24.6	26.2
26 Commercial paper	75.3	81.8	77.7	68.7	80.7	77.7	72.3	72.1	71.7	68.7	56.5
27 U.S. government and other loans	75.8	66.0	65.4	60.9	64.4	65.4	62.5	61.9r	60.2r	60.9	60.9
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,977.1**	**11,459.5**	**12,061.0**	**12,708.5**	**11,893.5**	**12,061.0**	**12,150.8r**	**12,331.3r**	**12,498.0r**	**12,708.5**	**12,840.6**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,559.4**	**2,709.7**	**2,941.7**	**3,186.0**	**2,889.3**	**2,941.7**	**2,974.1r**	**3,010.1r**	**3,104.4r**	**3,186.0**	**3,284.4**
By instrument											
30 U.S. government-related	1,418.4	1,564.2	1,720.0	1,877.1	1,683.5	1,720.0	1,755.8	1,774.5	1,842.2	1,877.1	1,952.1
31 Government-sponsored enterprises securities	393.7	402.9	443.1	523.7	434.7	443.1	451.2	468.4	510.3	523.7	563.7
32 Mortgage pool securities	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
33 Loans from U.S. government	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	.0
34 Private	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3r	1,235.6r	1,262.2r	1,308.9	1,332.3
35 Corporate bonds	549.9	606.6	678.2	749.0	658.3	678.2	691.8r	705.8r	730.1r	749.0	767.0
36 Mortgages	4.3	5.1	5.1	8.9	5.1	5.1	5.4	6.0	7.6	8.9	10.3
37 Bank loans n.e.c.	52.0	69.1	64.2	54.3	67.5	64.2	56.9	55.8	52.4	54.3	54.5
38 Open market paper	417.7	385.7	394.3	393.5	394.6	394.3	379.2	375.9	373.2	393.5	400.1
39 Loans from Federal Home Loan Banks	117.1	79.1	79.9	103.1	80.2	79.9	85.0	92.1	98.9	103.1	100.4
By borrowing sector											
40 Government-sponsored enterprises	398.5	407.7	447.9	528.5	439.5	447.9	456.0	473.2	515.1	528.5	563.7
41 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
42 Private financial sectors	1,140.9	1,145.6	1,221.7	1,308.9	1,205.8	1,221.7	1,218.3r	1,235.6r	1,262.2r	1,308.9	1,332.3
43 Commercial banks	76.7	65.0	73.8	79.5	69.0	73.8	73.1	76.6	77.9	79.5	79.0
44 Bank holding companies	114.8	112.3	114.6	122.7	114.4	114.6	119.9	120.2	119.7	122.7	123.7
45 Funding corporations	137.9	124.3	135.2	129.9	143.0	135.2	127.6	129.7	126.4	129.9	129.6
46 Savings institutions	139.1	94.6	87.8	99.0	89.2	87.8	90.3	93.4	96.8	99.0	97.6
47 Credit unions	.0	.0	.0	.2	.0	.0	.0	.1	.2	.2	.3
48 Life insurance companies	.0	.0	.0	.2	.0	.0	.0	.2	.1	.2	.3
49 Finance companies	374.4	393.0	389.4	384.4	382.7	389.4	379.1	369.8	373.9	384.4	396.4
50 Mortgage companies	7.3	13.0	13.0	17.0	14.6	13.0	10.4	14.4	15.0	17.0	15.5
51 Real estate investment trusts (REITs)	12.4	14.0	14.1	17.4	15.3	14.1	13.7	14.4	15.9	17.4	18.9
52 Issuers of asset-backed securities (ABSs)	278.3	329.4	393.7	458.6	377.5	393.7	404.2r	416.9r	436.4r	458.6	471.0
	All sectors										
53 ***Total credit market debt, domestic and foreign***	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9r**	**15,341.4r**	**15,602.4r**	**15,894.5**	**16,125.0**
54 U.S. government securities	3,911.7	4,335.7	4,795.5	5,208.8	4,677.6	4,795.5	4,891.2	4,970.9	5,084.7	5,208.8	5,339.8
55 Tax-exempt securities	1,062.1	1,131.6	1,197.3	1,257.8	1,186.4	1,197.3	1,210.0	1,225.7	1,241.8	1,257.8	1,270.0
56 Corporate and foreign bonds	1,673.5	1,823.1	1,979.5	2,186.1	1,940.6	1,979.5	2,033.5r	2,076.9r	2,140.5r	2,186.1	2,227.8
57 Mortgages	3,719.7	3,885.5	4,006.7	4,172.6	3,984.5	4,006.7	4,023.3	4,072.9r	4,130.3r	4,172.6	4,211.1
58 Consumer credit	813.0	799.9	809.2	858.3	784.5	809.2	793.7	802.3	821.7	858.3	849.9
59 Bank loans n.e.c.	818.3	791.7	783.7	779.2	780.2	783.7	764.3	773.5	770.1r	779.2	788.1
60 Open market paper	609.9	565.9	579.0	580.0	583.6	579.0	565.4	572.0	568.2	580.0	581.7
61 Other loans	928.4	835.8	851.7	851.8	845.5	851.7	843.7r	847.0r	845.1r	851.8	856.6

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	1992		1993				1994
					Q3	Q4	Q1	Q2	Q3	Q4r	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9r**	**15,341.4r**	**15,602.4r**	**15,894.5**	**16,125.0**
2 Private domestic nonfinancial sectors	2,246.8	2,205.8	2,288.3	2,251.9	2,209.1	2,288.3	2,266.3r	2,227.9r	2,208.2r	2,251.9	2,312.1
3 Households	1,454.6	1,380.0	1,434.2	1,392.7	1,369.4	1,434.2	1,419.8r	1,375.4r	1,358.4r	1,392.7	1,450.7
4 Nonfarm noncorporate business	54.9	50.7	48.3	45.8	48.1	48.3	47.0	46.3	45.6	45.8	44.4
5 Nonfinancial corporate business	175.8	180.1	216.4	228.8	199.5	216.4	208.1r	214.9r	220.9r	228.8	226.6
6 State and local governments	561.5	595.1	589.4	584.6	592.1	589.4	591.5	591.4	583.4	584.6	590.4
7 U.S. government	239.1	247.0	235.0	216.4	239.2	235.0	229.2	223.0r	218.6r	216.4	206.3
8 Foreign	897.5	936.2	1,031.6	1,151.4	1,015.5	1,031.6	1,041.7r	1,065.0r	1,099.6r	1,151.4	1,179.5
9 Financial sectors	10,153.1	10,780.3	11,447.8	12,274.8	11,319.0	11,447.8	11,587.7r	11,825.4r	12,075.9r	12,274.8	12,427.1
10 Government-sponsored enterprises	371.8	397.7	466.7	551.0	446.3	466.7	464.1	496.7	532.0r	551.0	570.5
11 Federally related mortgage pools	1,019.9	1,156.5	1,272.0	1,348.6	1,244.0	1,272.0	1,299.8	1,301.3	1,327.1	1,348.6	1,388.4
12 Monetary authority	241.4	272.5	300.4	336.7	285.2	300.4	303.6	318.2	324.2	336.7	341.5
13 Commercial banking	2,772.5	2,856.8	2,951.6	3,094.8	2,928.2	2,951.6	2,960.9	3,003.2	3,040.2	3,094.8	3,125.8
14 U.S. commercial banks	2,466.7	2,506.0	2,575.7	2,726.2	2,560.0	2,575.7	2,594.6	2,633.8	2,674.7	2,726.2	2,748.3
15 Foreign banking offices	270.8	319.2	335.8	326.0	328.9	335.8	326.7	327.1	322.3	326.0	332.3
16 Bank holding companies	13.4	11.9	17.5	17.4	17.5	17.5	16.4	18.4	18.6	17.4	19.6
17 Banks in U.S. affiliated areas	21.6	19.7	22.5	25.1	21.8	22.5	23.3	23.9	24.5	25.1	25.6
18 Private nonbank finance	5,747.4	6,096.7	6,457.1	6,943.7	6,415.3	6,457.1	6,559.2r	6,706.0r	6,852.5r	6,943.7	7,000.9
19 Thrift institutions	1,324.6	1,197.3	1,140.9	1,127.7	1,144.9	1,140.9	1,130.0	1,129.8	1,134.0r	1,127.7	1,127.5
20 Insurance	2,473.7	2,708.0	2,874.9	3,067.3	2,854.5	2,874.9	2,943.9	2,992.3	3,057.5	3,067.3	3,086.9
21 Life insurance companies	1,116.5	1,199.6	1,282.0	1,391.5	1,264.7	1,282.0	1,317.3	1,349.5	1,378.6	1,391.5	1,426.5
22 Other insurance companies	344.0	376.3	389.0	398.4	386.9	389.0	391.2	393.8	396.0	398.4	403.4
23 Private pension funds	607.4	692.7	719.0	759.2	728.2	719.0	748.5	751.3	774.3	759.2	733.0
24 State and local government retirement funds	405.9	439.4	484.9	518.2	474.6	484.9	486.9	497.7	508.7	518.2	524.0
25 Finance n.e.c.	1,949.1	2,191.5	2,441.2	2,748.7	2,415.9	2,441.2	2,485.3r	2,584.0r	2,661.0r	2,748.7	2,786.5
26 Finance companies	497.0	484.9	486.6	481.3	477.8	486.6	473.7	473.5	472.0	481.3	492.8
27 Mortgage companies	14.6	25.9	26.1	25.7	29.3	26.1	13.5r	29.7r	29.2r	25.7	22.7
28 Mutual funds	360.2	450.5	574.2	738.2	550.2	574.2	611.4	659.9	703.6	738.2	754.3
29 Closed-end funds	37.1	52.4	64.6	76.0	61.3	64.6	66.9	70.1	72.8	76.0	79.1
30 Money market funds	372.7	402.7	404.1	417.0	408.2	404.1	404.5	403.9	400.6	417.0	422.2
31 Real estate investment trusts (REITs)	7.7	6.8	7.4	8.6	7.4	7.4	8.1	8.3	8.6	8.6	8.8
32 Brokers and dealers	177.9	226.9	267.1	324.2	289.6	267.1	287.0	303.6	320.9	324.2	314.7
33 Asset-backed securities issuers (ABSs)	269.1	318.1	379.9	443.5	365.1	379.9	390.2r	402.6r	422.9r	443.5	456.0
34 Bank personal trusts	212.9	223.3	231.2	234.3	226.9	231.2	230.0r	232.2r	230.4r	234.3	235.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**13,536.5**	**14,169.3**	**15,002.7**	**15,894.5**	**14,782.8**	**15,002.7**	**15,124.9r**	**15,341.4r**	**15,602.4r**	**15,894.5**	**16,125.0**
Other liabilities											
36 Official foreign exchange	61.3	55.4	51.8	53.4	55.4	51.8	54.5	53.9	55.6	53.4	56.4
37 Treasury currency and special drawing rights certificates	26.3	26.3	24.5	25.0	26.5	24.5	24.6	24.7	24.8	25.0	25.1
38 Life insurance reserves	380.0	405.7	433.0	483.5	426.4	433.0	446.4	456.2	471.1	483.5	495.9
39 Pension fund reserves	3,400.3	4,056.5	4,357.8	4,774.7	4,250.0	4,357.8	4,494.2r	4,557.5r	4,706.0r	4,774.7	4,685.2
40 Interbank claims	64.0	65.2	113.1	146.3	100.7	113.1	111.1r	118.1r	137.6r	146.3	177.9
41 Deposits at financial institutions	4,836.8	4,885.2	4,892.1	4,977.9	4,909.3	4,892.1	4,887.8	4,929.3r	4,924.2r	4,977.9	4,983.1
42 Checkable deposits and currency	932.8	1,008.5	1,131.0	1,250.5	1,072.0	1,131.0	1,092.2	1,169.1	1,182.6	1,250.5	1,225.0
43 Small time and savings deposits	2,336.3	2,353.0	2,292.2	2,212.4	2,303.7	2,292.2	2,262.0	2,242.2	2,223.0r	2,212.4	2,215.2
44 Large time deposits	537.7	476.9	397.2	381.1	418.4	397.2	398.3	389.9	379.7	381.1	374.2
45 Money market fund shares	498.4	539.6	543.6	559.4	552.9	543.6	556.6	549.8	547.9	559.4	582.2
46 Security repurchase agreements	372.3	355.8	389.4	456.6	417.6	389.4	443.5	448.4	470.9	456.6	470.6
47 Foreign deposits	159.4	151.3	138.8	117.9	144.6	138.8	135.3	129.8r	120.2r	117.9	115.9
48 Mutual fund shares	602.1	813.9	1,042.1	1,429.3	965.6	1,042.1	1,134.6	1,225.8	1,342.4	1,429.3	1,503.1
49 Security credit	137.4	188.9	217.3	279.3	214.5	217.3	225.1	234.7	254.5	279.3	280.2
50 Trade debt	936.4	926.7	978.1	1,032.1	965.1	978.1	976.4r	985.4r	1,007.5r	1,032.1	1,030.4
51 Taxes payable	77.4	68.9	76.8	80.5	74.6	76.8	79.9r	77.9r	79.3r	80.5	83.6
52 Investment in bank personal trusts	509.9	596.7	619.1	643.9	610.9	619.1	622.5r	629.1r	632.8r	643.9	634.4
53 Miscellaneous	2,732.4	2,884.3	3,053.7	3,273.7	3,026.7	3,053.7	3,069.9r	3,160.3r	3,216.1r	3,273.7	3,365.8
54 **Total liabilities**	**27,300.7**	**29,143.0**	**30,862.1**	**33,093.9**	**30,408.2**	**30,862.1**	**31,251.8r**	**31,794.3r**	**32,454.4r**	**33,093.9**	**33,446.2**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	22.0	22.3	19.6	20.1	23.2	19.6	19.8	20.0	20.3	20.1	20.4
56 Corporate equities	3,543.7	4,869.4	5,540.6	6,120.7	4,995.4	5,540.6	5,721.3	5,741.9	6,006.6	6,120.7	5,961.9
57 Household equity in noncorporate business	2,440.6	2,344.6	2,274.5	2,228.3	2,320.3	2,274.5	2,259.8r	2,261.0r	2,252.6r	2,228.3	2,179.3
Floats not included in assets (−)											
58 U.S. government checkable deposits	15.0	3.8	6.8	5.6	4.0	6.8	3.4	3.5	2.2	5.6	.3
59 Other checkable deposits	28.9	30.9	32.5	28.7	23.3	32.5	27.2	29.6	21.7	28.7	21.8
60 Trade credit	−146.0	−144.1	−128.5	−109.2	−149.6	−128.5	−135.7r	−140.4r	−139.1r	−109.2	−114.1
Liabilities not identified as assets (−)											
61 Treasury currency	−4.1	−4.8	−4.9	−5.1	−4.9	−4.9	−5.0	−5.0	−5.1	−5.1	−5.2
62 Interbank claims	−32.0	−4.2	−9.3	−4.7	−5.0	−9.3	−5.6	−5.7	−7.8	−4.7	−7.4
63 Security repurchase agreements	−17.7	−12.5	18.6	88.0	33.1	18.6	72.1r	79.3r	100.5r	88.0	96.7
64 Taxes payable	17.8	15.5	22.4	29.6	18.2	22.4	11.1r	20.1r	19.0r	29.6	21.4
65 Miscellaneous	−213.4	−254.6	−254.9	−377.7	−273.2	−254.9	−309.5r	−301.5r	−342.3r	−377.7	−317.8
66 **Total identified to sectors as assets**	**33,658.6**	**36,749.2**	**39,014.1**	**41,807.8**	**38,101.2**	**39,014.1**	**39,594.7r**	**40,137.4r**	**41,084.7r**	**41,807.8**	**41,912.2**

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	1991	1992	1993	1993				1994				
				Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May
1 **Industrial production**[1]	**104.1**	**106.5**	**110.9**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.7**	**115.9**	**116.1**
Market groupings												
2 Products, total	103.2	105.7	110.2	110.6	111.2	112.1	113.0	113.6	114.2	114.6	114.8	115.0
3 Final, total	105.3	108.0	112.7	113.1	113.8	114.6	115.4	116.2	117.2	117.4	117.6	117.6
4 Consumer goods	102.8	105.7	108.7	108.5	109.2	109.7	110.1	110.9	111.6	111.8	111.8	111.2
5 Equipment	108.9	111.2	118.5	119.8	120.4	121.8	123.1	123.9	125.3	125.5	126.0	126.9
6 Intermediate	96.8	99.0	102.6	103.0	103.5	104.3	105.4	105.7	105.1	105.9	106.4	106.8
7 Materials	105.4	107.7	111.9	112.2	112.8	113.9	115.5	116.0	116.2	117.5	117.4	117.8
Industry groupings												
8 Manufacturing	103.7	106.8	111.7	112.1	112.9	114.0	115.4	115.6	116.1	117.0	117.3	117.6
9 Capacity utilization, manufacturing (percent)[2]	77.8	78.6	80.6	80.4	80.8	81.5	82.3	82.2	82.4	82.8	82.8	82.8
10 Construction contracts[3]	89.7	97.7	100.8[r]	101.0	103.0	105.0	102.0	103.0	107.0	110.0	103.0	108.0
11 Nonagricultural employment, total[4]	106.2	106.4	108.1	108.8[r]	109.0[r]	109.2[r]	109.5[r]	109.6	109.8	110.1	110.5	110.7
12 Goods-producing, total	96.6	94.9	93.1	94.1[r]	94.2[r]	94.4[r]	94.4[r]	94.5	94.5	94.8	95.2	95.2
13 Manufacturing, total	97.1	95.8	93.7	94.4[r]	94.4[r]	94.5[r]	94.4[r]	94.6	94.6	94.6	94.7	94.7
14 Manufacturing, production workers	96.0	94.5	93.7	94.6[r]	94.7[r]	94.8[r]	94.9[r]	95.1	95.3	95.4	95.6	95.6
15 Service-producing	109.4	110.5	112.8	113.5[r]	113.7[r]	114.0[r]	114.3[r]	114.4	114.6	115.0	115.4	115.6
16 Personal income, total	127.6	135.3	141.7	143.1	144.1	145.0	145.9	144.7	147.3	148.1	148.8	n.a.
17 Wages and salary disbursements	124.5	131.5	136.2	138.0	138.8	139.2	139.9	141.2	141.5	142.1	142.7	n.a.
18 Manufacturing	113.7	117.8	117.8	119.1	119.1	119.9	120.7	120.8	121.8	121.9	121.7	n.a.
19 Disposable personal income[5]	128.6	136.8	143.1	144.4	145.4	146.3	147.3	145.5	148.5	149.3	149.0	n.a.
20 Retail sales[6]	121.1	126.9	135.2	136.0	138.7	139.6	141.1	139.3	141.9	144.5	142.9	142.6
Prices[7]												
21 Consumer (1982–84=100)	136.2	140.3	144.5	145.1	145.7	145.8	145.8	146.2	146.7	147.2	147.4	147.5
22 Producer finished goods (1982=100)	121.7	123.2	124.7	123.8	124.6	124.5	124.1	124.5	124.8	125.0	125.0	125.3

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 February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. 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 from U.S. Department of Commerce, *Survey of Current Business*.

7. 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, 5,and 6, and indexes for series mentioned in notes 3 and 7 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	1991	1992	1993	1993[r]			1994				
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	125,303	126,982	128,040	128,580	128,662	128,898	130,667	130,776	130,580	130,747	130,774
Employment											
2 Nonagricultural industries[3]	114,644	114,391	116,232	116,920	117,218	117,565	118,639	118,867	118,611	118,880	119,437
3 Agriculture	3,233	3,207	3,074	3,021	3,114	3,096	3,331	3,391	3,426	3,459	3,435
Unemployment											
4 Number	8,426	9,384	8,734	8,639	8,330	8,237	8,696	8,518	8,543	8,408	7,902
5 Rate (percent of civilian labor force)	6.7	7.4	6.8	6.7	6.5	6.4	6.7	6.5	6.5	6.4	6.0
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**108,256**	**108,519**	**110,171**	**111,112**	**111,366**	**111,610**	**111,711**	**111,919**	**112,298**	**112,656**	**112,847**
7 Manufacturing	18,455	18,192	17,804	17,940	17,944	17,942	17,968	17,970	17,980	17,992	17,990
8 Mining	689	631	599	605	604	618	616	612	609	606	604
9 Contract construction	4,650	4,471	4,571	4,700	4,733	4,738	4,744	4,745	4,806	4,893	4,905
10 Transportation and public utilities	5,762	5,709	5,710	5,798	5,800	5,792	5,793	5,803	5,816	5,758	5,842
11 Trade	25,365	25,391	25,849	25,787	25,819	25,907	25,914	25,968	26,039	26,160	26,197
12 Finance	6,646	6,571	6,605	6,748	6,763	6,769	6,771	6,776	6,781	6,790	6,775
13 Service	28,336	29,053	30,193	30,661	30,816	30,926	31,004	31,129	31,326	31,485	31,565
14 Government	18,402	18,653	18,841	18,873	18,887	18,918	18,901	18,916	18,941	18,972	18,969

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	1993			1994	1993			1994	1993			1994
	Q2	Q3	Q4	Q1[r]	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**110.3**	**111.1**	**112.9**	**115.1**	**135.9**	**136.5**	**137.2**	**138.0**	**81.2**	**81.4**	**82.3**	**83.4**
2 Manufacturing	111.2	111.8	114.1	116.2	138.4	139.2	140.0	140.9	80.3	80.3	81.5	82.5
3 Primary processing[3]	107.0	107.7	109.9	110.7	127.9	128.3	128.6	129.0	83.6	83.9	85.5	85.8
4 Advanced processing[4]	113.2	113.8	116.1	118.9	143.4	144.4	145.4	146.6	78.9	78.8	79.9	81.1
5 Durable goods	113.2	114.2	118.1	121.0	144.5	145.4	146.3	147.6	78.4	78.5	80.7	82.0
6 Lumber and products	98.0	100.8	104.9	103.8	114.8	115.0	115.2	115.4	85.4	87.6	91.1	89.9
7 Primary metals	105.2	106.7	109.6	109.7	123.3	123.0	122.6	122.4	85.3	86.8	89.4	89.6
8 Iron and steel	109.7	112.3	115.6	114.9	127.4	126.9	126.3	126.0	86.1	88.6	91.5	91.2
9 Nonferrous	99.0	98.9	101.4	102.6	117.6	117.6	117.6	117.5	84.1	84.1	86.2	87.3
10 Nonelectrical machinery	141.7	147.2	152.7	158.6	173.1	175.7	178.2	181.7	81.8	83.8	85.7	87.3
11 Electrical machinery	125.9	129.7	132.6	136.3	153.8	155.7	157.7	160.3	81.9	83.2	84.1	85.0
12 Motor vehicles and parts	118.1	112.0	131.7	142.7	153.4	154.8	156.1	157.8	76.9	72.3	84.4	90.5
13 Aerospace and miscellaneous transportation equipment	90.3	87.4	85.2	82.5	133.7	133.2	132.8	132.2	67.6	65.6	64.2	62.4
14 Nondurable goods	108.7	108.9	109.2	110.4	131.0	131.6	132.1	132.7	83.0	82.8	82.6	83.2
15 Textile mill products	108.4	108.0	107.7	108.8	118.8	119.4	119.9	120.5	91.3	90.5	89.8	90.3
16 Paper and products	113.2	111.7	114.2	114.4	124.3	124.8	125.3	125.8	91.1	89.6	91.2	90.9
17 Chemicals and products	117.7	118.6	118.6	120.2	145.1	145.9	146.8	147.7	81.2	81.2	80.8	81.4
18 Plastics materials	112.8	111.5	114.4	117.6	130.1	131.1	132.0	133.0	86.7	85.1	86.6	88.4
19 Petroleum products	104.0	104.0	107.7	104.5	115.8	115.7	115.6	115.4	89.8	89.9	93.2	90.6
20 Mining	97.5	96.8	97.3	98.4	111.4	111.1	110.8	110.6	87.5	87.1	87.8	89.0
21 Utilities	114.1	117.5	115.6	119.9	133.6	134.0	134.3	134.7	85.4	87.8	86.1	89.0
22 Electric	114.8	118.0	114.8	118.2	130.8	131.2	131.7	132.2	87.7	89.9	87.2	89.4

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1993	1993	1994				
	High	Low	High	Low	High	Low	May	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**84.8**	**78.1**	**81.0**	**82.9**	**83.2[r]**	**83.3**	**83.7**	**83.6**	**83.5**
2 Manufacturing	88.9	70.8	87.3	70.0	85.1	76.7	80.2	82.3	82.2	82.4	82.8	82.8	82.8
3 Primary processing[3]	92.2	68.9	89.7	66.8	89.1	78.0	83.5	86.4	85.9[r]	85.3	86.2	86.4	86.6
4 Advanced processing[4]	87.5	72.0	86.3	71.4	83.3	76.0	78.8	80.6	80.7	81.2	81.4	81.3	81.2
5 Durable goods	88.8	68.5	86.9	65.0	83.9	73.8	78.3	81.9	81.9	82.0	82.1	82.2	82.1
6 Lumber and products	90.1	62.2	87.6	60.9	93.3	76.2	85.5	91.3	91.2[r]	89.1	89.4	89.9	90.5
7 Primary metals	100.6	66.2	102.4	46.8	92.9	74.4	85.1	92.2	90.3[r]	87.9	90.7	91.6	92.1
8 Iron and steel	105.8	66.6	110.4	38.3	95.7	72.2	85.6	94.5	91.9[r]	88.5	93.1	94.2	94.7
9 Nonferrous	92.9	61.3	90.5	62.2	88.9	75.8	84.3	88.9	87.9	86.9	87.1	87.9	88.4
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	83.7	71.4	81.8	87.0	86.7[r]	87.4	87.8	88.4	89.4
11 Electrical machinery	87.8	63.8	89.4	71.1	84.9	77.3	81.7	84.8	84.7[r]	84.9	85.6	86.2	86.1
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	84.5	57.3	77.3	88.5	90.5[r]	92.6	88.3	86.6	82.9
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	88.3	78.5	67.9	63.7	63.0[r]	62.0	62.3	62.2	62.2
14 Nondurable goods	87.9	71.8	87.0	76.9	86.8	80.4	82.8	82.9	82.7	83.0	83.8	83.6	83.7
15 Textile mill products	92.0	60.4	91.7	73.8	92.1	78.5	91.5	89.4	89.6[r]	90.2	91.1	92.4	92.1
16 Paper and products	96.9	69.0	94.2	82.0	94.9	86.3	90.2	92.1	90.4[r]	91.3	91.1	90.1	90.2
17 Chemicals and products	87.9	69.9	85.1	70.1	85.9	79.4	81.1	81.2	81.0[r]	81.2	81.9	81.1	81.4
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	75.3	86.2	90.3	87.3	88.2	89.8	...	...
19 Petroleum products	96.7	81.1	89.5	68.2	88.5	84.5	89.5	92.7	90.8[r]	90.6	90.4	93.4	93.6
20 Mining	94.4	88.4	96.6	80.6	87.0	86.8	87.2	87.5	87.6[r]	89.3	89.9	89.6	90.0
21 Utilities	95.6	82.5	88.3	76.2	92.6	83.1	84.1	86.2	90.6[r]	89.0	87.5	87.0	86.6
22 Electric	99.0	82.7	88.3	78.7	94.8	86.3	87.3	87.6	90.2	89.3	88.7	88.3	88.1

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 February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. 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, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978 through 1980; 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	1987 pro-por-tion	1993 avg.	1993 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1994 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**110.9**	**110.0**	**110.4**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.7**	**115.9**	**116.1**
2 Products	59.5	110.2	109.3	109.6	110.4	110.4	110.6	111.2	112.1	113.0	113.6	114.2	114.6	114.8	115.0
3 Final products	44.8	112.7	111.8	112.1	112.8	112.7	113.1	113.8	114.6	115.4	116.2	117.2	117.4	117.6	117.6
4 Consumer goods, total	26.5	108.7	107.8	108.1	108.9	108.6	108.5	109.2	109.7	110.1	110.9	111.6	111.8	111.8	111.2
5 Durable consumer goods	5.8	110.5	109.0	107.2	108.2	107.3	108.7	112.7	115.8	118.2	119.0	120.9	118.2	118.0	115.5
6 Automotive products	2.7	111.6	110.4	106.5	104.3	103.9	106.7	113.8	120.2	124.9	127.7	131.7	125.3	123.7	119.1
7 Autos and trucks	1.7	112.2	110.1	105.0	100.3	99.2	104.1	114.9	124.9	131.5	134.6	141.0	131.1	128.6	121.2
8 Autos, consumer	1.1	86.1	86.5	83.5	78.2	71.8	75.4	85.2	95.4	98.8	102.0	106.7	101.0	98.3	92.3
9 Trucks, consumer	.6	157.3	150.9	142.3	138.6	146.7	153.9	166.4	176.0	188.0	191.0	200.4	183.3	181.2	171.3
10 Auto parts and allied goods	1.0	110.6	110.8	109.1	111.0	111.8	111.1	111.9	112.3	113.9	116.3	116.2	115.4	115.4	115.6
11 Other	3.1	109.5	107.8	107.7	111.6	110.2	110.4	111.8	112.0	112.2	111.3	111.5	112.1	113.0	112.3
12 Appliances, A/C, and TV	.8	122.9	116.6	115.5	130.6	124.9	126.4	130.4	130.7	130.5	123.7	123.4	125.7	128.0	124.5
13 Carpeting and furniture	.9	102.2	101.6	103.3	103.8	103.2	102.4	104.1	102.5	102.8	104.0	105.5	104.5	105.9	107.0
14 Miscellaneous home goods	1.4	106.7	106.7	106.1	105.8	106.4	106.4	106.3	107.5	108.0	109.1	108.6	109.3	109.2	108.9
15 Nondurable consumer goods	20.7	108.2	107.4	108.3	109.1	109.0	108.4	108.2	107.9	107.9	108.6	109.0	110.0	110.0	110.0
16 Foods and tobacco	9.1	106.1	105.9	106.2	107.0	107.0	105.9	105.9	105.2	105.8	106.1	106.9	108.7	108.8	108.8
17 Clothing	2.6	94.9	95.8	96.0	95.2	94.3	93.3	93.3	94.3	95.1	93.8	94.4	95.7	96.4	96.5
18 Chemical products	3.6	122.5	122.2	123.0	123.9	123.7	124.1	122.6	122.3	122.0	121.6	123.3	125.3	123.5	123.7
19 Paper products	2.6	103.2	103.7	104.7	103.7	103.1	103.2	104.0	103.3	102.6	102.6	102.3	102.5	103.4	103.8
20 Energy	2.7	113.7	107.6	111.1	114.8	115.8	115.3	114.6	115.2	113.1	119.7	117.1	114.5	115.0	114.7
21 Fuels	.8	106.6	104.9	104.7	104.0	103.8	108.0	111.3	110.6	108.6	105.1	104.3	105.3	107.8	108.1
22 Residential utilities	2.0	116.5	108.6	113.6	119.0	120.4	118.2	115.9	117.0	114.9	125.4	122.1	118.1	117.8	117.3
23 Equipment	18.3	118.5	117.7	118.0	118.5	118.6	119.8	120.4	121.8	123.1	123.9	125.3	125.5	126.0	126.9
24 Business equipment	13.2	134.6	133.5	133.9	134.6	134.8	136.3	137.7	139.7	141.8	142.9	145.0	145.3	146.1	147.4
25 Information processing and related	5.5	155.8	153.5	155.6	158.1	158.2	160.6	162.0	164.5	167.2	170.1	173.5	175.0	176.2	180.3
26 Office and computing	1.9	223.1	215.6	221.4	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	271.2	276.6	285.3
27 Industrial	3.9	112.2	111.8	112.4	113.6	113.3	113.2	112.5	113.0	114.8	114.0	114.6	116.2	117.4	118.0
28 Transit	2.0	136.7	138.2	133.0	127.5	126.2	129.8	136.1	141.5	142.8	145.2	147.5	141.2	139.7	135.2
29 Autos and trucks	1.0	134.5	133.1	127.2	118.9	119.6	126.5	139.6	150.5	154.9	161.0	166.7	156.1	153.7	145.9
30 Other	1.8	115.6	113.2	114.8	116.2	119.1	119.1	119.4	119.3	120.8	119.4	120.7	121.5	122.4	123.5
31 Defense and space equipment	4.4	74.8	75.6	74.9	74.6	74.0	73.7	72.7	72.5	71.5	71.0	69.9	69.9	69.8	69.6
32 Oil and gas well drilling	.6	82.5	78.2	81.2	83.5	87.0	89.7	86.5	82.9	82.3	82.4	87.4	88.6	89.6	89.1
33 Manufactured homes	.2	118.9	110.7	111.6	115.8	115.5	120.7	123.4	130.4	141.1	145.3	139.7	143.6	136.2	...
34 Intermediate products, total	14.7	102.6	101.7	101.8	102.9	103.3	103.0	103.5	104.3	105.4	105.7	105.1	105.9	106.4	106.8
35 Construction supplies	5.9	96.8	95.9	95.3	96.4	97.3	97.8	98.6	99.5	101.3	100.5	98.9	100.1	101.8	102.8
36 Business supplies	8.8	106.5	105.5	106.1	107.3	107.2	106.4	106.7	107.5	108.1	109.2	109.3	109.7	109.5	109.4
37 Materials	40.5	111.9	111.1	111.7	111.7	112.1	112.2	112.8	113.9	115.5	116.0	116.2	117.5	117.4	117.8
38 Durable goods materials	20.5	115.5	114.4	114.5	115.1	115.6	116.5	117.5	119.1	121.5	122.2	121.9	123.8	124.3	124.6
39 Durable consumer parts	4.1	113.9	111.7	111.0	110.3	111.4	112.6	116.0	120.4	125.7	126.7	126.0	127.1	126.0	124.9
40 Equipment parts	7.4	123.4	122.4	123.0	123.8	124.7	126.0	127.0	127.5	128.6	130.7	131.6	133.6	135.1	136.2
41 Other	9.0	109.7	109.1	109.0	110.1	109.9	110.4	110.3	111.6	113.6	113.2	112.0	114.3	114.6	115.0
42 Basic metal materials	3.1	112.5	112.1	112.0	112.0	111.2	111.7	112.9	114.7	117.6	116.2	113.1	115.1	116.7	117.2
43 Nondurable goods materials	9.0	113.8	113.7	114.3	113.7	114.6	113.6	114.1	115.3	116.6	115.4	116.2	117.6	117.1	118.0
44 Textile materials	1.2	104.2	104.7	104.9	105.5	106.1	103.1	104.0	103.7	102.1	103.2	104.4	106.2	107.1	107.0
45 Pulp and paper materials	2.0	113.7	114.2	115.7	112.4	111.5	112.7	113.2	115.2	115.2	114.0	116.1	117.6	115.5	116.5
46 Chemical materials	3.8	116.9	116.7	117.3	116.9	118.6	117.1	117.2	119.1	119.9	119.7	120.4	121.5	121.5	123.0
47 Other	2.0	113.8	112.8	112.6	113.8	114.9	114.1	115.1	114.9	120.2	115.6	115.1	116.7	116.2	116.6
48 Energy materials	11.0	103.7	102.9	104.4	103.6	103.7	103.1	103.0	103.1	103.2	104.8	105.6	105.4	104.7	104.8
49 Primary energy	7.3	99.1	101.0	100.7	98.0	98.0	98.4	98.2	97.6	97.5	97.3	100.2	101.1	100.4	100.5
50 Converted fuel materials	3.7	112.7	106.6	111.9	114.4	114.9	112.3	112.6	113.8	114.5	119.6	116.1	113.8	113.2	113.2
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	110.6	109.8	110.3	111.0	111.2	111.2	111.5	112.2	113.2	113.7	114.0	115.0	115.2	115.7
52 Total excluding motor vehicles and parts	95.2	110.4	109.6	110.2	110.9	111.1	111.1	111.3	111.8	112.7	113.2	113.4	114.5	114.8	115.3
53 Total excluding office and computing machines	97.7	108.2	107.5	107.8	108.1	108.2	108.3	108.8	109.6	110.6	111.1	111.3	112.0	112.0	112.1
54 Consumer goods excluding autos and trucks	24.8	108.5	107.6	108.3	109.5	109.3	108.8	108.8	108.6	108.7	109.3	109.6	110.5	110.6	110.5
55 Consumer goods excluding energy	23.8	108.2	107.8	107.7	108.2	107.8	107.7	108.6	109.0	109.8	109.9	111.0	111.5	111.4	110.8
56 Business equipment excluding autos and trucks	12.8	134.6	133.5	134.5	136.0	136.1	137.2	137.5	138.7	140.6	141.3	143.2	144.4	145.4	147.6
57 Business equipment excluding office and computing equipment	11.3	119.7	119.6	119.2	119.2	118.7	119.8	120.2	121.3	122.5	123.0	124.1	124.1	124.1	124.3
58 Materials excluding energy	29.5	115.0	114.2	114.4	114.7	115.3	115.6	116.5	118.0	120.0	120.1	120.1	121.9	122.1	122.6

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

Group	SIC code[2]	1987 proportion	1993 avg.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.[r]	1994 Feb.[r]	1994 Mar.[r]	1994 Apr.[r]	1994 May[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**110.9**	**110.0**	**110.4**	**110.9**	**111.1**	**111.3**	**111.9**	**112.8**	**114.0**	**114.6**	**115.0**	**115.7**	**115.9**	**116.1**
60 Manufacturing	...	84.3	111.7	111.1	111.2	111.6	111.8	112.1	112.9	114.0	115.4	115.6	116.1	117.0	117.3	117.6
61 Primary processing	...	27.1	107.6	106.9	107.3	107.4	107.9	107.7	108.5	109.9	111.3	110.7	110.0	111.3	111.7	112.1
62 Advanced processing	...	57.1	113.7	113.1	113.0	113.6	113.6	114.2	115.0	116.0	117.4	117.9	119.0	119.7	120.0	120.1
63 Durable goods	...	46.5	114.3	113.2	113.0	113.7	113.9	115.0	116.2	118.0	120.1	120.4	120.9	121.6	122.1	122.3
64 Lumber and products	24	2.1	100.6	98.2	97.6	99.6	100.9	101.8	104.6	104.9	105.2	105.2	102.8	103.3	104.0	104.7
65 Furniture and fixtures	25	1.5	103.3	101.5	102.7	103.5	105.2	105.2	104.8	104.2	106.3	105.4	107.4	107.9	107.1	108.3
66 Clay, glass, and stone products	32	2.4	98.7	97.9	98.2	98.8	98.4	99.9	99.7	100.5	104.6	101.1	100.0	102.2	101.2	101.9
67 Primary metals	33	3.3	106.5	105.0	105.6	105.6	107.2	107.3	106.1	109.8	113.0	110.5	107.6	111.0	112.2	112.8
68 Iron and steel	331,2	1.9	111.6	109.1	111.1	111.9	112.8	112.4	113.3	114.4	119.1	115.8	111.5	117.3	118.6	119.3
69 Raw steel	...	.1	105.7	105.5	106.6	106.9	106.3	105.9	107.2	106.2	110.9	102.0	105.8	106.0	105.3	...
70 Nonferrous	333–6,9	1.4	99.5	99.2	98.1	97.0	99.4	100.3	96.2	103.5	104.5	103.3	102.1	102.4	103.3	103.9
71 Fabricated metal products	34	5.4	99.5	98.5	98.3	99.6	99.6	99.6	100.7	102.1	102.6	103.9	103.0	103.9	104.4	104.3
72 Industrial and commercial machinery and computer equipment	35	8.5	144.1	141.6	143.3	146.1	147.1	148.4	150.3	152.0	155.7	156.3	158.8	160.8	163.3	166.5
73 Office and computing machines	357	2.3	223.1	215.6	221.4	226.5	230.6	234.8	241.8	248.6	256.1	261.5	269.5	271.2	276.6	285.3
74 Electrical machinery	36	6.9	127.5	125.7	126.4	128.6	129.5	130.9	131.4	132.1	134.3	134.8	136.1	138.0	139.9	140.6
75 Transportation equipment	37	9.9	104.2	104.2	101.2	98.9	98.5	100.4	104.2	108.3	110.7	111.9	113.0	110.1	109.0	106.3
76 Motor vehicles and parts	371	4.8	120.7	118.5	114.7	110.2	110.6	115.1	124.1	132.4	138.5	142.1	146.1	139.9	137.8	132.4
77 Autos and light trucks	...	2.5	118.4	116.4	111.2	106.0	104.0	109.2	120.8	131.7	138.4	141.8	148.5	138.4	135.7	127.8
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	88.7	90.7	88.6	88.3	87.2	86.7	85.5	85.7	84.5	83.4	82.0	82.2	81.9	81.8
79 Instruments	38	5.1	104.0	104.6	104.4	104.8	103.2	104.0	102.7	102.4	102.3	103.7	104.1	104.5	103.7	103.8
80 Miscellaneous	39	1.3	109.3	109.4	108.5	108.8	108.8	110.3	109.6	110.1	110.3	110.7	109.9	110.9	111.7	111.4
81 Nondurable goods	...	37.8	108.7	108.5	108.9	109.1	109.2	108.5	108.8	109.1	109.7	109.6	110.1	111.5	111.4	111.7
82 Foods	20	8.8	108.6	107.9	108.8	108.8	109.6	109.0	109.0	108.4	109.0	109.2	110.1	112.0	112.0	111.8
83 Tobacco products	21	1.0	91.0	94.1	89.4	97.3	90.3	85.4	86.4	83.3	84.3	88.2	86.7	88.5	89.5	90.8
84 Textile mill products	22	1.8	107.8	108.7	109.3	108.5	108.8	106.6	107.7	108.0	107.4	107.8	108.7	110.0	111.7	111.5
85 Apparel products	23	2.3	93.1	93.5	93.6	93.6	93.2	92.1	92.1	92.6	93.1	92.4	92.9	94.2	94.6	94.9
86 Paper and products	26	3.6	112.3	112.1	114.1	111.7	112.1	111.4	112.7	114.5	115.5	113.5	114.9	114.8	113.6	113.9
87 Printing and publishing	27	6.5	101.3	101.1	101.3	101.6	100.9	101.1	101.6	101.7	101.9	101.7	102.3	103.3	103.1	103.6
88 Chemicals and products	28	8.8	117.8	117.6	118.3	118.6	118.8	118.3	117.8	118.8	119.3	119.3	119.9	121.3	120.3	121.1
89 Petroleum products	29	1.3	104.9	103.7	104.2	103.2	103.5	105.3	108.2	107.8	107.1	104.8	104.5	104.3	107.7	108.0
90 Rubber and plastic products	30	3.2	115.9	115.4	115.1	116.9	117.5	116.7	116.5	117.8	119.3	120.3	119.7	122.5	122.6	123.2
91 Leather and products	31	.3	85.0	85.6	84.7	83.8	83.6	83.5	83.9	83.5	85.1	84.8	83.1	85.1	85.5	84.1
92 Mining	...	8.0	97.3	97.1	97.9	96.4	96.6	97.4	98.0	96.9	96.9	97.0	98.8	99.5	99.1	99.5
93 Metal	10	.3	167.6	171.2	169.7	170.4	152.9	159.4	175.8	168.5	177.3	177.8	167.4	166.6	167.0	168.8
94 Coal	12	1.2	103.8	102.9	106.9	100.9	98.5	104.4	104.4	101.1	104.7	104.0	114.4	120.4	119.8	116.1
95 Oil and gas extraction	13	5.8	92.2	92.1	92.6	91.6	93.3	92.6	92.6	91.8	90.9	91.0	91.8	91.5	90.9	92.0
96 Stone and earth minerals	14	.7	93.8	93.4	91.3	92.7	94.1	94.5	94.1	98.2	93.9	94.9	97.1	96.3	98.0	99.6
97 Utilities	...	7.7	116.2	112.4	115.4	118.0	118.4	116.2	114.9	116.1	115.8	121.9	119.8	118.0	117.4	117.1
98 Electric	491,3PT	6.1	115.9	114.2	115.5	118.8	119.5	115.8	113.7	115.2	115.5	119.1	118.1	117.4	117.1	116.9
99 Gas	492,3PT	1.6	117.2	105.7	115.1	115.0	114.4	118.0	119.1	119.4	117.0	132.6	126.4	120.1	118.7	117.7
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	111.2	110.6	110.9	111.7	111.8	111.9	112.2	112.9	114.0	114.0	114.3	115.6	116.0	116.7
101 Manufacturing excluding office and computing machines	...	81.9	108.6	108.1	108.0	108.3	108.4	108.6	109.2	110.2	111.4	111.4	111.7	112.6	112.7	112.8
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	**1,707.0**	**1,886.9**	**1,868.0**	**1,871.8**	**1,878.8**	**1,878.2**	**1,886.3**	**1,908.8**	**1,928.2**	**1,943.9**	**1,955.4**	**1,964.1**	**1,961.4**	**1,970.6**	**1,964.5**
103 Final	...	1,314.6	1,480.7	1,466.1	1,468.2	1,471.4	1,470.0	1,479.5	1,498.9	1,514.9	1,525.7	1,535.0	1,547.9	1,543.1	1,548.2	1,541.2
104 Consumer goods	...	866.6	944.1	933.6	936.1	939.2	937.3	940.2	953.1	960.2	963.7	968.7	974.0	971.8	975.1	967.3
105 Equipment	...	448.0	536.7	532.5	532.1	532.2	532.7	539.2	545.7	554.7	561.9	566.3	573.9	571.3	573.1	573.9
106 Intermediate	...	392.5	406.1	401.9	403.7	407.4	408.2	406.9	410.0	413.3	418.2	420.4	416.2	418.3	422.4	423.3

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 February 1994. See "Industrial Production and Capacity Utilization since 1990: A Revision," *Federal Reserve Bulletin*, vol. 80 (March 1994), pp. 220–26. 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	1991	1992	1993	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.[r]	1994 Feb.[r]	1994 Mar.	1994 Apr.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	949	1,095	1,199[r]	1,169[r]	1,234[r]	1,265[r]	1,298[r]	1,363[r]	1,474[r]	1,312	1,252	1,313	1,380
2 One-family	754	911	986[r]	973[r]	1,004[r]	1,036[r]	1,078[r]	1,132[r]	1,181[r]	1,071	1,054	1,068	1,069
3 Two-or-more-family	195	184	213[r]	196[r]	230[r]	229[r]	220[r]	231[r]	293[r]	241	198	245	311
4 Started	1,014	1,200	1,288	1,245	1,319	1,359	1,409	1,406	1,612	1,271	1,328	1,519	1,472
5 One-family	840	1,030	1,126	1,076	1,178	1,160	1,231	1,248	1,383	1,125	1,121	1,271	1,208
6 Two-or-more-family	174	169	162	169	141	199	178	158	229	146	207	248	264
7 Under construction at end of period[1]	606	612	680	658	662	678	686	699	713	716	720	734	743
8 One-family	434	473	543	526	534	544	551	564	574	577	578	587	588
9 Two-or-more-family	173	140	137	132	128	134	135	135	139	139	142	147	155
10 Completed	1,091	1,158	1,193	1,097	1,248	1,172	1,248	1,248	1,289	1,216	1,334	1,263	1,359
11 One-family	838	964	1,040	955	1,068	1,041	1,081	1,107	1,139	1,075	1,185	1,106	1,200
12 Two-or-more-family	253	194	153	142	180	131	167	141	150	141	149	157	159
13 Mobile homes shipped	171	210	254	246	247	254	260	283	308	316	301	308	290
Merchant builder activity in one-family units													
14 Number sold	507	610	666	647	645	738	723	766	817[r]	642	689	733	683
15 Number for sale at end of period[1]	284	266	294[r]	277	286	288	291	294	294[r]	296	299	300	302
Price of units sold (thousands of dollars)[2]													
16 Median	120.0	121.3	126.1	123.9	126.6	129.4	125.0	130.0	125.0	126.0	129.5	132.0	129.0
17 Average	147.0	144.9	147.6	143.4	150.6	150.1	146.9	152.5	146.4[r]	153.4	150.4	154.1	153.9
EXISTING UNITS (one-family)													
18 Number sold	3,219	3,520	3,800	3,850	3,860	3,990	4,030	4,120	4,350	4,250	3,840	4,070	4,120
Price of units sold (thousands of dollars)[2]													
19 Median	99.7	103.6	106.5	108.4	108.8	107.2	106.6	107.1	107.4	107.9	107.2	107.6	108.9
20 Average	127.4	130.8	133.1	135.8	135.4	133.6	133.0	133.1	133.7	134.6	133.3	134.4	135.5
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**403,439**	**436,043**	**470,118**	**466,593**	**468,547**	**477,125**	**488,661**	**497,875**	**508,720**	**496,907**	**496,122**	**505,363**	**508,531**
22 Private	293,536	317,256	342,953	337,909	341,351	345,572	354,506	364,512	371,444	366,146	365,707	376,228	382,676
23 Residential	157,837	187,820	208,092	204,631	206,594	209,520	215,934	222,797	229,245	230,190	234,055	238,471	241,174
24 Nonresidential	135,699	129,436	134,861	133,278	134,757	136,052	138,572	141,715	142,199	135,956	131,652	137,757	141,502
25 Industrial buildings	22,281	20,720	20,654	19,799	20,126	21,346	21,251	22,194	21,767	21,265	20,613	20,557	21,997
26 Commercial buildings	48,482	41,523	43,145	41,524	42,342	42,225	44,224	45,967	48,160	45,407	41,990	46,928	46,445
27 Other buildings	20,797	21,494	23,405	23,817	25,047	24,487	24,609	23,998	24,140	22,936	22,513	23,740	24,534
28 Public utilities and other	44,139	45,699	47,657	48,138	47,242	47,994	48,488	49,556	48,132	46,348	46,536	46,532	48,526
29 Public	109,900	118,784	127,166	128,684	127,196	131,553	134,155	133,362	137,276	130,761	130,414	129,136	125,855
30 Military	1,837	2,502	2,448	2,493	2,583	2,492	2,315	2,237	2,310	2,759	2,448	2,253	2,215
31 Highway	32,026	34,929	37,299	37,376	35,148	39,147	40,644	41,341	40,857	40,966	38,515	39,810	38,787
32 Conservation and development	4,861	5,918	5,937	5,661	5,620	6,307	5,951	5,249	5,311	5,681	6,812	4,983	5,164
33 Other	71,176	75,435	81,482	83,154	83,845	83,607	85,245	84,535	88,798	81,355	82,639	82,090	79,689

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.

SOURCE. 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, May 1994[1]
	1993 May	1994 May	1993			1994	1994[1]					
			June	Sept.[r]	Dec.[r]	Mar.[r]	Jan.	Feb.	Mar.	Apr.	May	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.2**	**2.3**	**2.5**	**2.0**	**3.3**	**2.5**	**.0**	**.3**	**.3**	**.1**	**.2**	**147.5**
2 Food	2.7	1.7	2.3	2.6	4.9	−1.1	−.1	−.3	.1	.1	.3	143.5
3 Energy items	2.0	−1.4	−3.8	−4.2	1.2	4.7	−.8	1.6	.4	−.4	−1.0	102.9
4 All items less food and energy	3.4	2.8	3.2	2.1	3.4	2.9	.1	.3	.3	.2	.3	156.0
5 Commodities	2.3	1.3	.9	.0	2.4	.6	.0	−.1	.3	.1	.4	137.5
6 Services	4.0	3.5	4.1	3.5	3.7	4.2	.2	.4	.4	.2	.2	166.6
PRODUCER PRICES (1982=100)												
7 Finished goods	2.1	−.4	.0	−2.5	−.3	3.9	.3[r]	.4[r]	.2	−.1	−.1	125.3
8 *Consumer foods*	3.1	−.3	1.3	3.2	5.2	−.9	−.4[r]	−.3[r]	.5	−.5	−.9	126.5
9 Consumer energy	2.3	−4.3	−5.4	−7.4	−15.6	16.6	1.1[r]	2.8	.0	−.1	−1.0	76.2
10 Other consumer goods	1.8	−.7	.6	−6.4	1.5	2.3	.4[r]	.0[r]	.1	−.1	.4	139.0
11 Capital equipment	1.7	2.4	.6	2.2	.3	4.6	.7[r]	.2[r]	.3	.4	.4	134.4
Intermediate materials												
12 Excluding foods and feeds	1.6	.7	.3	−1.0	−.3	2.8	.1[r]	.4	.2	.0	.2	117.3
13 Excluding energy	1.6	1.5	.0	1.0	1.6	1.6	.2	.0	.2	.2	.3	125.7
Crude materials												
14 Foods	3.5	−2.0	−3.0	13.1	18.4	−4.8	−.9	.6[r]	−1.0	−1.1	−3.4	110.0
15 Energy	5.0	−9.3	17.5	−28.1	−22.1	18.9	4.1[r]	−8.2[r]	9.3	−.1	1.0	73.7
16 Other	9.6	6.6	11.2	−4.5	15.4	23.4	2.7[r]	1.7[r]	.9	−.3	−1.1	151.6

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	1991	1992	1993	1993				1994
				Q1	Q2	Q3	Q4[r]	Q1
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,722.9**	**6,038.5**	**6,377.9**	**6,261.6**	**6,327.6**	**6,395.9**	**6,526.5**	**6,617.6**
By source								
2 Personal consumption expenditures	3,906.4	4,139.9	4,391.8	4,296.2	4,359.9	4,419.1	4,492.0	4,558.0
3 Durable goods	457.8	497.3	537.9	515.3	531.6	541.9	562.8	578.0
4 Nondurable goods	1,257.9	1,300.9	1,350.0	1,335.3	1,344.8	1,352.4	1,367.5	1,382.1
5 Services	2,190.7	2,341.6	2,503.9	2,445.5	2,483.4	2,524.8	2,561.8	2,597.9
6 Gross private domestic investment	736.9	796.5	891.7	874.1	874.1	884.0	934.5	966.7
7 Fixed investment	745.5	789.1	876.1	839.5	861.0	876.3	927.6	946.6
8 Nonresidential	555.9	565.5	623.7	594.7	619.1	624.9	656.0	666.6
9 Structures	182.6	172.6	178.7	172.4	177.6	179.1	185.8	176.9
10 Producers' durable equipment	373.3	392.9	445.0	422.2	441.6	445.8	470.2	489.7
11 Residential structures	189.6	223.6	252.4	244.9	241.9	251.3	271.6	280.0
12 Change in business inventories	−8.6	7.3	15.6	34.6	13.1	7.7	6.9	20.1
13 Nonfarm	−8.6	2.3	21.1	33.0	16.8	22.6	12.0	21.7
14 Net exports of goods and services	−19.6	−29.6	−63.6	−48.3	−65.1	−71.9	−69.1	−79.7
15 Exports	601.5	640.5	661.7	651.3	660.0	653.2	682.4	681.6
16 Imports	621.1	670.1	725.3	699.6	725.0	725.1	751.5	761.3
17 Government purchases of goods and services	1,099.3	1,131.8	1,158.1	1,139.7	1,158.6	1,164.8	1,169.1	1,172.6
18 Federal	445.9	448.8	443.4	442.7	447.5	443.6	440.0	441.8
19 State and local	653.4	683.0	714.6	697.0	711.1	721.2	729.2	730.8
By major type of product								
20 Final sales, total	5,731.6	6,031.2	6,362.3	6,227.1	6,314.5	6,388.2	6,519.6	6,597.5
21 Goods	2,227.0	2,305.5	2,406.4	2,362.9	2,395.0	2,401.7	2,465.8	2,501.6
22 Durable	934.3	975.8	1,037.0	1,003.5	1,037.8	1,032.9	1,073.7	1,097.4
23 Nondurable	1,292.8	1,329.6	1,369.3	1,359.3	1,357.1	1,368.8	1,392.1	1,404.2
24 Services	3,032.7	3,221.1	3,410.5	3,341.8	3,388.1	3,437.8	3,474.3	3,524.7
25 Structures	471.9	504.7	545.5	522.4	531.5	548.7	579.5	571.2
26 Change in business inventories	−8.6	7.3	15.6	34.6	13.1	7.7	6.9	20.1
27 Durable goods	−12.9	2.1	10.9	15.0	2.7	14.8	11.0	21.7
28 Nondurable goods	4.3	5.3	4.7	19.5	10.4	−7.2	−4.1	−1.6
MEMO								
29 **Total GDP in 1987 dollars**	**4,861.4**	**4,986.3**	**5,136.0**	**5,078.2**	**5,102.1**	**5,138.3**	**5,225.6**	**5,264.1**
NATIONAL INCOME								
30 **Total**	**4,598.3**	**4,836.6**	**5,140.3**[r]	**5,038.9**	**5,104.0**	**5,143.2**	**5,275.0**[r]	**5,309.8**
31 Compensation of employees	3,402.4	3,582.0	3,772.2	3,705.1	3,750.6	3,793.9	3,839.2	3,908.5
32 Wages and salaries	2,814.9	2,953.1	3,100.5	3,054.3	3,082.7	3,115.4	3,149.6	3,201.9
33 Government and government enterprises	545.3	567.5	589.7	584.1	586.3	592.8	595.4	603.0
34 Other	2,269.6	2,385.6	2,510.8	2,470.2	2,496.3	2,522.6	2,554.2	2,598.9
35 Supplement to wages and salaries	587.5	629.0	671.7	650.7	668.0	678.5	689.6	706.6
36 Employer contributions for social insurance	290.6	306.3	321.0	312.2	321.4	323.8	326.7	334.7
37 Other labor income	296.9	322.7	350.7	338.5	346.6	354.7	362.9	371.9
38 Proprietors' income[1]	376.4	414.3	443.2	444.1	439.4	422.5	467.0	474.6
39 Business and professional[1]	339.5	370.6	397.3	388.4	392.4	397.6	410.6	416.6
40 Farm[1]	36.8	43.7	46.0	55.7	47.0	24.8	56.4	57.9
41 Rental income of persons[2]	−12.8	−8.9	12.6	7.5	12.7	13.7	16.4	2.5
42 Corporate profits[1]	369.5	407.2	466.6[r]	432.1	458.1	468.5	507.9[r]	474.4
43 Profits before tax[3]	362.3	395.4	449.4[r]	419.8	445.6	443.8	488.4[r]	470.3
44 Inventory valuation adjustment	4.9	−5.3	−7.1	−12.7	−12.2	1.0	−4.3	−16.0
45 Capital consumption adjustment	2.2	17.1	24.3	25.1	24.7	23.8	23.9	20.1
46 Net interest	462.8	442.0	445.6	450.1	443.2	444.6	444.5	449.7

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	1991	1992	1993	1993 Q1	1993 Q2	1993 Q3	1993 Q4	1994 Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,850.9**	**5,144.9**	**5,388.3**	**5,254.7**	**5,373.2**	**5,412.7**	**5,512.7**	**5,576.8**
2 Wage and salary disbursements	2,815.0	2,973.1	3,080.5	2,974.3	3,082.7	3,115.4	3,149.6	3,201.9
3 Commodity-producing industries	738.1	756.5	763.6	740.7	765.1	769.4	779.3	789.6
4 Manufacturing	557.2	577.6	577.3	559.7	580.3	581.5	587.8	595.6
5 Distributive industries	648.0	682.0	706.6	682.9	709.1	714.4	720.1	733.4
6 Service industries	883.5	967.0	1,020.6	966.6	1,022.2	1,038.8	1,054.7	1,075.9
7 Government and government enterprises	545.4	567.5	589.7	584.1	586.3	592.8	595.4	603.0
8 Other labor income	296.9	322.7	350.7	338.5	346.6	354.7	362.9	371.9
9 Proprietors' income[1]	376.4	414.3	443.2	444.1	439.4	422.5	467.0	474.6
10 Business and professional[1]	339.5	370.6	397.3	388.4	392.4	397.6	410.6	416.6
11 Farm[1]	36.8	43.7	46.0	55.7	47.0	24.8	56.4	57.9
12 Rental income of persons[2]	−12.8	−8.9	12.6	7.5	12.7	13.7	16.4	2.5
13 Dividends	127.9	140.4	158.3	157.0	157.8	159.0	159.4	160.7
14 Personal interest income	715.6	694.3	695.2	695.4	693.1	695.7	696.7	700.2
15 Transfer payments	769.9	858.4	912.1	894.4	905.5	918.5	929.8	944.3
16 Old-age survivors, disability, and health insurance benefits	382.3	413.9	438.4	433.1	435.0	439.4	446.1	457.8
17 LESS: Personal contributions for social insurance	237.8	249.3	264.3	256.6	264.5	266.8	269.2	279.3
18 EQUALS: Personal income	4,850.9	5,144.9	5,388.3	5,254.7	5,373.2	5,412.7	5,512.7	5,576.8
19 LESS: Personal tax and nontax payments	620.4	644.8	681.6	657.1	681.0	689.0	699.2	715.8
20 EQUALS: Disposable personal income	4,230.5	4,500.2	4,706.7	4,597.5	4,692.2	4,723.7	4,813.5	4,860.9
21 LESS: Personal outlays	4,029.0	4,261.5	4,516.8	4,419.7	4,483.6	4,544.0	4,620.1	4,689.2
22 EQUALS: Personal saving	201.5	238.7	189.9	177.9	208.7	179.7	193.4	171.8
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,237.9	19,518.0	19,887.4	19,744.4	19,785.4	19,868.8	20,150.1	20,250.4
24 Personal consumption expenditures	12,895.2	13,080.9	13,371.3	13,234.2	13,311.6	13,416.2	13,522.7	13,642.2
25 Disposable personal income	13,965.0	14,219.0	14,330.0	14,163.0	14,326.0	14,341.0	14,491.0	14,549.0
26 Saving rate (percent)	4.8	5.3	4.0	3.9	4.4	3.8	4.0	3.5
GROSS SAVING								
27 **Gross saving**	**733.7**	**717.8**	**780.2r**	**762.0**	**766.7**	**774.3**	**817.8r**	**858.4**
28 Gross private saving	929.9	986.9	1,004.8r	1,024.8	988.3	988.7	1,017.5r	1,024.9
29 Personal saving	201.5	238.7	189.9	177.9	208.7	179.7	193.4	171.8
30 Undistributed corporate profits[1]	102.3	110.4	123.6r	103.7	116.3	129.3	145.1r	117.3
31 Corporate inventory valuation adjustment	4.9	−5.3	−7.1	−12.7	−12.2	1.0	−4.3	−16.0
Capital consumption allowances								
32 Corporate	383.2	396.6	408.8	402.2	405.2	414.0	413.9	433.3
33 Noncorporate	242.8	261.3	262.5	261.0	258.1	265.7	265.1	302.5
34 Government surplus, or deficit (−), national income and product accounts	−196.2	−269.1	−224.6r	−262.8	−221.5	−214.4	−199.7r	−166.5
35 Federal	−203.4	−276.3	−226.4r	−263.5	−222.6	−212.7	−207.0r	−164.7
36 State and local	7.3	7.2	1.8r	.8	1.1	−1.7	7.2r	−1.8
37 **Gross investment**	**743.3**	**741.4**	**795.4**	**796.5**	**778.7**	**787.6**	**819.0**	**853.7**
38 Gross private domestic	736.9	796.5	891.7	874.1	874.1	884.0	934.5	966.7
39 Net foreign	6.4	−55.1	−96.2	−77.6	−95.4	−96.4	−115.5	−113.0
40 **Statistical discrepancy**	**9.6**	**23.6**	**15.2r**	**34.4**	**12.0**	**13.3**	**1.2r**	**−4.7**

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[r]	1992[r]	1993[r]	1993[r]				1994
				Q1	Q2	Q3	Q4	Q1[p]
1 Balance on current account	−6,952	−67,886	−103,896	−19,850	−25,602	−27,856	−30,587	−31,901
2 Merchandise trade balance[2]	−74,068	−96,097	−132,575	−29,191	−33,727	−36,488	−33,169	−36,965
3 Merchandise exports	416,913	440,361	456,866	111,664	113,787	111,736	119,679	118,012
4 Merchandise imports	−490,981	−536,458	−589,441	−140,855	−147,514	−148,224	−152,848	−154,977
5 Military transactions, net	−5,485	−3,034	−763	−105	−129	−87	−444	−391
6 Other service transactions, net	51,082	58,747	57,613	14,874	14,786	14,317	13,637	13,091
7 Investment income, net	14,832	4,540	3,946	1,855	668	2,015	−590	−367
8 U.S. government grants	23,959	−15,010	−14,620	−3,186	−2,730	−3,114	−5,591	−2,427
9 U.S. government pensions and other transfers	−3,461	−3,735	−3,785	−827	−985	−986	−987	−966
10 Private remittances and other transfers	−13,811	−13,297	−13,712	−3,270	−3,486	−3,513	−3,443	−3,876
11 *Change in U.S. government assets other than official reserve assets, net (increase, −)*	2,900	−1,652	−306	488	−281	−192	−321	446
12 Change in U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	−983	822	−545	−673	−59
13 Gold	0	0	0	0	0	0	0	0
14 *Special drawing rights (SDRs)*	−177	2,316	−537	−140	−166	−118	−113	−101
15 Reserve position in International Monetary Fund	−367	−2,692	−44	−228	313	−48	−80	−3
16 Foreign currencies	6,307	4,277	−797	−615	675	−378	−480	45
17 Change in U.S. private assets abroad (increase, −)	−60,175	−63,759	−146,213	−12,164	−36,507	−34,915	−62,628	−56,325
18 Bank-reported claims[3]	4,763	22,314	32,238	28,601	5,595	7,335	−9,293	−9,062
19 Nonbank-reported claims	11,097	45	−598	−5,046	−87	4,838	−303	...
20 U.S. purchases of foreign securities, net	−44,740	−45,114	−119,983	−24,517	−24,340	−40,777	−30,349	−26,904
21 U.S. direct investments abroad, net	−31,295	−41,004	−57,870	−11,202	−17,675	−6,311	−22,683	−20,359
22 Change in foreign official assets in United States (increase, +)	17,199	40,858	71,681	10,968	17,492	19,259	23,962	11,353
23 *U.S. Treasury securities*	*14,846*	*18,454*	*48,702*	*1,080*	*5,668*	*19,098*	*22,856*	*1,361*
24 Other U.S. government obligations	1,301	3,949	4,062	665	1,082	1,345	970	50
25 Other U.S. government liabilities[4]	1,177	2,572	1,666	−438	158	1,121	825	1,096
26 Other U.S. liabilities reported by U.S. banks[3]	−1,484	16,571	14,666	8,257	9,485	−2,489	−587	9,636
27 Other foreign official assets[5]	1,359	−688	2,585	1,404	1,099	184	−102	−790
28 Change in foreign private assets in United States (increase, +)	80,935	105,646	159,017	5,804	34,337	52,675	66,200	71,774
29 U.S. bank-reported liabilities[3]	3,994	15,461	18,452	−19,995	3,459	27,618	7,370	34,118
30 U.S. nonbank-reported liabilities	−3,115	13,573	14,282	774	7,606	1,169	4,733	...
31 Foreign private purchases of U.S. Treasury securities, net	18,826	36,857	24,849	14,001	−622	3,474	7,996	9,243
32 Foreign purchases of other U.S. securities, net	35,144	29,867	80,068	9,590	15,025	17,445	38,008	20,340
33 Foreign direct investments in United States, net	26,086	9,888	21,366	1,434	8,869	2,969	8,093	8,073
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−39,670	−17,108	21,096	15,737	9,739	−8,427	4,047	4,712
36 *Due to seasonal adjustment*	...	...	...	6,105	435	−6,643	103	5,719
37 Before seasonal adjustment	−39,670	−17,108	21,096	9,632	9,304	−1,785	3,944	−1,007
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	5,763	3,901	−1,379	−983	822	−545	−673	−59
39 Foreign official assets in United States, excluding line 25 (increase, +)	16,022	38,286	70,015	11,406	17,334	18,138	23,137	10,257
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−4,882	5,942	−3,847	445	−869	−3,194	−229	−1,937

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	1991r	1992r	1993r	1993r Oct.	Nov.	Dec.	1994 Jan.r	Feb.r	Mar.r	Apr.p
1 Goods and services, balance	−28,472	−40,384	−75,725	−7,919	−7,534	−4,526	−7,780	−9,609	−6,875	−8,395
2 Merchandise	−74,068	−96,097	−132,575	−12,534	−11,522	−9,115	−11,971	−13,541	−11,450	−13,304
3 Services	45,596	55,713	56,850	4,615	3,988	4,589	4,191	3,932	4,575	4,909
4 Goods and services, exports	580,127	616,924	641,677	55,086	54,464	56,727	53,479	52,645	58,072	56,183
5 Merchandise	416,913	440,361	456,866	39,361	39,364	40,953	38,530	37,426	42,060	40,292
6 Services	163,214	176,563	184,811	15,725	15,100	15,774	14,949	15,219	16,012	15,891
7 Goods and services, imports	−608,599	−657,308	−717,402	−63,005	−61,998	−61,253	−61,259	−62,254	−64,947	−64,578
8 Merchandise	−490,981	−536,458	−589,441	−51,895	−50,886	−50,068	−50,501	−50,967	−53,510	−53,596
9 Services	−117,618	−120,850	−127,961	−11,110	−11,112	−11,185	−10,758	−11,287	−11,437	−10,982
MEMO										
10 **Balance on merchandise trade, Census basis**	**−66,723**	**−84,501**	**−115,568**	**−10,830**	**−9,895**	**−7,782**	**−10,850**	**−12,072**	**−9,583**	**−12,003**

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	1990	1991	1992	1993 Nov.	Dec.	1994 Jan.	Feb.	Mar.	Apr.	Mayp
1 **Total**	**83,316**	**77,719**	**71,323**	**74,042**	**73,442**	**74,243**	**75,766**	**76,809**	**76,565**	**74,420**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,054	11,053	11,053	11,053	11,052	11,053	11,052
3 Special drawing rights[2,3]	10,989	11,240	8,503	9,091	9,039	9,070	9,295	9,383	9,440	9,522
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	11,827	11,818	11,906	11,974	12,135	11,899	11,841
5 Foreign currencies[4]	52,193	45,934	40,005	42,070	41,532	42,214	43,444	44,239	44,173	42,005

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	1990	1991	1992	1993 Nov.	Dec.	1994 Jan.	Feb.	Mar.	Apr.	Mayp
1 Deposits	369	968	205	596	386	257	190	454	171	174
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	373,864	379,394	388,065	393,238	399,817	396,495	402,170
3 Earmarked gold[3]	13,387	13,303	13,118	12,381	12,327	12,302	12,238	12,145	12,104	12,065

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 at face 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	1991	1992	1993			1994			
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total[1]**	**360,530**	**398,816**	**444,107**	**457,129**	**468,825**	**478,608**	**477,993r**	**479,602**	**466,689**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,967	65,668	67,964	69,633	78,546	77,998r	79,786	74,581
3 U.S. Treasury bills and certificates[3]	92,692	104,596	140,525	144,865	150,900	146,940	143,222	148,707	140,653
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	201,965	208,188	211,825	216,109	220,154	215,271	215,856
5 Nonmarketable[4]	4,858	4,532	5,579	5,615	5,652	5,689	5,725	5,763	5,799
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	30,370	30,497	30,815	31,324	30,894	30,075	29,800
By area									
7 Europe[1]	171,317	191,708	193,676	208,790	209,229	216,794	210,751	217,444	212,675
8 Canada	7,460	7,920	9,441	8,657	9,505	10,084	9,844	8,328	8,462
9 Latin America and Caribbean	33,554	40,025	54,275	50,410	57,950	57,661	61,303r	55,441	46,517
10 Asia	139,465	152,276	178,889	182,437	185,289	187,337	189,025	191,705	192,076
11 Africa	2,092	3,565	3,665	3,650	3,894	3,681	4,043	3,559	3,549
12 Other countries[6]	6,640	3,320	4,159	3,183	2,956	3,049	3,025	3,123	3,408

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 Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 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			
				June	Sept.	Dec.	Mar.
1 Banks' liabilities	70,477	75,129	72,796	75,206	81,205	77,627	85,445
2 Banks' claims	66,796	73,195	62,799	55,533	59,116	60,271	72,126
3 Deposits	29,672	26,192	24,240	20,464	20,930	19,379	18,118
4 Other claims	37,124	47,003	38,559	35,069	38,186	40,892	54,008
5 Claims of banks' domestic customers[2]	6,309	3,398	4,432	3,234	2,640	3,145	3,492

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	1991	1992	1993	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.[r]	1994 Mar.	1994 Apr.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**756,066**	**810,259**	**906,003**	**877,062**	**893,284**	**906,003**	**889,604**	**918,745**	**949,767**	**956,972**
2 Banks' own liabilities	575,374	606,444	620,689	610,744	616,209	620,689	608,947	631,065	649,309	666,791
3 Demand deposits	20,321	21,828	21,576	22,014	25,462	21,576	23,488	24,217	22,905	23,509
4 Time deposits[2]	159,649	160,385	174,984	159,375	156,994	174,984	158,943	159,613	176,684	177,760
5 Other[3]	66,305	93,237	109,873	128,942	126,845	109,873	129,423	136,126	112,768	124,572
6 Own foreign offices[4]	329,099	330,994	314,256	300,413	306,908	314,256	297,093	311,109	336,952	340,950
7 Banks' custodial liabilities[5]	180,692	203,815	285,314	266,318	277,075	285,314	280,657	287,680	300,458	290,181
8 U.S. Treasury bills and certificates[6]	110,734	127,644	176,430	164,365	169,729	176,430	170,694	166,980	173,137	167,891
9 Other negotiable and readily transferable instruments[7]	18,664	21,974	36,078	37,562	38,555	36,078	37,329	41,892	41,727	38,151
10 Other	51,294	54,197	72,806	64,391	68,791	72,806	72,634	78,808	85,594	84,139
11 Nonmonetary international and regional organizations[8]	8,981	9,350	10,846	10,994	12,965	10,846	10,869	7,099	8,088	5,914
12 Banks' own liabilities	6,827	6,951	5,550	6,790	9,091	5,550	6,855	5,724	5,643	4,330
13 Demand deposits	43	46	15	71	34	15	21	120	209	26
14 Time deposits[2]	2,714	3,214	2,780	2,978	2,863	2,780	3,305	2,503	2,424	2,361
15 Other[3]	4,070	3,691	2,755	3,741	6,194	2,755	3,529	3,101	3,010	1,943
16 Banks' custodial liabilities[5]	2,154	2,399	5,296	4,204	3,874	5,296	4,014	1,375	2,445	1,584
17 U.S. Treasury bills and certificates[6]	1,730	1,908	4,275	3,566	3,201	4,275	3,497	1,321	2,097	1,358
18 Other negotiable and readily transferable instruments[7]	424	486	1,021	638	672	1,021	517	54	338	226
19 Other	0	5	0	0	1	0	0	0	10	0
20 Official institutions[9]	131,088	159,563	220,533	206,193	212,829	220,533	225,486	221,220	228,493	215,234
21 Banks' own liabilities	34,411	51,202	64,056	60,995	62,168	64,056	71,531	67,369	67,085	64,568
22 Demand deposits	2,626	1,302	1,601	2,121	2,089	1,601	1,631	1,406	1,758	1,504
23 Time deposits[2]	16,504	17,939	21,634	14,885	17,188	21,634	20,237	20,028	23,923	21,951
24 Other[3]	15,281	31,961	40,821	43,989	42,891	40,821	49,663	45,935	41,404	41,113
25 Banks' custodial liabilities[5]	96,677	108,361	156,477	145,198	150,661	156,477	153,955	153,851	161,408	150,666
26 U.S. Treasury bills and certificates[6]	92,692	104,596	150,900	140,525	144,865	150,900	146,940	143,222	148,707	140,653
27 Other negotiable and readily transferable instruments[7]	3,879	3,726	5,482	4,491	5,614	5,482	6,855	10,527	12,414	9,969
28 Other	106	39	95	182	182	95	160	102	287	44
29 Banks[10]	522,265	547,320	573,924	553,351	562,372	573,924	549,192	583,425	608,055	621,119
30 Banks' own liabilities	459,335	476,117	474,642	461,827	468,526	474,642	451,260	478,941	497,382	514,477
31 Unaffiliated foreign banks	130,236	145,123	160,386	161,414	161,618	160,386	154,167	167,832	160,430	173,527
32 Demand deposits	8,648	10,170	9,719	9,948	13,369	9,719	11,025	11,986	10,609	11,656
33 Time deposits[2]	82,857	90,296	105,192	95,704	92,265	105,192	87,788	92,301	104,661	107,433
34 Other[3]	38,731	44,657	45,475	55,762	55,984	45,475	55,354	63,545	45,160	54,438
35 Own foreign offices[4]	329,099	330,994	314,256	300,413	306,908	314,256	297,093	311,109	336,952	340,950
36 Banks' custodial liabilities[5]	62,930	71,203	99,282	91,524	93,846	99,282	97,932	104,484	110,673	106,642
37 U.S. Treasury bills and certificates[6]	7,471	11,087	10,707	10,046	10,539	10,707	9,832	11,051	10,745	10,079
38 Other negotiable and readily transferable instruments[7]	5,694	7,555	16,810	19,106	17,124	16,810	17,136	17,010	17,383	15,684
39 Other	49,765	52,561	71,765	62,372	66,183	71,765	70,964	76,423	82,545	80,879
40 Other foreigners	93,732	94,026	100,700	106,524	105,118	100,700	104,057	107,001	105,131	114,705
41 Banks' own liabilities	74,801	72,174	76,441	81,132	76,424	76,441	79,301	79,031	79,199	83,416
42 Demand deposits	9,004	10,310	10,241	9,874	9,970	10,241	10,811	10,705	10,329	10,323
43 Time deposits[2]	57,574	48,936	45,378	45,808	44,678	45,378	47,613	44,781	45,676	46,015
44 Other[3]	8,223	12,928	20,822	25,450	21,776	20,822	20,877	23,545	23,194	27,078
45 Banks' custodial liabilities[5]	18,931	21,852	24,259	25,392	28,694	24,259	24,756	27,970	25,932	31,289
46 U.S. Treasury bills and certificates[6]	8,841	10,053	10,548	10,228	11,124	10,548	10,425	11,386	11,588	15,801
47 Other negotiable and readily transferable instruments[7]	8,667	10,207	12,765	13,327	15,145	12,765	12,821	14,301	11,592	12,272
48 Other	1,423	1,592	946	1,837	2,425	946	1,510	2,283	2,752	3,216
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,456	9,111	17,567	17,533	17,089	17,567	17,509	17,929	19,209	17,961

1. Reporting banks include all types of depository institution, 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 *Consolidated Report of Condition* filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, 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	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
AREA										
1 **Total, all foreigners**	***756,066***	***810,259***	***906,003***	***877,062***	***893,284***	***906,003***	***889,604***	***918,745***	***949,767***	***956,972***
2 **Foreign countries**	**747,085**	**800,909**	**895,157**	**866,068**	**880,319**	**895,157**	**878,735**	**911,646**	**941,679**	**951,058**
3 Europe	249,097	307,670	376,642	357,848	369,534	376,642	368,736	393,466	399,154	406,195
4 Austria	1,193	1,611	1,907	1,808	1,797	1,907	2,567	2,159	2,515	2,719
5 Belgium and Luxembourg	13,337	20,567	28,650	24,641	27,541	28,650	29,402	30,617	31,827	32,043
6 Denmark	937	3,060	4,517	5,084	4,151	4,517	5,089	4,829	3,093	3,342
7 Finland	1,341	1,299	1,872	2,712	2,250	1,872	1,843	1,737	1,495	1,932
8 France	31,808	41,411	39,705	43,034	36,638	39,705	32,244	38,426	42,010	43,137
9 Germany	8,619	18,630	26,617	22,820	27,025	26,617	27,576	30,241	31,771	32,704
10 Greece	765	913	1,530	1,366	1,704	1,530	1,361	1,463	1,425	1,160
11 Italy	13,541	10,041	11,561	10,466	10,734	11,561	10,702	12,741	12,786	11,914
12 Netherlands	7,161	7,365	16,031	13,368	14,737	16,031	17,532	17,083	17,686	16,330
13 Norway	1,866	3,314	2,975	2,796	3,199	2,975	2,533	2,340	2,429	2,537
14 Portugal	2,184	2,465	3,366	3,215	3,229	3,366	3,131	3,170	3,131	4,061
15 Russia	241	577	2,511	2,623	2,530	2,511	2,208	2,017	1,971	3,041
16 Spain	11,391	9,793	20,494	20,182	19,705	20,494	19,652	18,119	19,619	18,317
17 Sweden	2,222	2,953	2,573	2,355	2,672	2,573	2,301	2,428	1,067	2,532
18 Switzerland	37,238	39,440	41,588	43,195	42,506	41,588	40,854	41,000	39,244	41,438
19 Turkey	1,598	2,666	3,228	2,897	2,947	3,228	3,120	3,241	2,922	2,972
20 United Kingdom	100,292	111,805	133,788	130,941	135,712	133,788	130,778	148,150	150,632	154,533
21 Yugoslavia[11]	622	504	570	541	546	570	549	428	414	407
22 Other Europe and former U.S.S.R.[12]	12,741	29,256	33,159	23,804	29,911	33,159	35,294	33,283	33,117	31,076
23 Canada	21,605	22,420	20,228	27,452	24,152	20,228	20,589	23,200	21,404	22,510
24 Latin America and Caribbean	345,529	317,228	342,781	327,666	331,875	342,781	338,524	345,190	358,224	361,059
25 Argentina	7,753	9,477	14,493	14,320	13,695	14,493	14,495	14,435	13,991	13,246
26 Bahamas	100,622	82,284	73,077	76,557	78,354	73,077	71,687	72,430	77,449	80,821
27 Bermuda	3,178	7,079	7,875	8,021	7,287	7,875	7,794	6,697	6,181	7,614
28 Brazil	5,704	5,584	5,307	5,057	5,069	5,307	5,127	5,386	5,244	4,867
29 British West Indies	163,620	153,033	175,710	159,434	166,637	175,710	171,892	175,181	188,044	192,343
30 Chile	3,283	3,035	3,197	3,952	3,455	3,197	3,576	3,726	3,572	3,829
31 Colombia	4,661	4,580	3,173	3,025	3,101	3,173	3,587	3,363	3,427	3,992
32 Cuba	2	3	33	7	7	33	34	30	38	9
33 Ecuador	1,232	993	881	868	851	881	891	858	822	844
34 Guatemala	1,594	1,377	1,207	1,275	1,243	1,207	1,258	1,230	1,169	1,155
35 Jamaica	231	371	410	376	401	410	387	421	419	495
36 Mexico	19,957	19,454	28,060	24,249	21,947	28,060	27,667	30,616	27,804	22,358
37 Netherlands Antilles	5,592	5,205	4,206	5,283	4,725	4,206	5,139	6,230	5,311	5,006
38 Panama	4,695	4,177	3,625	3,567	3,468	3,625	3,592	3,429	3,388	3,509
39 Peru	1,249	1,080	926	873	890	926	880	913	873	893
40 Uruguay	2,096	1,955	1,617	1,716	1,643	1,617	1,727	1,534	1,492	1,408
41 Venezuela	13,181	11,387	12,806	12,903	13,076	12,806	12,460	12,598	12,968	12,307
42 Other	6,879	6,154	6,178	6,183	6,026	6,178	6,331	6,113	6,032	6,363
43 Asia	120,462	143,540	144,653	141,363	144,476	144,653	140,096	139,562	152,460	149,208
China										
44 People's Republic of China	2,626	3,202	4,011	3,280	3,187	4,011	4,075	4,565	5,294	6,058
45 Republic of China (Taiwan)	11,491	8,408	10,634	9,804	10,960	10,634	9,960	9,475	9,306	8,696
46 Hong Kong	14,269	18,499	17,233	16,389	18,673	17,233	18,675	17,730	18,688	19,092
47 India	2,418	1,399	1,113	1,251	1,425	1,113	1,436	1,127	1,658	1,466
48 Indonesia	1,463	1,480	1,986	1,504	1,674	1,986	1,807	1,659	2,345	1,873
49 Israel	2,015	3,773	4,436	5,450	4,582	4,436	4,138	4,628	4,580	4,099
50 Japan	47,069	58,435	61,483	60,171	58,866	61,483	58,606	60,112	66,403	62,274
51 Korea (South)	2,587	3,337	4,913	3,889	4,409	4,913	4,721	4,856	4,808	4,646
52 Philippines	2,449	2,275	2,035	2,192	1,902	2,035	1,912	1,820	2,542	2,616
53 Thailand	2,252	5,582	6,137	6,446	6,231	6,137	6,156	5,838	5,985	5,550
54 Middle Eastern oil-exporting countries[13]	15,752	21,437	15,825	14,681	15,489	15,825	13,131	11,919	13,305	13,655
55 Other	16,071	15,713	14,847	16,306	17,078	14,847	15,479	15,833	17,546	19,183
56 Africa	4,825	5,884	6,638	6,179	5,762	6,638	5,823	6,327	5,748	5,812
57 Egypt	1,621	2,472	2,209	2,220	2,089	2,209	1,961	2,058	1,658	1,687
58 Morocco	79	76	99	87	110	99	94	73	89	76
59 South Africa	228	190	451	367	272	451	214	294	285	331
60 Zaire	31	19	12	15	10	12	13	8	11	11
61 Oil-exporting countries[14]	1,082	1,346	1,303	1,271	1,446	1,303	1,186	1,433	1,139	983
62 Other	1,784	1,781	2,564	2,219	1,835	2,564	2,355	2,461	2,566	2,724
63 Other	5,567	4,167	4,215	5,560	4,520	4,215	4,967	3,901	4,689	6,274
64 Australia	4,464	3,043	3,308	4,434	3,317	3,308	3,809	2,511	3,006	2,991
65 Other	1,103	1,124	907	1,126	1,203	907	1,158	1,390	1,683	3,283
66 Nonmonetary international and regional organizations	8,981	9,350	10,846	10,994	12,965	10,846	10,869	7,099	8,088	5,914
67 International[15]	6,485	7,434	6,761	7,350	9,094	6,761	6,357	5,860	6,375	4,249
68 Latin American regional[16]	1,181	1,415	3,218	2,539	3,050	3,218	3,402	357	332	395
69 Other regional[17]	1,315	501	867	1,105	821	867	1,110	882	1,381	1,270

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, includes 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 Western Europe."

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

Millions of dollars, end of period

Area and country	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total, all foreigners**	**514,339**	**499,437**	**483,152**	**465,861**	**468,770**	**483,152**	**470,679**	**477,308**	**474,180**	**475,590**
2 **Foreign countries**	**508,056**	**494,355**	**480,747**	**464,618**	**466,569**	**480,747**	**467,566**	**475,714**	**472,260**	**474,406**
3 Europe	114,310	123,377	121,036	124,593	120,650	121,036	114,390	124,655	129,703	124,693
4 Austria	327	331	413	568	501	413	720	598	489	420
5 Belgium and Luxembourg	6,158	6,404	6,535	5,516	5,911	6,535	5,169	6,327	6,761	6,765
6 Denmark	686	707	382	1,056	1,261	382	507	600	612	896
7 Finland	1,907	1,418	598	730	606	598	699	725	570	647
8 France	15,112	14,723	11,490	11,516	11,622	11,490	11,705	11,033	11,481	11,398
9 Germany	3,371	4,222	7,683	7,570	6,961	7,683	7,364	7,966	8,164	9,374
10 Greece	553	717	679	592	684	679	653	669	736	720
11 Italy	8,242	9,047	8,876	8,035	8,402	8,876	8,950	8,477	7,658	6,370
12 Netherlands	2,546	2,468	3,064	3,163	3,607	3,064	3,878	2,821	2,945	2,575
13 Norway	669	355	396	779	598	396	738	777	531	598
14 Portugal	344	325	720	826	787	720	805	918	936	846
15 Russia	1,970	3,147	2,295	2,581	2,295	2,295	2,142	2,005	1,957	1,857
16 Spain	1,881	2,755	2,763	4,747	4,388	2,763	3,299	2,688	2,666	1,859
17 Sweden	2,335	4,923	4,100	4,111	3,531	4,100	3,704	3,608	3,443	3,313
18 Switzerland	4,540	4,717	6,567	4,647	5,946	6,567	7,177	4,535	8,602	5,577
19 Turkey	1,063	962	1,287	1,638	1,790	1,287	1,118	1,565	1,559	1,542
20 United Kingdom	60,395	63,430	60,930	64,044	59,403	60,930	53,219	66,989	68,166	67,318
21 Yugoslavia[2]	825	569	536	535	549	536	470	414	376	386
22 Other Europe and former U.S.S.R.[3]	1,386	2,157	1,722	1,939	1,808	1,722	2,073	1,940	2,051	2,232
23 Canada	15,113	13,845	18,432	15,697	15,478	18,432	19,126	16,864	16,984	17,953
24 Latin America and Caribbean	246,137	218,078	223,967	212,002	216,687	223,967	226,041	226,303	219,723	219,528
25 Argentina	5,869	4,958	4,425	4,390	4,518	4,425	4,569	4,459	4,640	5,133
26 Bahamas	87,138	60,835	65,045	60,350	63,242	65,045	66,411	65,439	66,020	66,234
27 Bermuda	2,270	5,935	8,032	8,915	7,565	8,032	10,234	9,969	8,342	8,837
28 Brazil	11,894	10,773	11,803	11,675	11,677	11,803	12,719	12,841	12,916	11,455
29 British West Indies	107,846	101,507	97,930	90,041	92,621	97,930	94,348	95,230	91,780	91,343
30 Chile	2,805	3,397	3,614	3,857	3,728	3,614	3,546	3,763	3,640	3,455
31 Colombia	2,425	2,750	3,179	2,957	3,040	3,179	3,241	3,053	3,057	3,263
32 Cuba	0	0	0	0	0	0	0	2	0	0
33 Ecuador	1,053	884	673	707	704	673	679	722	703	679
34 Guatemala	228	262	286	269	286	286	316	294	289	273
35 Jamaica	158	162	195	175	186	195	180	176	163	191
36 Mexico	16,567	14,991	15,833	16,155	16,073	15,833	16,466	16,902	16,162	16,267
37 Netherlands Antilles	1,207	1,379	2,367	3,310	3,048	2,367	3,115	3,093	2,391	2,749
38 Panama	1,560	4,654	2,913	2,491	2,625	2,913	2,843	2,983	2,490	2,538
39 Peru	739	730	651	636	620	651	693	726	751	807
40 Uruguay	599	936	951	926	918	951	793	742	530	491
41 Venezuela	2,516	2,525	2,904	2,815	3,054	2,904	2,763	2,709	2,662	2,532
42 Other	1,263	1,400	3,166	2,333	2,782	3,166	3,125	3,200	3,187	3,281
43 Asia	125,262	131,789	110,684	105,497	107,541	110,684	101,406	101,516	98,839	105,222
China										
44 People's Republic of China	747	906	2,299	773	706	2,299	881	842	796	843
45 Republic of China (Taiwan)	2,087	2,046	2,628	1,674	2,003	2,628	2,611	1,487	2,159	1,815
46 Hong Kong	9,617	9,642	10,864	9,640	10,449	10,864	10,224	9,990	11,666	9,903
47 India	441	529	589	635	657	589	638	664	737	684
48 Indonesia	952	1,189	1,522	1,268	1,474	1,522	1,556	1,532	1,605	1,506
49 Israel	860	820	826	752	787	826	947	798	664	676
50 Japan	84,807	79,172	59,576	60,283	59,934	59,576	54,164	54,583	49,771	54,905
51 Korea (South)	6,048	6,179	7,556	7,133	7,148	7,556	7,373	7,518	7,479	7,441
52 Philippines	1,910	2,145	1,408	1,168	1,265	1,408	1,132	1,183	1,307	924
53 Thailand	1,713	1,867	2,154	2,145	2,110	2,154	2,375	2,543	2,658	2,638
54 Middle Eastern oil-exporting countries[4]	8,284	18,540	14,398	13,580	13,853	14,398	12,903	13,190	14,153	16,387
55 Other	7,796	8,754	6,864	6,446	7,155	6,864	6,602	7,186	5,844	7,500
56 Africa	4,928	4,279	3,819	3,919	3,799	3,819	3,746	3,775	3,691	3,673
57 Egypt	294	186	196	160	218	196	198	227	205	206
58 Morocco	575	441	444	433	437	444	489	521	511	465
59 South Africa	1,235	1,041	633	663	664	633	581	558	565	557
60 Zaire	4	4	4	3	4	4	4	6	4	5
61 Oil-exporting countries[5]	1,298	1,002	1,128	1,187	1,119	1,128	1,169	1,197	1,210	1,207
62 Other	1,522	1,605	1,414	1,473	1,357	1,414	1,305	1,266	1,196	1,233
63 Other	2,306	2,987	2,809	2,910	2,414	2,809	2,857	2,601	3,320	3,337
64 Australia	1,665	2,243	2,072	2,401	1,873	2,072	2,030	1,692	1,684	1,859
65 Other	641	744	737	509	541	737	827	909	1,636	1,478
66 Nonmonetary international and regional organizations[6]	6,283	5,082	2,405	1,243	2,201	2,405	3,113	1,594	1,920	1,184

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, includes 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 Western Europe."

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

Millions of dollars, end of period

Claim	1991	1992	1993	1993			1994			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**579,683**	**559,495**	**523,562**	...	...	**523,562**	...	...	**521,963**	...
2 Banks' claims	514,339	499,437	483,152	465,861	468,770	483,152	470,679	477,308	474,180	475,590
3 Foreign public borrowers	37,126	31,367	28,814	31,320	29,761	28,814	30,677	26,554	25,731	25,121
4 Own foreign offices[2]	318,800	303,991	286,848	269,968	279,876	286,848	275,478	273,611	280,469	280,072
5 Unaffiliated foreign banks	116,602	109,342	98,018	91,888	92,030	98,018	90,994	97,724	94,439	96,608
6 Deposits	69,018	61,550	46,875	43,777	44,005	46,875	40,662	45,813	44,050	47,907
7 Other	47,584	47,792	51,143	48,111	48,025	51,143	50,332	51,911	50,389	48,701
8 All other foreigners	41,811	54,737	69,472	72,685	67,103	69,472	73,530	79,419	73,541	73,789
9 Claims of banks' domestic customers[3]	65,344	60,058	40,410	...	...	40,410	...	...	47,783	...
10 Deposits	15,280	15,452	9,619	...	...	9,619	...	...	14,022	...
11 Negotiable and readily transferable instruments[4]	37,125	31,474	17,155	...	...	17,155	...	...	20,340	...
12 Outstanding collections and other claims	12,939	13,132	13,636	...	...	13,636	...	...	13,421	...
MEMO										
13 Customer liability on acceptances	8,974	8,655	7,871	...	...	7,871	...	...	7,562	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	43,024	36,213	22,733	27,002	21,830	22,733	21,622	21,284	21,863	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
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 Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets 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			1994
				June	Sept.	Dec.	Mar.[p]
1 **Total**	**206,903**	**195,302**	**195,119**	**182,975**	**189,716**	**194,838**	**192,894**
By borrower							
2 Maturity of one year or less	165,985	162,573	163,325	154,312	162,005	166,288	166,092
3 Foreign public borrowers	19,305	21,050	17,813	17,962	21,211	17,447	15,885
4 All other foreigners	146,680	141,523	145,512	136,350	140,794	148,841	150,207
5 Maturity of more than one year	40,918	32,729	31,794	28,663	27,711	28,550	26,802
6 Foreign public borrowers	22,269	15,859	13,266	11,255	10,507	10,828	9,555
7 All other foreigners	18,649	16,870	18,528	17,408	17,204	17,722	17,247
By area							
Maturity of one year or less							
8 Europe	49,184	51,835	53,300	54,372	57,238	56,273	58,831
9 Canada	5,450	6,444	6,091	7,893	9,833	7,564	7,274
10 Latin America and Caribbean	49,782	43,597	50,376	48,552	51,619	56,686	58,586
11 Asia	53,258	51,059	45,709	38,654	37,624	40,274	35,817
12 Africa	3,040	2,549	1,784	1,712	1,916	1,783	1,604
13 All other[3]	5,272	7,089	6,065	3,129	3,775	3,708	3,980
Maturity of more than one year							
14 Europe	3,859	3,878	5,367	4,579	4,433	4,327	3,779
15 Canada	3,290	3,595	3,287	2,909	2,549	2,553	2,555
16 Latin America and Caribbean	25,774	18,277	15,312	13,828	13,519	13,877	13,313
17 Asia	5,165	4,459	5,038	4,808	4,732	5,412	4,705
18 Africa	2,374	2,335	2,380	2,050	2,049	1,934	2,001
19 All other[3]	456	185	410	489	429	447	449

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
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**320.1**	**343.6**	**351.7**	**358.7**	**344.5**	**346.5**	**361.1[r]**	**377.0[r]**	**388.1**	**403.7[r]**	**496.7**
2 G-10 countries and Switzerland	132.2	137.6	130.9	135.6	136.0	132.9	142.4	150.0[r]	153.3[r]	161.0[r]	177.8
3 Belgium and Luxembourg	5.9	6.0	5.3	6.2	6.2	5.6	6.1	7.0	7.1	7.4	8.0
4 France	10.4	11.0	10.0	11.9	15.3	15.3	13.5	14.0	12.3	11.7	16.4
5 Germany	10.6	8.3	8.4	8.8	10.9	9.3	9.9	10.8	12.4	12.6	28.7
6 Italy	5.0	5.6	5.4	8.0	6.4	6.5	6.7	7.9	8.7	7.6	15.5
7 Netherlands	3.0	4.7	4.3	3.3	3.7	2.8	3.6	3.7	3.7	4.7	4.1
8 Sweden	2.2	1.9	2.0	1.9	2.2	2.3	3.0	2.5	2.5	2.5	2.8
9 Switzerland	4.4	3.4	3.2	4.6	5.2	4.8	5.3	4.7	5.6	5.9	6.3
10 United Kingdom	60.9	68.5	64.7	65.6	61.0	60.8	65.7	73.5	74.7	84.5[r]	69.8
11 Canada	5.9	5.8	6.5	6.5	6.3	6.3	8.2	8.0[r]	9.7	6.7[r]	7.7
12 Japan	24.0	22.6	21.1	18.7	18.9	19.3	20.4	17.9	16.8[r]	17.4	18.5
13 Other industrialized countries	22.9	22.8	21.4	25.5	25.0	24.0	25.4	27.2	26.0	24.6	41.2
14 Austria	1.4	.6	.8	.8	.7	1.2	1.2	1.3	.6	.4	1.0
15 Denmark	1.1	.9	.8	1.3	1.5	.9	.8	1.0	1.1	1.0	1.1
16 Finland	.7	.7	.8	.8	1.0	.7	.7	.9	.6	.4	1.0
17 Greece	2.7	2.6	2.3	2.8	3.0	3.0	2.7	3.1	3.2	3.2	3.8
18 Norway	1.6	1.4	1.5	1.7	1.6	1.2	1.8	1.8	2.1	1.7	1.6
19 Portugal	.6	.6	.5	.5	.5	.4	.7	.9	1.0	.8	1.2
20 Spain	8.3	8.3	7.7	10.1	9.7	8.9	9.5	10.5	9.3	8.9	12.3
21 Turkey	1.7	1.4	1.2	1.5	1.5	1.3	1.4	2.1	2.1	2.1	2.4
22 Other Western Europe	1.2	1.8	1.5	2.0	1.5	1.7	2.0	1.7	2.2	2.6	3.0
23 South Africa	1.8	1.9	1.8	1.7	1.7	1.7	1.6	1.3	1.2	1.1	1.2
24 Australia	1.8	2.7	2.3	2.2	2.3	2.9	2.9	2.5	2.8	2.3	12.7
25 OPEC[2]	12.8	14.5	15.8	16.2	15.9	16.1	16.8	15.9	14.9	16.7[r]	22.1
26 Ecuador	1.0	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5
27 Venezuela	5.0	5.4	5.4	5.3	5.4	5.2	5.3	5.6	5.6	5.1[r]	4.7
28 Indonesia	2.7	2.7	3.0	3.0	3.0	3.0	3.1	3.1	2.8	3.2	3.0
29 Middle East countries	2.5	4.2	5.3	5.9	5.4	6.2	6.6	5.4	4.9	6.7	12.8
30 African countries	1.7	1.5	1.4	1.4	1.4	1.1	1.1	1.1	1.1	1.2	1.0
31 Non-OPEC developing countries	65.4	63.9	69.7	68.1	72.8	72.1	74.4	76.6	77.0[r]	82.5	93.6
Latin America											
32 Argentina	5.0	4.8	5.0	5.1	6.2	6.6	7.0	6.6	7.2	7.7	8.6
33 Brazil	14.4	9.6	10.8	10.6	10.8	10.8	11.6	12.3	11.7[r]	12.0	12.5
34 Chile	3.5	3.6	3.9	4.0	4.2	4.4	4.6	4.6	4.7	4.7	5.1
35 Colombia	1.8	1.7	1.6	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2
36 Mexico	13.0	15.5	17.7	16.3	17.1	16.0	16.8	16.8	17.5	17.7	18.7
37 Peru	.5	.4	.4	.4	.5	.5	.4	.4	.3	.4	.5
38 Other	2.3	2.1	2.2	2.2	2.5	2.6	2.6	2.7	2.6	3.0	2.6
Asia											
China											
39 Peoples Republic of China	.2	.3	.3	.3	.3	.7	.6	1.6	.5	2.0	.8
40 Republic of China (Taiwan)	3.5	4.1	4.8	4.6	5.0	5.2	5.3	5.9	6.4	7.3	7.5
41 India	3.3	3.0	3.6	3.8	3.6	3.2	3.1	3.1	2.9	3.2	3.9
42 Israel	.5	.5	.4	.4	.4	.4	.5	.4	.4	.5	.4
43 Korea (South)	6.2	6.8	6.9	6.9	7.4	6.6	6.5	6.9	6.5	6.7	13.9
44 Malaysia	1.9	2.3	2.5	2.7	3.0	3.1	3.4	3.7	4.1	4.4	5.2
45 Philippines	3.8	3.7	3.6	3.1	3.6	3.6	3.4	2.9	2.6	3.1	3.4
46 Thailand	1.5	1.7	1.7	1.9	2.2	2.2	2.2	2.4	2.8	3.1	2.9
47 Other Asia	1.7	2.0	2.3	2.5	2.7	2.7	2.7	2.6	3.0	2.9	3.1
Africa											
48 Egypt	.4	.4	.3	.5	.3	.2	.2	.2	.2	.4	.4
49 Morocco	.8	.7	.7	.7	.6	.6	.5	.6	.6	.6	.7
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	.7	.7	.6	.9	1.0	.8	.9	.8	.8	1.0
52 Eastern Europe	2.3	2.4	2.9	3.0	3.1	3.1	2.9	3.2	3.0	3.0	3.3
53 Russia[4]	.2	.9	1.4	1.7	1.8	1.9	1.7	1.9	1.7	1.6	1.5
54 Yugoslavia[5]	1.2	.9	.8	.7	.7	.6	.6	.6	.6	.6	.5
55 Other	.9	.7	.6	.6	.7	.6	.7	.7	.7	.9	1.4
56 Offshore banking centers	44.7	54.2	63.0	61.4	54.5	58.3	60.1	57.8	67.5	72.5[r]	79.7
57 Bahamas	2.9	11.9	15.3	12.9	8.9	6.9	9.6	6.9	12.4	12.6	15.4
58 Bermuda	4.4	2.3	3.9	5.1	3.8	6.2	4.1	4.5	5.5	8.1	8.4
59 Cayman Islands and other British West Indies	11.7	15.8	18.6	19.3	16.9	21.8	17.6	15.6	15.1	16.9[r]	16.7
60 Netherlands Antilles	7.9	1.2	1.0	.8	.7	1.1	1.6	2.5	2.8	2.3	2.7
61 Panama[6]	1.4	1.4	1.6	1.9	2.0	1.9	2.0	2.1	2.1	2.4	2.0
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.7	14.4	14.0	14.9	15.2	13.8	16.7	16.9	19.1	18.7	21.7
64 Singapore	6.6	7.1	8.5	6.4	6.8	6.5	8.4	9.3	10.4	11.2	12.7
65 Other[7]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0
66 Miscellaneous and unallocated[8]	39.9	48.0	47.8	48.6	36.8	39.7	38.8	46.2	46.3	43.3	78.7

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 Hercegovinia, 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	1992		1993			
					Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**46,043**	**44,708**	**45,351**	**47,089**	**45,351**	**46,181**	**46,424**	**48,674**	**49,452**
2	Payable in dollars	40,786	39,029	37,209	38,344	37,209	37,823	37,014	39,280	37,803
3	Payable in foreign currencies	5,257	5,679	8,142	8,745	8,142	8,358	9,410	9,394	11,649
	By type									
4	Financial liabilities	21,066	22,518	23,380	24,518	23,380	23,947	24,714	26,067	27,445
5	Payable in dollars	16,979	18,104	16,623	17,453	16,623	17,021	16,870	18,635	18,112
6	Payable in foreign currencies	4,087	4,414	6,757	7,065	6,757	6,926	7,844	7,432	9,333
7	Commercial liabilities	24,977	22,190	21,971	22,571	21,971	22,234	21,710	22,607	22,007
8	Trade payables	10,683	9,252	9,886	10,234	9,886	10,005	9,687	9,483	9,007
9	Advance receipts and other liabilities	14,294	12,938	12,085	12,337	12,085	12,229	12,023	13,124	13,000
10	Payable in dollars	23,807	20,925	20,586	20,891	20,586	20,802	20,144	20,645	19,691
11	Payable in foreign currencies	1,170	1,265	1,385	1,680	1,385	1,432	1,566	1,962	2,316
	By area or country									
	Financial liabilities									
12	Europe	10,978	12,003	13,101	14,334	13,101	13,461	14,060	16,341	17,862
13	Belgium and Luxembourg	394	216	414	256	414	306	268	278	175
14	France	975	2,106	1,608	2,785	1,608	1,610	2,216	2,074	2,323
15	Germany	621	682	810	738	810	820	787	779	902
16	Netherlands	1,081	1,056	606	980	606	639	585	573	534
17	Switzerland	545	408	569	627	569	503	491	378	634
18	United Kingdom	6,357	6,528	8,424	8,146	8,424	9,029	9,058	11,669	12,690
19	Canada	229	292	516	345	516	576	492	663	859
20	Latin America and Caribbean	4,153	4,784	4,053	3,997	4,053	4,299	4,199	3,719	3,359
21	Bahamas	371	537	369	230	369	521	426	1,301	1,148
22	Bermuda	0	114	114	115	114	114	124	114	0
23	Brazil	0	6	19	18	19	18	18	18	18
24	British West Indies	3,160	3,524	2,860	2,933	2,860	2,970	2,951	1,600	1,533
25	Mexico	5	7	12	12	12	13	11	15	17
26	Venezuela	4	4	6	5	6	5	5	5	5
27	Asia	5,295	5,381	5,676	5,752	5,676	5,550	5,793	5,194	5,203
28	Japan	4,065	4,116	4,608	4,678	4,608	4,539	4,611	4,165	4,134
29	Middle East oil-exporting countries[2]	5	13	19	17	19	24	19	23	23
30	Africa	2	6	6	5	6	6	130	132	133
31	Oil-exporting countries[3]	0	4	0	0	0	0	123	124	123
32	All other[4]	409	52	28	85	28	55	40	18	29
	Commercial liabilities									
33	Europe	10,310	8,701	7,377	7,478	7,377	6,985	6,801	7,045	6,815
34	Belgium and Luxembourg	275	248	296	173	296	262	267	255	240
35	France	1,218	1,039	697	756	697	705	773	640	648
36	Germany	1,270	1,052	717	851	717	650	603	571	684
37	Netherlands	844	710	535	601	535	537	577	601	687
38	Switzerland	775	575	349	482	349	471	440	535	375
39	United Kingdom	2,792	2,297	2,503	2,268	2,503	2,117	2,185	2,319	2,053
40	Canada	1,261	1,014	1,002	1,114	1,002	1,005	941	847	881
41	Latin America and Caribbean	1,672	1,355	1,532	1,515	1,532	1,776	1,828	1,759	1,661
42	Bahamas	12	3	3	3	3	11	6	4	21
43	Bermuda	538	310	307	325	307	429	356	340	348
44	Brazil	145	219	209	121	209	236	226	214	216
45	British West Indies	30	107	33	85	33	34	16	36	26
46	Mexico	475	307	457	326	457	553	659	577	485
47	Venezuela	130	94	142	147	142	171	172	173	126
48	Asia	9,483	9,334	10,917	11,026	10,917	11,067	10,823	11,736	11,613
49	Japan	3,651	3,721	3,951	3,918	3,951	4,035	3,715	4,546	5,090
50	Middle Eastern oil-exporting countries[2,5]	2,016	1,498	1,889	1,813	1,889	1,796	1,815	1,934	1,543
51	Africa	844	715	568	675	568	675	665	641	445
52	Oil-exporting countries[3]	422	327	309	335	309	322	378	320	153
53	Other[4]	1,406	1,071	575	763	575	726	652	579	592

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.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

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

Millions of dollars, end of period

Type, and area or country	1990	1991	1992	1992 Sept.	1992 Dec.	1993 Mar.	1993 June	1993 Sept.	1993 Dec.
1 **Total**	**35,348**	**45,262**	**41,894**	**46,271**	**41,894**	**45,784**	**41,470**	**42,003**	**42,689r**
2 Payable in dollars	32,760	42,564	39,287	43,297	39,287	42,904	38,346	38,732	39,113r
3 Payable in foreign currencies	2,589	2,698	2,607	2,974	2,607	2,880	3,124	3,271	3,576r
By type									
4 Financial claims	19,874	27,882	23,532	28,573	23,532	26,064	21,808	23,324	23,166r
5 Deposits	13,577	20,080	15,100	19,524	15,100	16,508	11,646	13,286	13,049r
6 Payable in dollars	12,552	19,080	14,302	18,387	14,302	15,450	10,728	12,307	12,215r
7 Payable in foreign currencies	1,025	1,000	798	1,137	798	1,058	918	979	834r
8 Other financial claims	6,297	7,802	8,432	9,049	8,432	9,556	10,162	10,038	10,117r
9 Payable in dollars	5,280	6,910	7,667	8,028	7,667	8,803	9,238	9,279	9,125r
10 Payable in foreign currencies	1,017	892	765	1,021	765	753	924	759	992r
11 Commercial claims	15,475	17,380	18,362	17,698	18,362	19,720	19,662	18,679	19,523r
12 Trade receivables	13,657	14,468	15,804	14,755	15,804	17,364	17,180	15,698	16,308r
13 Advance payments and other claims	1,817	2,912	2,558	2,943	2,558	2,356	2,482	2,981	3,215r
14 Payable in dollars	14,927	16,574	17,318	16,882	17,318	18,651	18,380	17,146	17,773r
15 Payable in foreign currencies	548	806	1,044	816	1,044	1,069	1,282	1,533	1,750
By area or country									
Financial claims									
16 Europe	9,645	13,441	9,310	11,301	9,310	10,321	9,620	8,251	8,042
17 Belgium and Luxembourg	76	13	8	16	8	6	13	9	131
18 France	371	269	762	768	762	905	781	708	749
19 Germany	367	283	326	292	326	388	383	361	472
20 Netherlands	265	334	515	750	515	544	499	485	483
21 Switzerland	357	581	490	587	490	478	460	454	506
22 United Kingdom	7,971	11,534	6,234	8,078	6,234	6,968	6,550	5,227	4,538r
23 Canada	2,934	2,642	1,709	2,281	1,709	2,007	1,781	1,593	1,851r
24 Latin America and Caribbean	6,201	10,717	11,122	13,837	11,122	9,718	6,704	10,067	10,918r
25 Bahamas	1,090	827	658	1,248	658	320	697	494	496r
26 Bermuda	3	8	40	65	40	79	258	197	125
27 Brazil	68	351	686	589	686	592	590	590	599
28 British West Indies	4,635	9,056	9,266	11,492	9,266	8,266	4,650	8,109	8,620r
29 Mexico	177	212	286	239	286	235	270	385	634
30 Venezuela	25	40	29	26	29	23	24	25	161
31 Asia	860	640	807	717	807	3,263	2,961	2,709	1,779r
32 Japan	523	350	643	471	643	3,066	2,444	2,199	1,063
33 Middle East oil-exporting countries[2]	8	5	3	4	3	3	10	5	3
34 Africa	37	57	79	71	79	128	125	88	99
35 Oil-exporting countries[3]	0	1	9	1	9	1	1	1	1
36 All other[4]	195	385	505	366	505	627	617	616	477
Commercial claims									
37 Europe	7,044	8,193	8,401	8,196	8,401	8,744	8,885	7,975	8,422r
38 Belgium and Luxembourg	212	194	189	174	189	170	172	163	182
39 France	1,240	1,585	1,525	1,825	1,525	1,476	1,488	1,394	1,755r
40 Germany	807	955	931	900	931	974	979	898	953
41 Netherlands	555	645	551	589	551	730	560	399	387
42 Switzerland	301	295	362	308	362	436	442	376	417
43 United Kingdom	1,775	2,086	2,081	2,011	2,081	2,326	2,514	2,213	2,176
44 Canada	1,074	1,121	1,258	1,155	1,258	1,312	1,330	1,326	1,284
45 Latin America and Caribbean	2,375	2,655	3,024	3,225	3,024	3,431	3,414	3,023	3,148r
46 Bahamas	14	13	28	12	28	18	17	20	11
47 Bermuda	246	264	255	256	255	195	239	225	173
48 Brazil	326	427	356	410	356	834	786	406	442
49 British West Indies	40	41	40	43	40	17	43	39	69
50 Mexico	661	842	920	977	920	985	898	848	925
51 Venezuela	192	203	344	307	344	341	314	282	293
52 Asia	4,127	4,591	4,764	4,328	4,764	5,360	5,113	5,439	5,699r
53 Japan	1,460	1,899	1,879	1,779	1,879	2,145	1,853	2,496	2,346r
54 Middle Eastern oil-exporting countries[2]	460	620	682	513	682	761	659	446	645
55 Africa	488	430	552	439	552	457	510	487	488
56 Oil-exporting countries[3]	67	95	78	60	78	75	98	107	71
57 Other[4]	367	390	363	355	363	416	410	429	482r

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	1992	1993	1994	1993			1994			
			Jan.–Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	221,367	319,449	132,820	32,350	31,924	32,843	32,238	34,428	36,340	29,814
2 Foreign sales	226,503	297,913	128,406	27,840	28,755	28,362	28,965	30,709	37,079	31,653
3 **Net purchases or sales (−)**	**−5,136**	**21,536**	**4,414**	**4,510**	**3,169**	**4,481**	**3,273**	**3,719**	**−739**	**−1,839**
4 **Foreign countries**	**−5,169**	**21,264**	**4,485**	**4,598**	**3,099**	**4,457**	**3,273**	**3,786**	**−737**	**−1,837**
5 Europe	−4,927	10,615	7,545	3,095	1,407	2,415	2,951	3,447	379	768
6 France	−1,350	−103	−361	198	45	61	119	190	−587	−83
7 Germany	−80	1,647	2,194	328	130	266	1,170	440	332	252
8 Netherlands	−262	−603	306	134	−767	183	169	210	−155	82
9 Switzerland	168	2,986	1,011	409	205	338	254	505	79	173
10 United Kingdom	−3,301	4,510	2,387	1,709	1,470	1,078	614	1,215	389	169
11 Canada	1,407	−3,213	261	−300	11	−110	314	−284	−59	290
12 Latin America and Caribbean	2,203	5,709	−35	1,245	941	1,058	948	910	−31	−1,862
13 Middle East[1]	−88	−311	−49	−77	53	11	−100	−17	64	4
14 Other Asia	−3,943	8,199	−3,779	602	601	965	−911	−379	−1,295	−1,194
15 Japan	−3,598	3,826	−2,025	349	488	681	−800	−447	−117	−661
16 Africa	10	63	39	5	6	20	10	−17	13	33
17 Other countries	169	202	503	28	80	98	61	126	192	124
18 **Nonmonetary international and regional organizations**	**33**	**272**	**−71**	**−88**	**70**	**24**	**0**	**−67**	**−2**	**−2**
BONDS[2]										
19 Foreign purchases	214,922	283,745	107,632	27,565	28,947	28,395	24,607	22,271[r]	30,384	30,370
20 Foreign sales	175,842	217,481	90,082	18,938	21,545	17,427	19,418	18,263[r]	25,147	27,254
21 **Net purchases or sales (−)**	**39,080**	**66,264**	**17,550**	**8,627**	**7,402**	**10,968**	**5,189**	**4,008[r]**	**5,237**	**3,116**
22 **Foreign countries**	**37,964**	**65,726**	**17,463**	**8,488**	**7,375**	**10,901**	**5,205**	**3,977[r]**	**5,150**	**3,131**
23 Europe	17,435	22,055	9,038	3,973	1,534	3,118	2,742	2,764[r]	2,647	885
24 France	1,203	2,346	517	512	110	145	53	−57	32	489
25 Germany	2,480	883	−28	913	−231	−62	−101	90	−64	47
26 Netherlands	540	−290	895	−518	49	95	75	99	330	391
27 Switzerland	−579	−627	241	203	−80	28	176	57	131	−123
28 United Kingdom	12,421	19,158	8,093	2,666	2,300	2,853	1,676	2,799[r]	3,036	582
29 Canada	237	1,653	259	95	54	319	23	−141	101	276
30 Latin America and Caribbean	9,300	16,493	5,272	1,727	2,650	3,681	1,638	909	1,850	875
31 Middle East[1]	3,166	3,257	144	375	432	383	161	−83	59	7
32 Other Asia	7,545	20,846	2,470	2,256	2,765	3,137	670	480	417	903
33 Japan	−450	11,569	102	1,574	1,478	2,477	−95	37	−363	523
34 Africa	354	1,149	4	47	−2	119	−51	10	−10	55
35 Other countries	−73	273	276	15	−58	144	22	38	86	130
36 **Nonmonetary international and regional organizations**	**1,116**	**538**	**87**	**139**	**27**	**67**	**−16**	**31**	**87**	**−15**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−32,259	−63,320	−19,159	−7,474	−6,931	−6,503	−5,860	−6,248	−5,985	−1,066
38 Foreign purchases	150,051	246,011	140,904	24,740	28,408	31,135	32,432	38,374	37,067	33,031
39 Foreign sales[3]	182,310	309,331	160,063	32,214	35,339	37,638	38,292	44,622	43,052	34,097
40 Bonds, net purchases or sales (−)	−15,605	−61,023	−14,874	−2,479	−54	−8,158	−9,483[r]	−4,756[r]	5,194	−5,829
41 Foreign purchases	513,589	839,118	356,856	76,034	87,459	79,334	84,223	85,903[r]	118,674	68,056
42 Foreign sales	529,194	900,141	371,730	78,513	87,513	87,492	93,706[r]	90,659[r]	113,480	73,885
43 **Net purchases or sales (−), of stocks and bonds**	**−47,864**	**−124,343**	**−34,033**	**−9,953**	**−6,985**	**−14,661**	**−15,343[r]**	**−11,004[r]**	**−791**	**−6,895**
44 **Foreign countries**	**−51,274**	**−124,504**	**−33,877**	**−10,302**	**−6,994**	**−14,691**	**−15,386[r]**	**−10,872[r]**	**−768**	**−6,851**
45 Europe	−31,350	−81,175	−1,243	−5,004	−4,530	−4,351	−5,512	−3,568[r]	8,082	−245
46 Canada	−6,893	−14,649	−4,762	−949	709	−1,733	−2,741	−2,416	648	−253
47 Latin America and Caribbean	−4,340	−9,549	−13,417	−1,280	−2,248	−4,566	−3,124[r]	−327	−3,314	−6,652
48 Asia	−7,923	−15,044	−13,637	−2,002	−502	−3,555	−3,171[r]	−4,449[r]	−6,598	581
49 Africa	−13	−185	−188	14	0	13	−60	18	−118	−28
50 Other countries	−755	−3,902	−630	−1,081	−423	−499	−778	−130[r]	532	−254
51 **Nonmonetary international and regional organizations**	**3,410**	**161**	**−156**	**349**	**9**	**30**	**43**	**−132**	**−23**	**−44**

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. In a July 1989 merger, the former stockholders of a U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

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

Millions of dollars

Country or area	1992	1993	1994 Jan.–Apr.	1993 Oct.	1993 Nov.	1993 Dec.	1994 Jan.	1994 Feb.	1994 Mar.[r]	1994 Apr.[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**	**39,288**	**24,294**	**–197**	**3,925**	**15,203**	**507**	**1,853**	**12,995**	**–1,430**	**–13,615**
2 Foreign countries	37,935	24,091	184	5,055	14,584	696	1,592	12,884	–1,446	–12,846
3 Europe	19,625	–2,311	591	3,500	–841	499	114	3,552	2,281	–5,356
4 Belgium and Luxembourg	1,985	1,218	159	–205	22	–65	–63	128	269	–175
5 Germany	2,076	–9,977	78	1,176	–750	571	2,327	–1,055	–729	–465
6 Netherlands	–2,959	–515	–314	–506	206	–189	52	418	–971	187
7 Sweden	–804	1,421	105	47	141	–31	–4	229	34	–154
8 Switzerland	488	–1,501	2,256	448	573	–70	313	555	1,385	3
9 United Kingdom	24,184	6,266	–2,655	833	–1,900	–412	–1,888	2,455	688	–3,910
10 Other Europe and former U.S.S.R.	–5,345	777	962	1,707	867	695	–623	822	1,605	–842
11 Canada	562	11,252	–1,105	–342	1,358	846	32	168	357	–1,662
12 Latin America and Caribbean	–3,222	–4,692	1,768	3,701	2,070	–4,830	3,677	7,512	–3,428	–5,993
13 Venezuela	539	389	–176	–102	19	56	–358	235	93	–146
14 Other Latin America and Caribbean	–1,956	–5,925	–5,128	676	–36	–1,061	3,118	2,860	–4,204	–6,902
15 Netherlands Antilles	–1,805	844	7,072	3,127	2,087	–3,825	917	4,417	683	1,055
16 Asia	23,517	20,532	–374	–2,034	11,771	4,029	–2,152	1,191	151	436
17 Japan	9,817	17,070	1,451	156	5,661	649	–3,074	–1,403	2,914	3,014
18 Africa	1,103	1,156	–223	74	35	115	–135	–120	–18	50
19 Other	–3,650	–1,846	–473	156	191	37	56	581	–789	–321
20 Nonmonetary international and regional organizations	1,353	203	–381	–1,130	619	–189	261	111	16	–769
21 International	1,018	–302	–248	–874	855	124	455	1	61	–765
22 Latin American regional	533	654	107	–23	40	–1	7	116	–37	21
MEMO										
23 Foreign countries	37,935	24,091	184	5,055	14,584	696	1,592	12,884	–1,446	–12,846
24 Official institutions	6,876	1,272	4,031	1,619	6,223	3,637	4,284	4,045	–4,883	585
25 Other foreign[2]	31,059	22,819	–3,847	3,436	8,361	–2,941	–2,692	8,839	3,437	–13,431
Oil-exporting countries										
26 Middle East[2]	4,317	–8,836	–441	–820	–6	84	–1,518	900	33	144
27 Africa[3]	11	–5	0	0	0	–9	0	0	0	0

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

Country	Rate on June 30, 1994		Country	Rate on June 30, 1994		Country	Rate on June 30, 1994	
	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	7.0	May 1994	Switzerland	3.5	Apr. 1994
Canada	6.92	June 1994	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	5.0	May 1994	Netherlands	4.5	May 1994			
France[2]	5.1	June 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	1991	1992	1993	1993	1994					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Eurodollars	5.86	3.70	3.18	3.26	3.15	3.43	3.75	4.00	4.51	4.51
2 United Kingdom	11.47	9.56	5.88	5.29	5.34	5.15	5.12	5.14	5.13	5.13
3 Canada	9.07	6.76	5.14	4.09	3.89	3.89	4.45	6.07	6.38	6.50
4 Germany	9.15	9.42	7.17	5.99	5.76	5.78	5.73	5.48	5.07	4.95
5 Switzerland	8.01	7.67	4.79	4.10	3.90	4.04	3.99	3.96	3.94	4.21
6 Netherlands	9.19	9.25	6.73	5.50	5.12	5.19	5.23	5.22	5.04	4.95
7 France	9.49	10.14	8.30	6.39	6.19	6.18	6.11	5.89	5.52	5.44
8 Italy	12.04	13.91	10.09	8.56	8.38	8.42	8.36	8.07	7.76	8.04
9 Belgium	9.30	9.31	8.10	7.03	6.88	6.39	6.10	5.84	5.27	5.33
10 Japan	7.33	4.39	2.96	2.06	2.13	2.21	2.26	2.26	2.17	2.12

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	1991	1992	1993	1994 Jan.	1994 Feb.	1994 Mar.	1994 Apr.	1994 May	1994 June
1 Australia/dollar[2]	77.872	73.521	67.993	69.608	71.611	71.087	71.565	72.433	73.291
2 Austria/schilling	11.686	10.992	11.639	12.252	12.200	11.896	11.948	11.651	11.446
3 Belgium/franc	34.195	32.148	34.581	36.206	35.768	34.862	34.979	34.108	33.514
4 Canada/dollar	1.1460	1.2085	1.2902	1.3173	1.3424	1.3644	1.3830	1.3808	1.3836
5 China, P.R./yuan	5.3337	5.5206	5.7795	8.7219	8.7249	8.7241	8.7251	8.6859	8.6836
6 Denmark/krone	6.4038	6.0372	6.4863	6.7697	6.7668	6.6296	6.6642	6.4857	6.3786
7 Finland/markka	4.0521	4.4865	5.7251	5.7004	5.5930	5.5436	5.4997	5.4194	5.4241
8 France/franc	5.6468	5.2935	5.6669	5.9207	5.8955	5.7647	5.8170	5.6728	5.5597
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.7426	1.7355	1.6909	1.6984	1.6565	1.6271
10 Greece/drachma	182.63	190.81	229.64	250.29	250.48	246.71	249.08	245.41	244.77
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7251	7.7353	7.7268	7.7269	7.7262	7.7309
12 India/rupee	22.712	28.156	31.291	31.440	31.449	31.415	31.391	31.375	31.385
13 Ireland/pound[2]	161.39	170.42	146.47	143.03	141.91	143.40	143.42	147.12	149.54
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,699.45	1,685.96	1,666.63	1,626.07	1,594.56	1,592.22
15 Japan/yen	134.59	126.78	111.08	111.44	106.30	105.10	103.48	103.75	102.53
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.7160	2.7624	2.7171	2.6887	2.6169	2.5942
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.9516	1.9464	1.9006	1.9074	1.8597	1.8242
18 New Zealand/dollar[2]	57.832	53.792	54.127	56.263	57.436	57.093	56.908	58.347	59.121
19 Norway/krone	6.4912	6.2142	7.0979	7.5064	7.4885	7.3419	7.3680	7.1789	7.0686
20 Portugal/escudo	144.77	135.07	161.08	176.04	175.15	174.00	173.54	171.15	168.76
21 Singapore/dollar	1.7283	1.6294	1.6158	1.6037	1.5873	1.5819	1.5628	1.5464	1.5310
22 South Africa/rand	2.7633	2.8524	3.2729	3.4107	3.4520	3.4586	3.5789	3.6346	3.6318
23 South Korea/won	736.73	784.58	805.75	813.55	812.24	810.69	811.71	809.79	809.86
24 Spain/peseta	104.01	102.38	127.48	143.04	141.08	138.78	138.14	136.62	134.23
25 Sri Lanka/rupee	41.200	44.013	48.205	49.460	49.113	48.931	48.925	49.067	49.232
26 Sweden/krona	6.0521	5.8258	7.7956	8.1184	7.9869	7.9156	7.8850	7.7181	7.7968
27 Switzerland/franc	1.4356	1.4064	1.4781	1.4716	1.4565	1.4292	1.4383	1.4125	1.3727
28 Taiwan/dollar	26.759	25.160	26.416	26.495	26.440	26.414	26.389	26.792	27.018
29 Thailand/baht	25.528	25.411	25.333	25.543	25.382	25.325	25.268	25.212	25.137
30 United Kingdom/pound[2]	176.74	176.63	150.16	149.23	147.92	149.19	148.23	150.42	152.62
MEMO									
31 United States/dollar[3]	89.84	86.61	93.18	96.54	95.79	94.35	94.39	92.79	91.60

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).

Guide to Statistical Releases and Special Tables

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

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

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2–6, 1994[1]

Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	12,953,765	6,636	*	4.47	.24	8.6	57.5	5.7	Fed funds
2 One month or less (excluding overnight)	7,644,038	1,071	17	5.09	.17	20.4	81.2	8.7	Other
3 Fixed rate	4,669,477	2,223	15	4.63	.20	11.1	76.1	9.9	Other
4 Floating rate	2,974,562	591	21	5.82	.24	35.0	89.1	6.9	Prime
5 More than one month and less than one year	9,750,253	182	152	5.94	.16	50.9	80.1	7.1	Prime
6 Fixed rate	4,335,962	187	114	5.19	.19	39.4	80.0	6.0	Other
7 Floating rate	5,414,292	178	183	6.54	.23	60.0	80.2	7.9	Prime
8 Demand[7]	17,480,228	315	*	5.94	.16	66.2	63.1	4.5	Prime
9 Fixed rate	4,593,535	606	*	4.84	.24	42.0	60.9	4.6	Domestic
10 Floating rate	12,886,692	269	*	6.34	.17	74.9	63.8	4.4	Prime
11 Total short-term	**47,828,284**	**405**	**54**	**5.41**	**.15**	**40.2**	**67.9**	**6.0**	**Prime**
12 Fixed rate (thousands of dollars)	26,552,738	764	26	4.68	.21	19.8	65.0	6.3	Other
13 1–99	449,930	16	167	8.01	.27	79.9	40.6	.2	Other
14 100–499	429,298	182	116	6.54	.22	74.0	62.9	2.8	Other
15 500–999	469,352	690	71	5.65	.16	51.8	80.6	7.7	Other
16 1,000–4,999	4,343,805	2,358	34	4.98	.10	24.0	78.9	7.6	Other
17 5,000–9,999	4,875,048	6,527	25	4.73	.07	16.2	74.6	14.6	Other
18 10,000 or more	15,985,305	18,851	18	4.41	.09	15.7	58.6	3.7	Other
19 Floating rate (thousands of dollars)	21,275,545	255	126	6.32	.17	65.5	71.5	5.7	Prime
20 1–99	1,555,979	25	181	8.12	.07	83.2	85.8	1.4	Prime
21 100–499	3,219,028	202	194	7.59	.04	78.8	87.0	3.6	Prime
22 500–999	2,046,157	666	234	7.35	.10	71.9	77.5	4.3	Prime
23 1,000–4,999	4,629,115	2,029	141	6.51	.15	56.7	83.7	10.6	Prime
24 5,000–9,999	1,786,904	6,144	49	5.55	.20	44.6	74.4	7.1	Prime
25 10,000 or more	8,038,362	23,802	66	5.25	.27	64.9	53.4	4.6	Fed funds
			Months						
26 Total long-term	**6,192,762**	**265**	**40**	**6.48**	**.16**	**51.1**	**65.5**	**6.0**	**Prime**
27 Fixed rate (thousands of dollars)	1,724,271	147	51	6.17	.28	57.3	58.9	1.7	Other
28 1–99	183,330	19	48	8.57	.15	86.5	20.3	.6	Other
29 100–499	292,417	192	55	8.24	.24	94.4	34.0	1.1	Other
30 500–999	91,290	709	41	6.68	.41	75.3	53.1	1.1	Other
31 1,000 or more	1,157,233	4,526	51	5.22	.62	41.9	71.8	2.0	Other
32 Floating rate (thousands of dollars)	4,468,491	383	36	6.61	.15	48.8	68.0	7.6	Prime
33 1–99	246,321	35	47	8.24	.08	90.2	54.4	6.4	Prime
34 100–499	724,135	230	45	7.67	.08	82.9	69.0	7.8	Prime
35 500–999	499,075	680	39	7.43	.14	71.7	77.8	7.8	Prime
36 1,000 or more	2,998,960	4,437	33	6.08	.25	33.3	67.3	7.7	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	12,658,295	8,431	*	4.41	4.38	7.6	56.5	5.9	6.75
38 One month or less (excluding overnight)	6,220,967	4,300	15	4.56	4.54	15.9	79.3	10.0	6.76
39 More than one month and less than one year	6,250,564	744	119	4.90	4.87	35.2	85.8	9.7	6.82
40 Demand[7]	10,009,437	2,124	*	4.66	4.61	55.6	42.9	4.0	6.76
41 Total short-term	**35,139,264**	**2,188**	**34**	**4.59**	**4.56**	**27.6**	**61.9**	**6.7**	**6.77**
42 Fixed rate	25,251,680	2,683	25	4.53	4.50	17.2	64.5	6.4	6.77
43 Floating rate	9,887,583	1,486	84	4.77	4.72	54.4	55.3	7.6	6.77
			Months						
44 Total long-term	**2,885,723**	**1,016**	**39**	**5.12**	**5.05**	**29.9**	**60.1**	**3.0**	**6.85**
45 Fixed rate	1,082,459	716	51	4.92	4.86	36.2	72.4	2.5	6.78
46 Floating rate	1,803,264	1,357	32	5.24	5.16	26.2	52.8	3.3	6.90

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2–6, 1994—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	9,888,563	6,898	*	4.51	.17	9.7	57.0	4.6	Other
2 One month or less (excluding overnight)	5,448,142	2,961	15	4.90	.17	17.3	84.1	9.5	Other
3 Fixed rate	3,696,857	5,833	14	4.59	.10	10.5	80.1	9.8	Other
4 Floating rate	1,751,285	1,452	18	5.56	.26	31.7	92.6	9.0	Other
5 More than one month and less than one year	5,629,671	953	121	5.32	.14	38.6	89.7	6.7	Other
6 Fixed rate	2,934,719	2,570	103	4.83	.17	32.3	88.9	6.9	Other
7 Floating rate	2,694,952	566	139	5.84	.19	45.6	90.4	6.6	Prime
8 Demand[7]	12,901,720	648	*	5.61	.15	65.6	53.8	3.2	Prime
9 Fixed rate	3,867,747	3,107	*	4.63	.18	40.0	56.3	2.8	Domestic
10 Floating rate	9,033,973	484	*	6.02	.17	76.5	52.7	3.3	Prime
11 **Total short-term**	**33,868,095**	**1,164**	**37**	**5.12**	**.14**	**37.0**	**65.6**	**5.2**	**Other**
12 Fixed rate (thousands of dollars)	20,387,886	4,577	22	4.59	.16	18.8	65.7	5.5	Other
13 1–99	24,392	27	98	7.07	.23	72.4	66.5	.6	Other
14 100–499	153,125	256	49	5.88	.19	53.1	77.0	5.5	Other
15 500–999	267,278	669	35	5.62	.17	46.0	88.8	5.8	Other
16 1,000–4,999	3,125,361	2,411	27	4.96	.10	22.2	82.5	6.9	Other
17 5,000–9,999	3,676,463	6,450	22	4.79	.10	17.9	72.6	8.2	Other
18 10,000 or more	13,141,266	18,699	21	4.41	.11	17.2	59.1	4.5	Other
19 Floating rate (thousands of dollars)	13,480,210	547	92	5.93	.16	64.5	65.4	4.7	Prime
20 1–99	477,554	32	160	7.87	.05	81.6	92.9	1.0	Prime
21 100–499	1,427,414	208	148	7.46	.05	75.2	92.4	2.5	Prime
22 500–999	882,973	674	144	7.12	.10	66.8	92.5	4.4	Prime
23 1,000–4,999	2,525,025	2,032	115	6.49	.22	52.5	83.5	7.9	Prime
24 5,000–9,999	1,287,494	6,340	49	5.52	.18	45.4	74.7	6.5	Prime
25 10,000 or more	6,879,749	24,500	72	5.19	.31	68.8	46.0	3.9	Fed funds
			Months						
26 **Total long-term**	**3,291,341**	**798**	**44**	**6.33**	**.14**	**48.3**	**90.6**	**8.7**	**Prime**
27 Fixed rate (thousands of dollars)	749,098	1,192	59	5.05	.25	50.2	93.2	2.3	Other
28 1–99	10,919	31	47	7.89	.34	85.4	57.3	1.6	Other
29 100–499	25,654	215	44	6.97	.27	70.5	84.8	6.7	Domestic
30 500–999	39,442	719	36	5.78	.32	55.5	75.2	2.5	Other
31 1,000 or more	673,082	6,608	61	4.89	.35	48.6	95.2	2.1	Other
32 Floating rate (thousands of dollars)	2,542,243	728	39	6.70	.09	47.7	89.8	10.6	Prime
33 1–99	48,543	39	29	7.61	.07	79.6	86.0	3.0	Prime
34 100–499	304,799	231	33	7.44	.06	72.6	85.9	8.1	Prime
35 500–999	272,004	690	33	7.22	.05	63.3	90.5	9.4	Prime
36 1,000 or more	1,916,897	3,566	42	6.49	.16	40.7	90.4	11.4	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	9,596,033	8,327	*	4.43	4.41	8.4	55.8	4.7	6.75
38 One month or less (excluding overnight)	4,828,688	6,000	14	4.52	4.50	12.7	83.5	10.7	6.75
39 More than one month and less than one year	4,446,036	3,473	109	4.75	4.73	29.3	91.8	7.2	6.75
40 Demand[7]	8,562,143	3,957	*	4.60	4.55	60.1	35.0	2.4	6.75
41 **Total short-term**	**27,432,899**	**5,079**	**30**	**4.55**	**4.52**	**28.7**	**60.0**	**5.5**	**6.75**
42 Fixed rate	19,677,448	5,915	22	4.50	4.48	17.3	64.8	5.7	6.75
43 Floating rate	7,755,452	3,738	75	4.67	4.62	57.6	48.0	5.0	6.75
			Months						
44 **Total long-term**	**1,475,621**	**2,624**	**52**	**5.04**	**4.98**	**41.2**	**94.6**	**4.4**	**6.75**
45 Fixed rate	646,902	3,298	61	4.70	4.66	44.3	94.7	2.4	6.75
46 Floating rate	828,720	2,263	45	5.30	5.24	38.8	94.5	5.9	6.75

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2–6, 1994[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	3,065,202	5,911	*	4.33	.34	5.1	58.8	9.3	Fed funds
2 One month or less (excluding overnight)	2,195,896	415	23	5.57	.22	28.1	74.0	6.7	Prime
3 Fixed rate	972,620	663	18	4.79	.28	13.6	61.1	10.4	Fed funds
4 Floating rate	1,223,277	320	27	6.19	.27	39.7	84.2	3.8	Prime
5 More than one month and less than one year	4,120,582	86	196	6.79	.18	67.6	67.1	7.6	Prime
6 Fixed rate	1,401,243	64	138	5.94	.23	54.4	61.2	4.2	Foreign
7 Floating rate	2,719,340	106	226	7.23	.20	74.3	70.1	9.3	Prime
8 Demand[7]	4,578,507	129	*	6.89	.20	68.0	89.3	8.2	Prime
9 Fixed rate	725,788	115	*	5.93	.37	52.3	85.6	14.1	Other
10 Floating rate	3,852,719	132	*	7.07	.21	71.0	90.0	7.1	Prime
11 **Total short-term**	**13,960,188**	**157**	**92**	**6.09**	**.17**	**47.8**	**73.6**	**8.0**	**Prime**
12 Fixed rate (thousands of dollars)	6,164,852	203	39	4.95	.23	23.2	62.9	8.9	Fed funds
13 1–99	425,539	16	169	8.07	.29	80.4	39.2	.2	Other
14 100–499	276,172	157	155	6.90	.27	85.6	55.1	1.3	Other
15 500–999	202,073	720	113	5.68	.39	59.5	69.8	10.1	Other
16 1,000–4,999	1,218,444	2,232	51	5.02	.14	28.7	69.7	9.3	Fed funds
17 5,000–9,999	1,198,585	6,773	33	4.56	.12	11.3	80.7	34.1	Fed funds
18 10,000 or more	2,844,039	19,590	10	4.39	.13	8.7	56.2	.0	Fed funds
19 Floating rate (thousands of dollars)	7,795,336	133	164	6.99	.21	67.2	82.1	7.3	Prime
20 1–99	1,078,425	23	185	8.24	.10	83.8	82.7	1.6	Prime
21 100–499	1,791,614	197	216	7.69	.07	81.6	82.7	4.4	Prime
22 500–999	1,163,184	659	277	7.53	.15	75.8	66.1	4.3	Prime
23 1,000–4,999	2,104,090	2,025	171	6.54	.09	61.7	84.0	13.7	Prime
24 5,000–9,999	499,410	5,693	47	5.65	.39	42.3	73.7	8.9	Prime
25 10,000 or more	1,158,614	20,361	54	5.60	.57	41.8	97.3	8.2	Prime
			Months						
26 **Total long-term**	**2,901,421**	**151**	**36**	**6.66**	**.15**	**54.4**	**37.0**	**2.9**	**Prime**
27 Fixed rate (thousands of dollars)	975,173	88	45	7.02	.25	62.7	32.6	1.2	Fed funds
28 1–99	172,411	18	48	8.62	.16	86.6	18.0	.6	Other
29 100–499	266,763	190	56	8.36	.22	96.7	29.1	.6	Other
30 500–999	51,848	702	45	7.37	.46	90.3	36.2	.0	Prime
31 1,000 or more	484,151	3,147	38	5.68	.64	32.5	39.3	1.9	Fed funds
32 Floating rate (thousands of dollars)	1,926,248	236	32	6.48	.16	50.2	39.3	3.7	Prime
33 1–99	197,778	34	52	8.40	.12	92.8	46.6	7.3	Prime
34 100–499	419,336	229	54	7.83	.13	90.4	56.8	7.5	Prime
35 500–999	227,071	668	46	7.68	.21	81.7	62.5	5.9	Prime
36 1,000 or more	1,082,063	7,818	17	5.36	.36	20.2	26.3	1.1	Foreign
			Days	Loan rate (percent) Effective[3]	Loan rate (percent) Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	3,062,263	8,774	*	4.32	4.28	5.0	58.8	9.3	6.75
38 One month or less (excluding overnight)	1,392,280	2,169	21	4.71	4.66	27.2	64.5	7.7	6.80
39 More than one month and less than one year	1,804,529	253	144	5.29	5.24	49.8	71.2	15.7	6.98
40 Demand[7]	1,447,294	568	*	5.02	5.00	28.4	89.4	13.0	6.84
41 **Total short-term**	**7,706,364**	**723**	**47**	**4.75**	**4.71**	**23.9**	**68.5**	**11.2**	**6.83**
42 Fixed rate	5,574,232	916	33	4.61	4.57	16.7	63.4	8.9	6.83
43 Floating rate	2,132,132	466	108	5.11	5.06	42.8	81.7	17.2	6.82
			Months						
44 **Total long-term**	**1,410,101**	**619**	**25**	**5.21**	**5.11**	**18.1**	**24.1**	**1.6**	**6.96**
45 Fixed rate	435,557	331	36	5.25	5.16	24.0	39.2	2.5	6.81
46 Floating rate	974,544	1,012	21	5.19	5.09	15.4	17.3	1.2	7.03

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2–6, 1994—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecure loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.
2. Average maturities are weighted by loan size; excludes demand loans.
3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.
5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.
9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1994[1]

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**693,578**	**314,037**	**524,498**	**249,160**	**76,291**	**35,571**	**58,313**	**21,646**
2 Claims on nonrelated parties	618,234	182,826	461,470	148,245	70,517	17,189	57,255	12,306
3 Cash and balances due from depository institutions	140,873	118,174	120,506	99,630	8,003	7,371	10,879	10,270
4 Cash items in process of collection and unposted debits	2,736	0	2,579	0	21	0	103	0
5 Currency and coin (U.S. and foreign)	22	n.a.	15	n.a.	1	n.a.	1	n.a.
6 Balances with depository institutions in United States	92,660	74,216	78,994	61,915	5,080	4,497	7,920	7,512
7 U.S. branches and agencies of other foreign banks (including IBFs)	87,392	71,135	74,450	59,112	4,696	4,324	7,745	7,412
8 Other depository institutions in United States (including IBFs)	5,269	3,081	4,544	2,802	384	173	175	100
9 Balances with banks in foreign countries and with foreign central banks	44,961	43,958	38,495	37,716	2,884	2,874	2,843	2,759
10 Foreign branches of U.S. banks	1,701	1,455	1,577	1,332	42	42	33	33
11 Other banks in foreign countries and foreign central banks	43,260	42,503	36,918	36,384	2,842	2,832	2,811	2,726
12 Balances with Federal Reserve Banks	492	n.a.	423	n.a.	17	n.a.	11	n.a.
13 **Total securities and loans**	**371,569**	**55,936**	**253,135**	**40,926**	**56,744**	**9,253**	**35,654**	**1,670**
14 Total securities, book value	84,323	13,433	76,172	12,213	4,970	786	2,620	421
15 U.S. Treasury	26,623	n.a.	24,677	n.a.	1,609	n.a.	259	n.a.
16 Obligations of U.S. government agencies and corporations	21,008	n.a.	20,586	n.a.	240	n.a.	41	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	36,693	13,433	30,909	12,213	3,120	786	2,320	421
18 Federal funds sold and securities purchased under agreements to resell	39,379	3,144	35,378	2,863	648	49	2,926	208
19 U.S. branches and agencies of other foreign banks	10,215	2,349	8,585	2,110	477	39	929	180
20 Commercial banks in United States	5,096	240	4,747	240	85	0	78	0
21 Other	24,068	556	22,047	513	86	10	1,918	28
22 Total loans, gross	287,360	42,511	177,036	28,717	51,793	8,469	33,043	1,249
23 LESS: Unearned income on loans	114	8	73	5	19	2	9	0
24 EQUALS: Loans, net	287,246	42,503	176,963	28,712	51,774	8,467	33,034	1,248
Total loans, gross, by category								
25 Real estate loans	43,264	461	24,117	273	12,789	173	3,886	13
26 Loans to depository institutions	43,297	28,245	28,911	18,153	8,980	6,789	1,885	841
27 Commercial banks in United States (including IBFs)	20,312	10,704	12,379	6,052	6,146	4,062	1,569	553
28 U.S. branches and agencies of other foreign banks	18,361	10,475	11,116	5,873	6,069	4,052	1,045	538
29 Other commercial banks in United States	1,951	229	1,264	179	77	10	524	15
30 Other depository institutions in United States (including IBFs)	61	0	61	0	0	0	0	0
31 Banks in foreign countries	22,924	17,542	16,471	12,101	2,834	2,727	316	288
32 Foreign branches of U.S. banks	714	522	499	327	205	195	0	0
33 Other banks in foreign countries	22,210	17,019	15,972	11,775	2,629	2,532	316	288
34 Loans to other financial institutions	21,371	820	17,802	715	1,399	15	1,670	49
35 Commercial and industrial loans	160,010	10,071	90,643	7,055	27,950	1,428	23,551	308
36 U.S. addressees (domicile)	141,307	57	77,284	31	25,680	13	22,891	0
37 Non-U.S. addressees (domicile)	18,703	10,014	13,359	7,024	2,271	1,416	660	308
38 Acceptances of other banks	809	30	532	23	60	0	34	0
39 U.S. banks	339	0	298	0	17	0	1	0
40 Foreign banks	470	30	234	23	43	0	33	0
41 Loans to foreign governments and official institutions (including foreign central banks)	4,192	2,666	3,138	2,312	159	63	187	37
42 Loans for purchasing or carrying securities (secured and unsecured)	9,188	53	8,705	53	271	0	128	0
43 All other loans	4,504	121	2,462	90	183	0	1,701	0
44 All other assets	50,311	5,462	38,792	4,749	4,976	483	5,514	158
45 Customers' liabilities on acceptances outstanding	13,828	n.a.	8,983	n.a.	3,473	n.a.	733	n.a.
46 U.S. addressees (domicile)	10,008	n.a.	6,425	n.a.	2,676	n.a.	594	n.a.
47 Non-U.S. addressees (domicile)	3,820	n.a.	2,558	n.a.	797	n.a.	139	n.a.
48 Other assets including other claims on nonrelated parties	36,483	5,462	29,809	4,749	1,503	483	4,781	158
49 Net due from related depository institutions[5]	75,345	131,211	63,028	100,915	5,774	18,382	1,059	9,340
50 Net due from head office and other related depository institutions[5]	75,345	n.a.	63,028	n.a.	5,774	n.a.	1,059	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	131,211	n.a.	100,915	n.a.	18,382	n.a.	9,340
52 **Total liabilities**[4]	**693,578**	**314,037**	**524,498**	**249,160**	**76,291**	**35,571**	**58,313**	**21,646**
53 Liabilities to nonrelated parties	580,950	294,430	470,962	235,489	57,523	35,076	37,087	18,289

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1994[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
54 Total deposits and credit balances	136,572	224,953	119,622	203,672	4,483	6,033	5,064	10,587
55 Individuals, partnerships, and corporations	93,253	11,690	79,395	7,589	4,161	360	3,986	147
56 U.S. addressees (domicile)	79,995	153	71,841	152	2,593	0	3,137	0
57 Non-U.S. addressees (domicile)	13,257	11,537	7,554	7,436	1,568	360	849	147
58 Commercial banks in United States (including IBFs)	23,165	69,392	21,233	64,941	76	2,155	935	2,034
59 U.S. branches and agencies of other foreign banks	13,199	63,111	12,064	59,341	63	1,873	418	1,660
60 Other commercial banks in United States	9,967	6,281	9,169	5,600	13	282	518	375
61 Banks in foreign countries	8,540	124,674	8,241	115,272	33	2,765	62	6,098
62 Foreign branches of U.S. banks	2,951	4,572	2,951	4,157	0	268	0	137
63 Other banks in foreign countries	5,589	120,102	5,291	111,115	33	2,497	62	5,961
64 Foreign governments and official institutions (including foreign central banks)	3,795	19,146	3,502	15,818	183	753	3	2,307
65 All other deposits and credit balances	7,470	52	6,954	52	11	0	72	0
66 Certified and official checks	349		297		19		7	
67 Transaction accounts and credit balances (excluding IBFs)	8,893		7,257		345		323	
68 Individuals, partnerships, and corporations	7,104		5,757		279		310	
69 U.S. addressees (domicile)	5,260		4,621		217		306	
70 Non-U.S. addressees (domicile)	1,844		1,136		61		4	
71 Commercial banks in United States (including IBFs)	98		82		9		0	
72 U.S. branches and agencies of other foreign banks	15		10		0		0	
73 Other commercial banks in United States	83		72		9		0	
74 Banks in foreign countries	878		716		24		2	
75 Foreign branches of U.S. banks	1		0		0		0	
76 Other banks in foreign countries	877		716		24		2	
77 Foreign governments and official institutions (including foreign central banks)	365		323		3		3	
78 All other deposits and credit balances	99		82		11		1	
79 Certified and official checks	349		297		19		7	
80 Demand deposits (included in transaction accounts and credit balances)	8,350		7,027		287		309	
81 Individuals, partnerships, and corporations	6,686		5,616		236		297	
82 U.S. addressees (domicile)	5,124		4,561		189		293	
83 Non-U.S. addressees (domicile)	1,561		1,055		47		4	
84 Commercial banks in United States (including IBFs)	83	n.a.	76	n.a.	1	n.a.	0	n.a.
85 U.S. branches and agencies of other foreign banks	11		7		0		0	
86 Other commercial banks in United States	72		70		0		0	
87 Banks in foreign countries	823		668		24		2	
88 Foreign branches of U.S. banks	1		0		0		0	
89 Other banks in foreign countries	822		668		24		2	
90 Foreign governments and official institutions (including foreign central banks)	335		305		3		3	
91 All other deposits and credit balances	73		64		5		1	
92 Certified and official checks	349		297		19		7	
93 Nontransaction accounts (including MMDAs, excluding IBFs)	127,679		112,366		4,138		4,741	
94 Individuals, partnerships, and corporations	86,149		73,639		3,882		3,675	
95 U.S. addressees (domicile)	74,735		67,220		2,376		2,830	
96 Non-U.S. addressees (domicile)	11,413		6,418		1,506		845	
97 Commercial banks in United States (including IBFs)	23,068		21,151		67		935	
98 U.S. branches and agencies of other foreign banks	13,184		12,054		63		418	
99 Other commercial banks in United States	9,883		9,097		4		518	
100 Banks in foreign countries	7,663		7,525		9		60	
101 Foreign branches of U.S. banks	2,950		2,950		0		0	
102 Other banks in foreign countries	4,712		4,575		9		60	
103 Foreign governments and official institutions (including foreign central banks)	3,430		3,179		180		0	
104 All other deposits and credit balances	7,371		6,872		0		71	
105 IBF deposit liabilities		224,953		203,672		6,033		10,587
106 Individuals, partnerships, and corporations		11,690		7,589		360		147
107 U.S. addressees (domicile)		153		152		0		0
108 Non-U.S. addressees (domicile)		11,537		7,436		360		147
109 Commercial banks in United States (including IBFs)		69,392		64,941		2,155		2,034
110 U.S. branches and agencies of other foreign banks	n.a.	63,111	n.a.	59,341	n.a.	1,873	n.a.	1,660
111 Other commercial banks in United States		6,281		5,600		282		375
112 Banks in foreign countries		124,674		115,272		2,765		6,098
113 Foreign branches of U.S. banks		4,572		4,157		268		137
114 Other banks in foreign countries		120,102		111,115		2,497		5,961
115 Foreign governments and official institutions (including foreign central banks)		19,146		15,818		753		2,307
116 All other deposits and credit balances		52		52		0		0

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1994[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
117 Federal funds purchased and securities sold under agreements to repurchase	60,117	6,669	49,569	4,100	5,864	2,140	4,482	396
118 U.S. branches and agencies of other foreign banks	12,095	2,339	8,345	961	2,744	1,159	929	196
119 Other commercial banks in United States	11,163	292	8,427	226	2,006	46	696	20
120 Other	36,859	4,038	32,797	2,913	1,115	935	2,857	180
121 Other borrowed money	114,358	58,534	63,591	24,018	36,654	26,463	11,906	7,200
122 Owed to nonrelated commercial banks in United States (including IBFs)	39,725	21,644	16,288	4,708	18,593	14,358	3,511	2,233
123 Owed to U.S. offices of nonrelated U.S. banks	9,161	1,989	5,741	413	2,134	1,226	972	322
124 Owed to U.S. branches and agencies of nonrelated foreign banks	30,564	19,655	10,547	4,295	16,459	13,131	2,539	1,911
125 Owed to nonrelated banks in foreign countries	36,520	34,292	19,107	17,071	11,948	11,824	4,889	4,888
126 Owed to foreign branches of nonrelated U.S. banks	1,759	1,710	751	717	674	669	313	313
127 Owed to foreign offices of nonrelated foreign banks	34,760	32,582	18,355	16,354	11,274	11,155	4,576	4,575
128 Owed to others	38,113	2,598	28,196	2,238	6,113	281	3,505	79
129 All other liabilities	44,949	4,273	34,508	3,700	4,489	440	5,049	106
130 Branch or agency liability on acceptances executed and outstanding	14,535	n.a.	9,701	n.a.	3,467	n.a.	676	n.a.
131 Other liabilities to nonrelated parties	30,414	4,273	24,807	3,700	1,021	440	4,373	106
132 Net due to related depository institutions[5]	112,628	19,607	53,536	13,671	18,767	495	21,226	3,357
133 Net owed to head office and other related depository institutions[5]	112,628	n.a.	53,536	n.a.	18,767	n.a.	21,226	n.a.
134 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	19,607	n.a.	13,671	n.a.	495	n.a.	3,357
MEMO								
135 Non-interest-bearing balances with commercial banks in United States	1,146	0	878	0	128	0	42	0
136 Holding of commercial paper included in total loans	940		920		1		10	
137 Holding of own acceptances included in commercial and industrial loans	3,199		2,233		720		92	
138 Commercial and industrial loans with remaining maturity of one year or less	98,492		54,724		16,963		15,943	
139 Predetermined interest rates	55,667	n.a.	30,095	n.a.	10,646	n.a.	11,355	n.a.
140 Floating interest rates	42,825		24,629		6,317		4,588	
141 Commercial and industrial loans with remaining maturity of more than one year	61,518		35,919		10,987		7,608	
142 Predetermined interest rates	19,332		10,978		4,152		3,039	
143 Floating interest rates	42,186		24,941		6,835		4,569	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1994[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, including IBFs	133,181	↑	118,060	↑	4,949	↑	5,189	↑
145 Time CDs in denominations of $100,000 or more	96,614		86,036		2,884		3,421	
146 Other time deposits in denominations of $100,000 or more	25,227	n.a.	22,626	n.a.	898	n.a.	1,093	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	11,340	↓	9,398	↓	1,167	↓	676	↓
	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
148 Market value of securities held	0	0	0	0	0	0	0	0
149 Immediately available funds with a maturity greater than one day included in other borrowed money	70,784	n.a.	34,768	n.a.	27,339	n.a.	7,083	n.a.
150 Number of reports filed[5]	551	0	258	0	127	0	49	0

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

2. Includes the District of Columbia.

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

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

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

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

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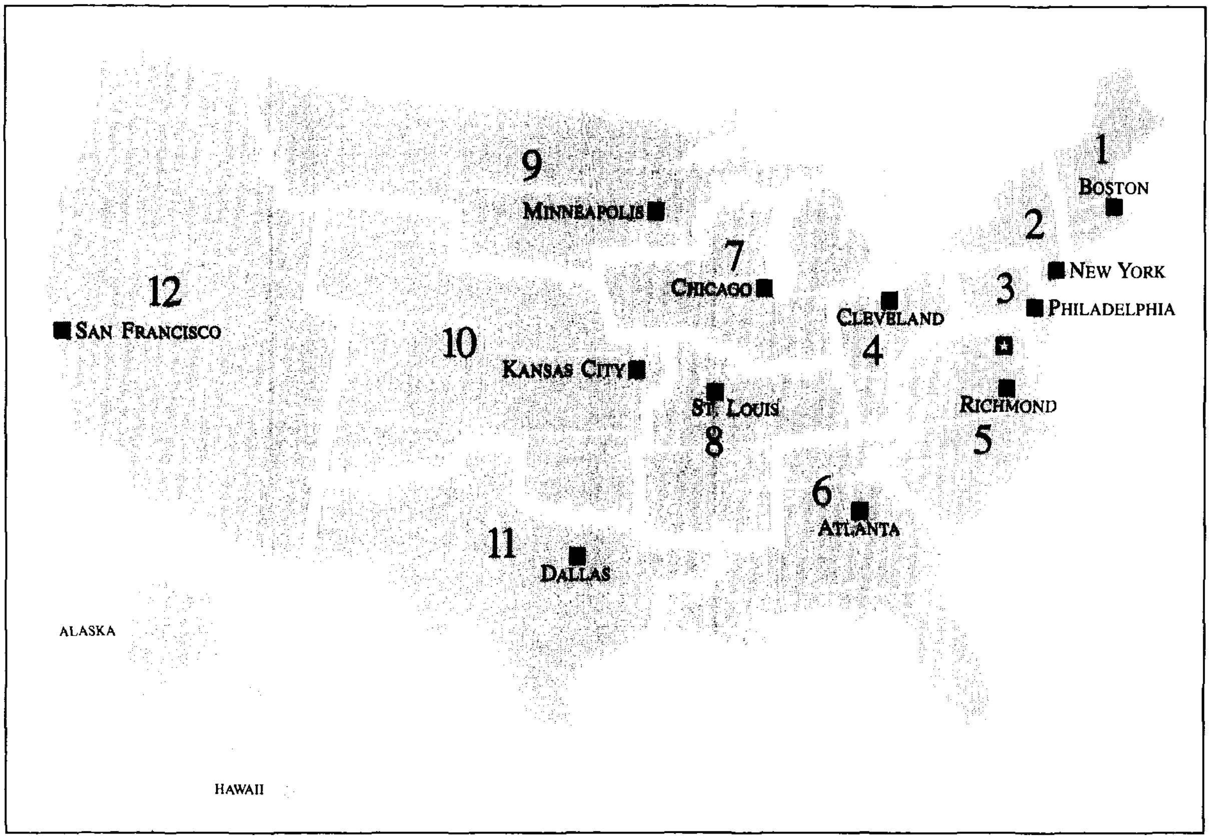


LEGEND

Both pages

■ Federal Reserve Bank city

⊡ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

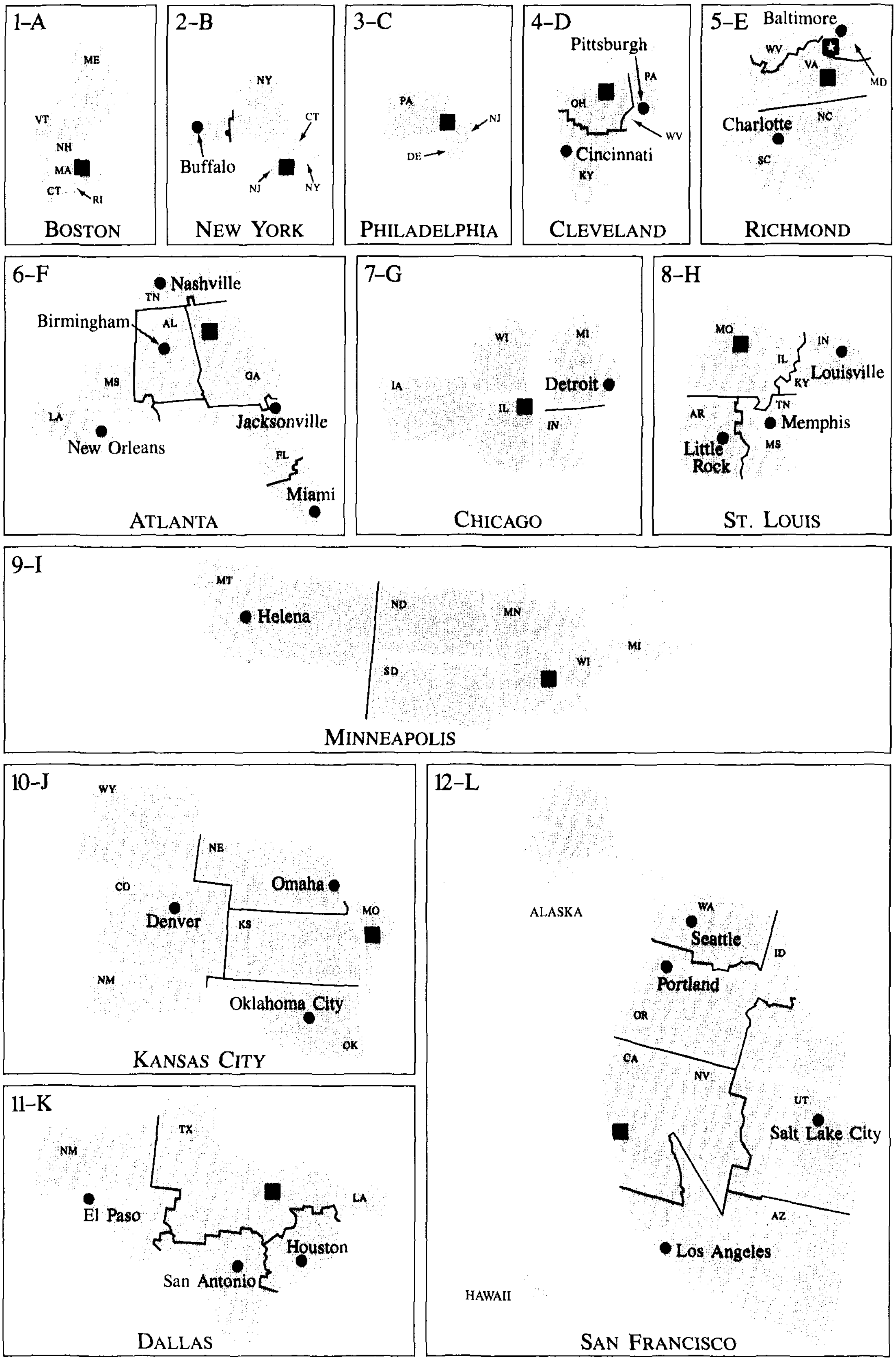
— Branch boundary

NOTE

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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