VOLUME 79 □ NUMBER 2 □ FEBRUARY 1993

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

PUBLICATIONS COMMITTEE
Joseph R. Coyne, *Chairman* □ S. David Frost □ Griffith L. Garwood
□ Donald L. Kohn □ J. Virgil Mattingly, Jr. □ Michael J. Prell □ Edwin M. Truman

The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Graphics Center under the direction of Peter G. Thomas, and Publications Services supervised by Linda C. Kyles.

Table of Contents

Recent Developments in the Market for Privately Placed Debt

This article was prepared by Mark S. Carey, Stephen D. Prowse, and John D. Rea, of the Board's Division of Research and Statistics, and Gregory F. Udell, who was a visiting economist in the division and is now at the Stern School of Business, New York University. Dana Cogswell and William Gerhardt provided research assistance.

The market for privately placed debt has undergone major changes in the past three years. Life insurance companies, the principal buyers of privately placed bonds, have significantly reduced their purchases of debt securities issued by below-investment-grade borrowers. In addition, the adoption of Rule 144A in 1990 by the Securities and Exchange Commission has spawned a new market for private debt that is similar to the public corporate bond market.

These changes have focused attention on a market that normally receives little publicity because private issuers need not publicly disclose information about themselves or their transactions. Private placements are securities that are exempt from registration with the Securities and Exchange Commission (SEC) by virtue of being issued in transactions that involve no public offerings. (Although "private placements" may be either debt or equity securities, in this article, the term refers only to privately placed debt.) In keeping with the absence of a public offering, private placements are typically offered only to a limited number of well-informed investors, usually institutions, which also generally do not disclose information about their transactions.

The private placement market has long been a significant source of long-term, fixed-rate funds for U.S. corporations. Since 1990, however, below-investment-grade borrowers have found the availability of funds in the private market to be sharply reduced, as life insurance companies have confined their acquisitions almost exclusively to investment-grade bonds. This change in the composition of their purchases has occurred because of public concern about the quality of insurers' assets and because of a regulatory reclassification in 1990 of many private placements from investment grade to speculative grade. The reluctance of insurance companies to lend to riskier borrowers, coupled with the failure of other institutions to fill the void, has shut off many medium-sized companies' supply of long-term debt financing. Because any significant return of insurance companies to this segment of the market depends on an improvement in the quality of their other assets, the availability of credit in the below-investment-grade segment of the private market may continue to be limited for some time.

The change induced in the private market by Rule 144A has occurred during the same period but is much different in nature. Rule 144A allows large, sophisticated institutions—defined as qualified institutional buyers (QIBs)—to trade private placements freely among themselves. Relying on the rule, securities firms have begun for the first time to underwrite some new issues, distributing them to QIBs. (Before the adoption of Rule 144A, the conditions under which private placements could be resold effectively prevented the underwriting of private securities.) The advent of underwritten offerings has created a market segment that has many characteristics of the public corporate bond market. This market segment differs significantly from the traditional private market, and it has proved especially attractive to foreign corporations, which can avoid the disclosure requirements of a public offering while still enjoying many of the benefits of the public market. Though the 144A market is still developing and small in size, it could

NOTE. This article is based on a forthcoming staff study by the same authors, "The Economics of the Private Placement Market."

be a major step toward the integration of U.S. and foreign bond markets.

OVERVIEW OF THE PRIVATE DEBT MARKET

The private placement market has characteristics in common with both the bank loan and the public bond markets. All three markets are important sources of funds for U.S. corporations. But, as in the bank loan market, borrowers in the private placement market tend to be less well known companies that require lenders to engage in extensive due diligence and loan monitoring. As in the public bond market, private placements are securities, and their issuance is very often assisted by an agent, who provides many of the services performed by underwriters of public bonds.

Size of the Market

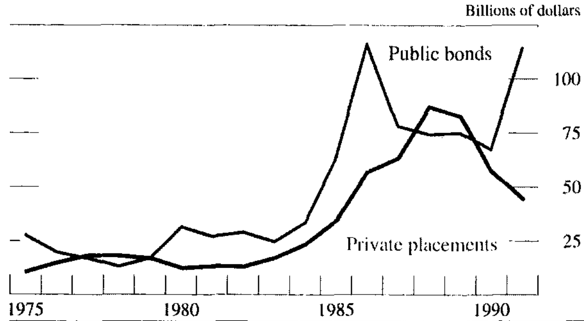
The private placement market is an important source of credit market funds for U.S corporations. Between 1986 and 1991, for example, gross issuance of private placements by nonfinancial corporations averaged $65 billion per year, or nearly 75 percent of that in the public market (table 1).[1] In 1988 and 1989, private issuance actually exceeded public issuance, as the financing of acquisitions and employee stock ownership plans boosted private offerings (chart 1). Public issuance surged in 1991, however, partly reflecting the refinancing of outstanding debt, whereas private issuance

1. Gross issuance of publicly offered and privately placed bonds by nonfinancial corporations, 1975–91
Billions of dollars, annual rate

Type of bonds	1975–80	1981–85	1986–91
Public	21.0	35.6	87.6
Private	14.7	19.8	64.8

SOURCE. Federal Reserve Board and IDD Information Services.

1. Gross issuance of publicly offered and privately placed bonds by nonfinancial corporations, 1975–91



SOURCE. Federal Reserve Board and IDD Information Services.

fell. The punitive prepayment penalties normally attached to privately placed debt make refinancing unattractive to issuers even when interest rates are falling.

Comparisons of gross issuance of private placements and public bonds tend to overstate the relative importance of the private market as a source of corporate financing because private bonds generally have shorter maturities than public bonds. The median average life of private placements is between six and seven years, whereas that of public bonds is around ten years. Nonetheless, in terms of issues outstanding at year-end 1991, private placements of nonfinancial corporations stood at $250 billion. For comparison, outstandings of public bonds issued by nonfinancial corporations were $800 billion; bank loans to such corporations were $530 billion; and finance company loans to nonfinancial corporations were $150 billion.[2]

Borrowers

The typical borrower in the private placement market is a medium-sized corporation. Large firms tend to issue in the public bond market, and small firms generally borrow only in the bank loan mar-

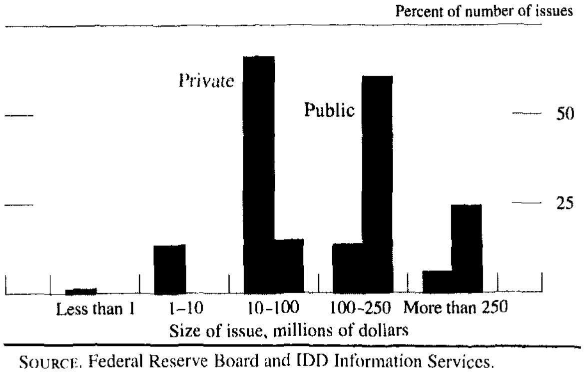
1. Data for gross issuance of private placements are from IDD Information Services, which obtains the data from a survey of investment banks and commercial banks serving as agents in placing the securities. Data for private placements that do not involve an agent are not included. Consequently, reported totals probably understate gross issuance of private placements.

2. Outstandings of public bonds of nonfinancial corporations are the sum of bonds rated by Moody's Investors Service and publicly issued medium-term notes. Private placements are estimated by subtracting the figure for public bonds from outstandings of all corporate bonds reported in the flow of funds accounts. Data for bank loans and finance company loans are from the flow of funds accounts.

ket. For a sample of nonfinancial corporations, the median value of assets for those borrowing in the private market was $0.5 billion in 1989, whereas the median for those borrowing in the public market was $1.5 billion. Because issuers are smaller in the private market, issue sizes are also smaller on average than in the public market: Nearly two-thirds of the number of all private placements in 1989 were between $10 million and $100 million, whereas more than 85 percent of the public issues were in excess of $100 million (chart 2). For the same year, the median issue size of private placements was $34 million, and the median for public bonds was $150 million.

An interaction among issue size, issuing costs, and yields is often thought to be the major reason that medium-sized firms tend to offer their securities in the private rather than in the public market. Issuance costs are lower for a private placement than for a public offering, in part because the issuer does not have to incur the considerable expense of registering the issue with the SEC. Also, most private placements, especially the smaller issues, are not underwritten and thus typically have lower distribution expenses than do public bonds, which are almost always underwritten. In contrast, for those few public and private issues that are of comparable size and quality, yields are generally higher on private placements than on public bonds. The total cost of borrowing for comparable medium-sized issues is thus generally lower in the private market because any higher coupon rate that must be paid there is offset by lower fixed costs of issuance. Total costs for comparable large issues are generally lower in the public market because fixed costs are a smaller percentage of large issues. According to market participants, the break-even point between the two markets is at issue sizes between $75 million and $100 million.

2. Distribution of private placements and public bonds by size of issue, 1989



SOURCE. Federal Reserve Board and IDD Information Services.

Issue size, however, is not the main reason that medium-sized companies borrow in the private rather than in the public market. A more important reason is that lenders must perform extensive credit evaluations of such companies before loans can be extended to them. In any credit transaction, public or private, the lender must determine the financial condition and prospects of the borrower. For large, well-known companies, this task is facilitated by the ready availability of information from many sources. In contrast, for other, less well known companies, a lender cannot obtain information as easily and must collect the necessary information on its own. Moreover, the lender must continue in this effort after the credit is extended in order to adequately monitor the borrower's ability to make timely payments of interest and principal. Because of the information problems that less well known companies present to lenders, they are sometimes referred to as information-problematic borrowers.

As a general rule, investors in securities sold in the public bond market are not staffed to analyze information-problematic borrowers, whereas lenders in the private placement market are capable of performing this type of credit analysis. A negative correlation between company size and the degree of informational problems accounts for the differences in the typical sizes of companies borrowing in the private and public markets. Thus, even if total costs for small issues were not lower in the private market, most medium-sized companies would not have access to the public market because of the information problems they pose for lenders.

Small firms are typically even more information-problematic than medium-sized firms. Small firms are seldom able to issue long-term, straight, unsecured debt because the credit risk involved in lending to them cannot be reliably evaluated over a long term. They thus borrow mainly in shorter-term markets, principally the bank loan market, rather than in the private market. Because banks are willing to lend to more information-problematic borrowers, their credit evaluation and monitoring organizations are typically even more extensive than those of insurance companies.

Issuance costs are also a factor tending to exclude small businesses from the private debt market. The fixed fees involved in placing debt privately make very small issues uneconomical, especially in comparison to bank loans. Furthermore, most buyers of private placements have little interest in small issues. Consequently, few private placements are less than $10 million in size.

Although information-problematic borrowers are generally not large firms, many large corporations have issued in the private market. Such companies normally issue straight debt in the public bond market but turn to the private market for complex transactions. In these cases, the transactions themselves, rather than the borrowers, are difficult to evaluate. Examples of such transactions are project financings, capitalized equipment leases, joint ventures, and new forms of asset-backed securities. Apart from information problems, other special circumstances can lead large corporations to use the private market. A corporation may wish to issue debt quickly or to maintain confidentiality by avoiding the disclosures required for a public offering, or it may wish to include customized features, such as delayed disbursements of funds, in the terms of the offering.

Besides being able to accommodate information-problematic and specialized transactions, the private placement market offers borrowers the opportunity to establish relationships with lenders. The primary disadvantages of private placements in borrowers' eyes are the restrictive covenants and stiff prepayment penalties typically found in private debt contracts. These penalties effectively eliminate a borrower's option to cut interest costs by refinancing debt when market interest rates otherwise would permit.

Lenders

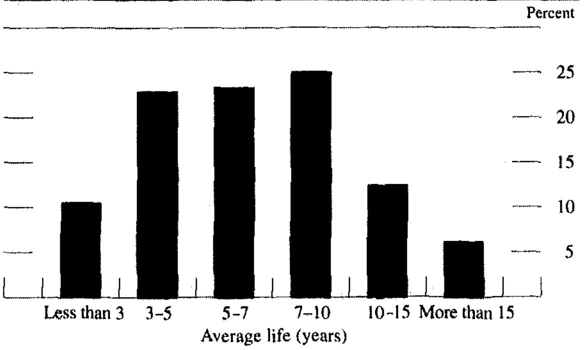
The major lenders in the private placement market are among those financial intermediaries that specialize in lending to information-problematic borrowers. A financial intermediary is a financial institution that raises funds through the issuance of its own debt or equity and then reinvests the proceeds in financial assets. The types of financial intermediaries and their specializations vary widely. However, those in the private placement market have in common a capacity to evaluate and monitor complex credit transactions. These intermediaries can provide borrowers in the private placement market with more favorable terms than would be available in the public market partly because of their expertise and partly because they are large enough to buy significant fractions of any issue. If many investors each provided only a small part of each borrower's loan, as is typical in the public market, every investor would have to perform costly credit evaluations, and the costs would be passed on to the borrowers. Total costs are reduced when only a few intermediaries lend to information-problematic borrowers because only a few must perform credit evaluations.

The major investors in private placements are life insurance companies. At year-end 1991, they held $212 billion of private placements.[3] Holdings are highly concentrated: The top five holders of private placements have almost 40 percent of the industry total, and the top twenty hold nearly 70 percent.[4] Life insurance companies invest primarily in unsecured, fixed-rate private placements; in keeping with the longer-term nature of their liabilities, the average lives of private placements they purchase are mainly between three and fifteen years (chart 3). Insurance companies prefer private placements falling in the lower end of the investment-grade range of credit ratings (rated A and BBB or the equivalent). For example, at the end of 1991, 37 percent of insurance companies' holdings were rated BBB (chart 4), and the majority of the 46 percent carrying a higher rating were rated A. Before 1990, insurance companies also purchased substantial quantities of below-

3. This figure includes private placements of both financial and nonfinancial corporations but only those held in the general accounts of insurance companies. No estimate for those held in separate accounts is available. At year-end 1991, corporate and government bonds in separate accounts totaled $67 billion. For comparison, corporate and government bonds in general accounts totaled $810 billion at year-end 1991, of which $212 billion were private placements.

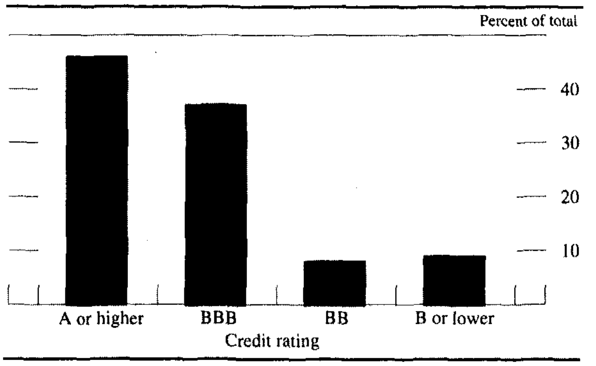
4. The top five holders of private placements hold only 25 percent of the general account assets of all insurance companies, while the top twenty hold 49 percent of all general account assets. The proportion of assets that are privately placed debt securities is naturally larger for these companies: The proportion of private placements in their general account assets is 25.4 percent for the top five and 22.7 percent for the top twenty, but only 9.6 percent for the rest of the industry.

3. Distribution of average lives of fixed-rate private placement commitments measured as a percentage of the total value of new private commitments by major life insurance companies, January 1990–July 1992



SOURCE. American Council of Life Insurance.

4. Distribution of credit ratings of private placements held by life insurance companies, 1991



SOURCE. National Association of Insurance Commissioners.

investment-grade private bonds, especially those BB-rated bonds falling just short of investment grade.

Life insurance companies are drawn to private placements by their favorable risk–return ratio. Yields on private placements are generally higher than those on comparable public bonds, the higher yield reflecting both the lack of liquidity of private bonds and a return to the more intensive credit analysis required by investors in the private market.[5] Credit risk is controlled through covenants that may limit the operations of the borrowers. For example, covenants may restrict the incurrence of additional debt, require the maintenance of a minimum level of net worth or a minimum ratio of cash flow to interest expenses, limit cash payouts to shareholders, or restrict the sale of assets. Violations of covenants serve as a warning that the financial condition of the borrower may be deteriorating.[6] Depending on the circumstances of a covenant violation, the lenders may either temporarily waive a covenant, renegotiate the terms of the security, or require immediate repayment of principal if the borrower is unable to remedy the violation. The restrictiveness of covenants is inversely related to the credit quality of the borrower. There can also be a trade-off between restrictiveness and the yield on the security. Finally, covenants tend to be more numerous and more restrictive in private placements than in public bonds, partly because of the information-problematic nature of borrowers in the private market. The smaller number of investors in private placements also makes negotiation after violations of covenants more manageable.

Life insurance companies attempt to match the duration of their investments in private placements to the duration of their liabilities. Private placements provide flexibility in this regard because maturities and sinking-fund provisions can be tailored to meet specific needs. In addition, private placements are seldom prepaid because they have strong call protection. In 1991, for example, almost 20 percent of the private bonds purchased by the largest life companies were noncallable. Another 70 percent had prepayment provisions that not only enable the insurance companies to replace any redeemed bonds at no reduction in interest income but that also require issuers to pay a penalty in the event of prepayment. Consequently, the primary reason a borrower prepays a private placement is to escape the confines of restrictive covenants.

The most important investors in private placements other than insurance companies have been finance companies and pension funds. Finance companies specialize in the highest-risk private

5. The insurance companies are able to profit from any illiquidity premium because they hold most private placements to maturity.

6. Many violations of covenants are not associated with deterioration of financial condition. Often a borrower whose condition has not deteriorated will wish to make investments or acquisitions that are forbidden by covenants. In such circumstances, the borrower will attempt to negotiate a waiver of the covenant by the lender.

placements and, consequently, usually require collateral and equity features such as warrants or options to convert bonds to equity. Most investments in private placements by finance companies are held by only about a half dozen large firms. Similarly, only a handful of pension funds are active investors in private placements. Most pension funds are geared primarily toward investing in public bonds and have not built up staff to perform the credit analysis and monitoring that is required of investors in private placements.

Origination, Negotiation, and Distribution

Most issuers of private placements enlist the services of an agent, typically an investment bank or commercial bank, for advice and assistance in selling the securities. Initially, the agent helps the issuer to prepare an offering memorandum, which contains information about the issuer's business, financial condition, and prospects, and a term sheet, which contains the proposed terms of the offering. Both are sent to prospective investors, which use them to make a preliminary evaluation of the issuer's credit quality and to negotiate the final terms of the offering. Once the terms have been agreed upon, investors then verify the portrait of the issuer's business operations and financial condition painted by the offering memorandum. An investor's analysis at this stage typically includes an on-site visit to the company. From start to finish, a routine transaction takes four to six weeks to complete.

In distributing the securities, agents typically operate on a "best-efforts" basis. In contrast to an underwriter, an agent is under no obligation to purchase the securities, so the issuer is not guaranteed funds. The use of a best-efforts distribution mechanism reflects primarily the economics of placing the debt of information-problematic borrowers: The risk associated with the failure to place an issue is so great that such borrowers find bearing it themselves less costly than hiring an underwriter to bear it for them. Until the adoption of Rule 144A, underwriting was also effectively precluded because an underwriting might constitute a public offering.

Some issuers choose not to use an agent and instead place their securities directly with investors. In most cases, such direct placements are sold to lenders with which the issuer has had a previous borrowing relationship, although a few insurance companies also solicit and originate new business. One advantage of a direct placement is the saving of the agent's fee. Also, if the direct placement follows a previous transaction between the same parties, investors may be able to offer better terms and faster execution. Nonetheless, even among repeat borrowers in the private market, direct placements constitute only a minority of offerings. Agents have better information than issuers about market conditions and investors' preferences, and they are experienced negotiators. Issuers thus generally can achieve lower borrowing costs by using agents, even taking into account their fees.

Relationship to Other Markets

The private placement market is most frequently compared with the public bond market, primarily because the debt instruments issued in both markets are securities. Despite this similarity, the private placement market has much more in common with the bank loan market, even though their debt instruments are different. Borrowers in both the bank loan and private placement markets are information-problematic, and lenders in both markets are financial intermediaries specializing in credit evaluation and monitoring. Consequently, the typical medium-sized borrower in the private placement market generally views a bank loan as the closest alternative to a private placement.

A given borrower, however, would not find bank loans and private placements to be perfect substitutes, because the characteristics of financings available in the two markets typically differ. Bank loans have short and intermediate maturities, generally of no more than seven years; in contrast, private placements are intermediate to long term in maturity. Bank loans normally carry floating rates and can be prepaid at par, whereas private placements are usually fixed-rate securities with substantial prepayment penalties.[7] The differences in matu-

7. The significance of the difference in types of interest rates is lessened somewhat by the availability of interest rate swaps. Swaps are costly, however, especially for many information-problematic borrowers.

rities and types of rate prevalent in the two markets largely reflect differences in the duration of bank and life insurance company liabilities.

Because of the differences in maturities between bank loans and private placements, borrowers generally view the two forms of credit as competitive only for maturities of three to seven years. A borrower planning to raise funds in this range of maturities will compare the total cost of bank loans and private placements and base its decision on both the price and nonprice terms of the instruments.[8]

Differences in maturities across the bank loan and private placement markets also influence the characteristics of the average borrower and the terms of the average loan. As noted, it is difficult to evaluate the credit risk of very information-problematic firms, which are typically small, over the long term. Thus smaller, more-information-problematic firms are much more frequently found in the bank loan market. Because the average borrower in the bank loan market is more information-problematic, the average bank loan has more and tighter covenants than the average private placement.

The Credit Crunch

Since the middle of 1990, issuers of below-investment-grade securities have encountered a sharp contraction in the availability of credit in the private placement market. Interest rate spreads on these securities have risen significantly, indicating that the reduction in supply has been larger than any decline in credit demand associated with the weak economy. This situation has been termed a credit crunch because it has resulted mainly from a greater reluctance of life insurance companies to assume below-investment-grade credit risk. The sources of this reluctance have been the threat of redemptions by liability holders (policyholders and others), asset-quality problems, and regulatory changes.

8. This choice, as noted above, is relevant only for medium-sized firms. Small firms typically do not have access to the private placement market because they are too information-problematic.

2. Gross issuance of private placements by nonfinancial corporations, 1989–91[1]

Billions of dollars except as noted

Type of issuance	1989	1990	1991
Total issuance	54.7	49.9	42.9
Below-investment-grade	6.6	8.1	3.8
MEMO			
Ratio of below-investment-grade to total (percent)	12.1	16.2	8.9

1. Excludes restructuring-related issues in excess of $250 million and issues to finance employee stock ownership plans.

SOURCE. IDD Information Services.

Issuance and Yields

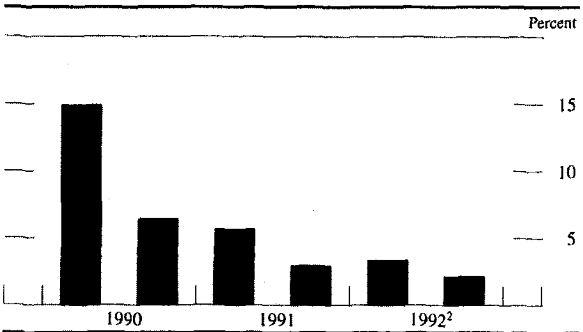
Evidence of reduced credit availability can be seen both in the volume of issuance of below-investment-grade private placements and in spreads between yields on investment-grade and below-investment-grade private bonds. Gross issuance by below-investment-grade, nonfinancial corporations fell more than 50 percent in 1991, a much steeper drop than that by investment-grade corporations (table 2).[9] As a percentage of gross offerings, below-investment-grade issuance declined from 16 percent in 1990 to 9 percent in 1991. Although data for 1992 are not yet available, preliminary information suggests that the low volume of low-grade issuance persisted last year.

Information available since 1990 from a survey of major life insurance companies by the American Council of Life Insurance (ACLI) confirms the decline in gross issuance of low-grade private placements and points to a significant restructuring in the composition of life insurers' holdings of private placements.[10] Although total commitments to purchase private placements remained roughly constant from early 1990 through mid-1992, the proportion of below-investment-grade issues dropped sharply in the middle of 1990 and declined further in the second half of 1991 (chart 5). Over

9. Gross issuance excludes offerings to finance employee stock ownership plans (ESOPs) and restructurings. Underlying developments are more evident with their exclusion, as both were heavy in 1989 but fell off sharply in 1990 and 1991.

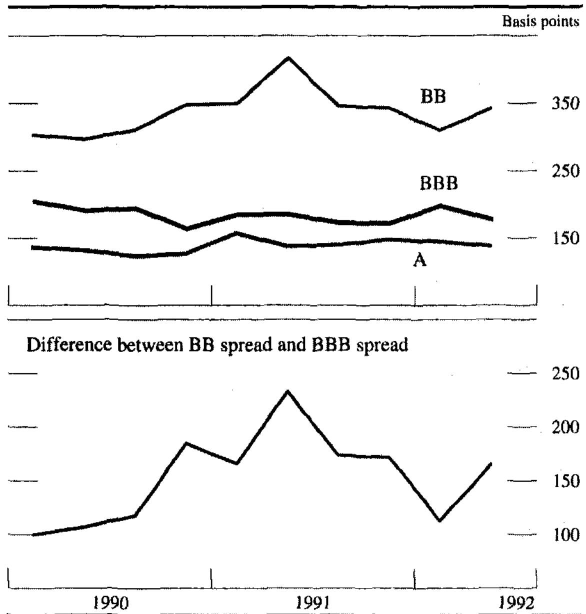
10. Respondents to the survey hold approximately two-thirds of all private placements in the general accounts of life insurance companies.

5. New commitments to purchase below-investment-grade private placements as a percentage of total new commitments by major life insurance companies, 1990–92[1]



1. Data are semiannual.
2. 1992:H2 is July at a semiannual rate.
SOURCE. American Council of Life Insurance.

6. Yield spreads on privately placed corporate bonds, 1990–92:Q2[1]



1. Data are quarterly weighted averages.
SOURCE. American Council of Life Insurance.

the entire period, the share of below-investment-grade securities in total commitments fell from 15 percent to 3 percent.

The reduced rate of gross purchases indicated by the survey is also evident in insurance companies' holdings of below-investment-grade securities. Holdings of such securities at all life insurers fell 11 percent in 1991, while holdings of investment-grade securities rose nearly 12 percent. As a result, speculative-grade private bonds as a percentage of all private placements in insurance company portfolios declined from 19.8 percent in 1990 to 16.4 percent in 1991. The low rates of commitments to purchase below-investment-grade private issues reported in the 1992 ACLI surveys suggest that the insurance industry pared holdings further last year.

Accompanying the decline in gross issuance and outstandings has been a sharp increase in yield spreads on below-investment-grade private placements. According to market reports, before 1990 the difference between yields on BB (below investment grade) private placements and BBB (investment grade) private placements, otherwise having comparable terms, was about 100 basis points; since then, the difference has been as high as 250 basis points. Although data are unavailable for periods before 1990, the relative movement in yields on private bonds rated BB and BBB is confirmed in the spreads reported in the ACLI survey (chart 6).[11] During the first half of 1990, the spread between yields on BB private placements and comparable Treasury securities was about 300 basis points, compared with 190 basis points on BBB private placements. From that point, the spread on BB bonds moved up to almost 425 basis points in the second quarter of 1991, although in the second quarter of 1992 it retreated to around 350 basis points. During the same period, the BBB spread drifted down to 180 basis points. Similarly,

11. Care must be used in interpreting the reported spreads. Although they are transaction prices, they do not reflect a standardized security. The nonprice terms of private placements can differ widely for bonds carrying the same credit rating, and the terms affect the yields. For example, in early 1992, the difference in spreads between the highest-risk BB issue and the lowest-risk BB issue reportedly was as much as 150 basis points. Under normal circumstances, averaging spreads within a rating category produces a representative spread for that rating. However, as most of the BB bonds issued since mid-1990 probably were at the least risky end of that risk range, the increase in the BB spread shown in chart 6 likely understates the actual increase.

the spread on A-rated private placements varied little over the past three years.[12]

Sources of the Credit Crunch

The combination of a decline in gross issuance of below-investment-grade private placements and an increase in spreads over Treasuries since mid-1990 is consistent with a decrease in the supply of loanable funds to this sector. Although the demand for funds surely declined with the falloff in general economic activity during the period, the increase in spreads in this market segment indicates that a much greater reduction occurred in the supply of funds.

A contraction in supply, however, does not necessarily imply a credit crunch, as credit availability can decrease and lending terms tighten for many reasons, such as an increase in the riskiness of borrowers. In general, a credit crunch occurs when, for a given price of credit, lenders substantially reduce the volume of credit provided to a group of borrowers whose risk is essentially unchanged. That is, a credit crunch is caused by a reduction in lenders' willingness to make risky investments or by a "flight to quality" by lenders. A credit crunch always involves a reduction in the supply of credit; it does not necessarily involve an increase in interest rates paid by borrowers, because a reduction in the volume of lending may be accomplished by nonprice rationing.

This definition of a credit crunch does not include a reduction in supply that is a response to a recession or an economic slowdown. In such circumstances, the riskiness of borrowers normally increases. Lenders demand compensation either in the form of higher interest rates or tighter nonprice terms of loans. Although borrowers may characterize such a reduction in credit supply as a credit crunch, such a characterization is not appropriate because the decrease in credit is a normal response of lenders to changing economic conditions.[13]

A credit crunch can occur for several reasons. It may result from actions taken by regulators that affect lenders' ability or incentive to assume certain risks. It may also result from internal developments at lending institutions, such as unexpectedly large loan losses, that cause portfolio rebalancings involving greater conservatism in lending. For lenders that are financial intermediaries, a credit crunch may result from concerns of liability holders about the intermediaries' financial condition. The ability of intermediaries to raise funds to support their investment activity may be adversely affected in such circumstances, leading to their adoption of more conservative investment strategies to restore public confidence.

All these reasons appear to have played a role in the withdrawal of life insurance companies from the below-investment-grade sector of the private placement market. The regulatory change, which was adopted by the National Association of Insurance Commissioners (NAIC) in June 1990 and became effective at the end of that year, introduced finer distinctions in the NAIC's credit ratings of corporate bonds, including private placements. Under the old rating system, many securities, especially public bonds, with credit quality equivalent to BB or B received an investment-grade rating. To correct this shortcoming, the NAIC adopted a rating system with categories more closely aligned with those in the public market (table 3). Although insurers' actual holdings were probably little changed, the reclassification resulting from the new system caused insurers' reported holdings of below-investment-grade bonds, both private and public, to rise from 15 percent of total bond holdings to 21 percent between 1989 and 1990. The level of reported holdings of high-yield bonds jumped more than 40 percent.

---

12. In the public high-yield bond market, spreads increased sharply from mid-1989 through 1990 but have since fallen significantly, although they remain above the levels that prevailed in early 1989. Issuance of public junk bonds stopped almost completely during 1990 and most of 1991 but surged in 1992 to the second highest level ever. Thus, experience in the public junk bond market has been significantly different from that in the market for below-grade private debt.

13. Some economic theories and empirical studies suggest that a significant amount of nonprice rationing of credit occurs even during normal times and that this rationing becomes much more extensive during economic downturns as borrower risk increases. The increase in nonprice rationing is sometimes referred to as a credit crunch. Such a mechanism may have operated to reduce credit availability in the private market during the period of interest here, but it is different and probably less important in explaining recent experience in the below-investment-grade segment of the private market than the reduction in lenders' willingness to bear risk.

3. NAIC credit ratings

NAIC rating designation	Equivalent rating-agency designation
Old system[1]	
Yes	AAA to B
No*	BB, B
No**	CCC or lower
No	In or near default
New system[2]	
1	AAA to A
2	BBB
3	BB
4	B
5	CCC or lower
6	In or near deafult

1. The asterisks appended to the "No" ratings are part of the rating designation.
2. Effective December 31, 1990.
SOURCE. Securities Valuation Office, National Association of Insurance Commissioners.

The sudden appearance of a much increased percentage of below-investment-grade securities on the balance sheets of life insurance companies focused the attention of policyholders and other holders of insurance company liabilities on the composition of insurers' bond holdings. As evidence of increased public sensitivity, a recent study found that stock prices of insurance companies with high concentrations of junk bonds were adversely affected in early 1990 by the publicity surrounding the financial problems of First Executive Corporation, whose insurance units subsequently failed because of losses on junk bonds. In contrast, stock prices of insurance companies with little exposure to junk bonds were not affected.[14] The public's greater sensitivity to the quality of life insurance companies' assets discouraged many insurers from purchasing lower-quality private placements out of fear that they might lose insurance business to competitors with lower proportions of below-investment-grade bonds in their portfolios.[15]

High proportions of poorly performing commercial mortgages in insurance company portfolios are another factor causing the reduced availability of credit to below-investment-grade borrowers. Commercial mortgages make up 25 percent of general account assets at the twenty largest insurance companies, which include most of the major participants in the private placement market. Additional exposure to commercial real estate risk comes from direct real estate investments, which at many life insurance companies consist primarily of real estate–related limited partnerships. Delinquency and foreclosure rates on these commercial real estate investments have risen sharply over the past two years, as the press has widely reported. These problems have further heightened public awareness of the financial problems of life insurance companies and have thus added to the pressure on those with significant holdings of commercial real estate loans to shift out of all lower-quality assets. Also, because even sound commercial real estate loans have turned out to be riskier than anticipated at the time they were made, life insurance companies have shifted investments toward high-quality assets.

A final development pressuring insurance companies to restrict purchases of below-investment-grade private placements has been the concern of credit rating agencies about the lack of liquidity of private placements, especially below-investment-grade ones. This concern appears to be a consequence of the July 1991 collapse of Mutual Benefit Life Insurance Company, which lacked the liquidity needed to meet heavy redemptions by policyholders. Driven by a fear of being downgraded, insurance companies have sought more liquidity in their bond portfolios by concentrating on higher-grade credits, which are more readily sold in the secondary market.

The individual importance of these three factors as causes of the credit crunch is hard to isolate, although all three certainly contributed. They are, however, interrelated. For example, the new NAIC rating system probably would have had a much smaller effect if insurance companies had not experienced problems with commercial real estate loans. Furthermore, the new rating system, combined with the failure of First Executive, served to focus public attention on the potential riskiness of below-investment-grade private placements. In any case, the main impetus behind the credit crunch has been a perception by life insurance companies that

14. See George Fenn and Rebel Cole, "Announcement of Asset-Quality Problems and Stock Returns: The Case of Life Insurance Companies," in *Proceedings of the 28th Annual Conference on Bank Structure and Competition* (Federal Reserve Bank of Chicago, 1992), pp. 818–42.

15. Another regulatory change raised reserves held against some below-investment-grade bonds and lowered reserves on bonds rated A or higher. Also, the time allowed to reach the mandatory reserve levels was shortened. Of the two regulatory changes, the new structure of ratings likely had the greater effect on insurance companies' willingness to hold below-investment-grade bonds because many companies had sufficient reserves to meet the fully phased-in standards.

liability holders might lose confidence in them and redeem insurance policies, annuities, and guaranteed investment contracts.

Outlook and Alternative Sources of Credit

As a group, life insurance companies are not likely to resume investing in below-investment-grade private placements at pre-1990 levels until their asset problems have improved and public concern about the health of the industry has diminished appreciably. As this improvement hinges mainly on a recovery of the commercial real estate market, many analysts expect that insurers will remain reluctant to provide funds to the low-grade sector of the private market for the foreseeable future. This prospect has already led some insurers to cut staff and to reduce resources devoted to credit evaluation and monitoring. If the cutbacks become widespread, the long-run ability of the insurance industry to supply credit to medium-sized, below-investment-grade companies could be severely impaired.

Risk-based capital standards, which become effective at the end of 1993, could reinforce the reluctance of insurance companies to buy below-investment-grade securities. The new standards are aimed at measuring the prudential adequacy of insurers' capital as a means of distinguishing between weakly capitalized and strongly capitalized companies. To this end, insurance companies will report the ratios of their book capital to levels of capital that are adjusted for risk. As an insurer's ratio falls progressively below one, successively stronger regulatory actions will be triggered.

In the current environment, most insurers will probably attempt to achieve ratios in excess of one. One way insurers can raise their risk-based capital ratios is to shift into low-risk assets. In this regard, below-investment-grade securities carry risk weights much higher than those on investment-grade bonds and even commercial mortgages. Over time, however, as the financial condition of insurance companies improves and public concern about their health recedes, insurers will be more inclined to consider risk-adjusted returns in reaching investment decisions and thus may allocate a greater proportion of assets to higher-risk categories, such as below-investment-grade bonds.

Despite the almost three-year absence of insurance companies from the below-investment-grade sector and the persistence of high spreads, other institutions have not picked up much of the slack. New lenders must bear the costs of investment in credit analysis capabilities. Startup costs may account for the failure of pension funds to fill the gap, even though their demands for long-term, fixed-rate investments appear to make them natural investors in private placements. Few funds currently have the staff of credit analysts needed to support significant lending in the below-investment-grade private market. Most pension funds also are reluctant to make long-term investments in a market with which they are unfamiliar.

Another way for pension funds as well as others not currently investing in private placements to enter the market is through managed investment funds. Although several funds have been formed in the past two years, they are not likely to expand to a scale sufficient to fill the void left by the insurance companies, in part because pension fund managers are reportedly reluctant to invest even indirectly in a market with which they are unfamiliar. Insurance companies, which would be the primary source of the managerial resources necessary for operation of managed private placement funds, have thus far not set up funds on a large scale, even though some companies currently have excess capacity to analyze and monitor lower-quality credits. Some of them are unwilling to make a long-term commitment of resources to this effort because they expect to eventually resume investing in below-investment-grade private placements for their own accounts. Also, most institutional investors expect insurance companies acting as investment managers to purchase some of the securities for their own accounts. Such a requirement lessens the incentive to establish managed funds because of insurers' current aversion to purchasing below-investment-grade bonds.

Nor have other institutions appreciably stepped up their lending in the below-investment-grade sector of the private market. Finance companies' participation has traditionally been in the highest-risk segment of the market, a segment in which life insurance companies are not generally active. Insurers typically made unsecured loans, mainly to the highest-quality speculative-grade borrowers. In contrast, finance companies specialize in secured lending, normally with equity features attached. Thus, the risk-return profile of the typical insurance company borrower does not suit finance companies, nor would such borrowers generally find finance companies' terms attractive.

Confronted with few opportunities to borrow in the private market, below-investment-grade companies have turned to various alternatives. Some have elected to borrow from banks, even though bank loans are imperfect substitutes for private placements because of their shorter maturities and floating interest rates. By doing so, these companies have forgone the opportunity to refinance shorter-term debt with longer-term private placements, and some have also found that banks have significantly tightened terms. Other low-rated companies have issued equity, taking advantage of favorable stock market conditions in 1991 and early 1992. In some cases, the improved financial condition resulting from equity injections has raised issuers' credit ratings to investment grade, giving them renewed access to the private bond market.[16] The public junk bond market, despite its revival in the latter half of 1991, has not been a source of funds for the typical below-investment-grade private issuer, which is generally too small and too complex a credit for the public market.

EFFECT OF RULE 144A ON THE PRIVATE PLACEMENT MARKET

The adoption of Rule 144A by the SEC in April 1990 paved the way for the development of a new market for private debt that is much more like the public bond market than the older or traditional private placement market.[17] Rule 144A permits unrestricted secondary trading of private placements among sophisticated institutional investors, designated in the rule as qualified institutional buyers (QIBs). As a general matter, sellers of outstanding private placements must take steps to ensure that the sales do not indirectly constitute a public offering, which would violate the basis for the exemption from registration with the SEC. Under Rule 144A, QIBs are not viewed as being a part of the public, and thus they can freely trade private placements among themselves. This treatment of QIBs made it clear that securities firms could underwrite new issues of private placements, as long as the securities were sold to QIBs. Before the adoption of Rule 144A, private placements were not underwritten, as the underwriters' sales of the securities to investors might have been interpreted as a public distribution.

In the aftermath of Rule 144A, securities firms have begun to underwrite private placements on a firm commitment basis, sparking the development of the new 144A market. More specifically, the ability to underwrite private placements means that for the first time debt can be distributed in the private market much as it has been in the public market. Consequently, "public-like" borrowers with a desire to avoid public registration now have an alternative to both the public market and the traditional private market. The emergence of the 144A market thus bridges a gap between the public and private markets, providing a more efficient means for large borrowers that do not have the informational problems of the typical issuer of private debt to issue in the private market.

The SEC's purposes in adopting Rule 144A were twofold. One purpose was to increase market liquidity. The other was to draw more foreign issuers to the private placement market by increasing liquidity and thus lowering the differential between private and public interest rates. Foreign companies had not been frequent issuers in public markets primarily because they found the registration requirements expensive and burdensome, especially the stipulation that financial statements be reconciled with generally accepted accounting principles in the United States.[18] Although foreign companies have long been able to bypass these obstacles by issuing debt in the private market,

16. Some analysts have suggested that a new rating system for private placements recently introduced by Standard and Poor's (S&P) may permit some marginal companies to achieve an investment-grade rating. In contrast to many other rating schemes, S&P's new system considers covenant protection in assigning a rating.

17. Rule 144A applies to both debt and equity securities; however, the discussion deals only with debt securities.

18. Despite appearances, the burden of registration and disclosure requirements may not be as great as perceived by many potential foreign issuers. See Charles E. Engros, Jr., "United States Private Placements," (client memorandum, Lord Day & Lord, Barrett Smith, New York, N.Y., January 1992), pp. 5–9.

they had not done so to any great extent, in part because of the higher yields on private placements. The negotiation of terms and frequent inclusion of restrictive covenants in private debt also made the private market unattractive to foreign companies.

The SEC justified the removal of the resale restrictions on trades between QIBs on the grounds that the Congress had never considered sophisticated, institutional investors to need the protection offered by the registration of securities. Rather, the purpose of registration was to protect unsophisticated, individual investors. The SEC therefore concluded that if secondary transactions involved only sophisticated investors, such transactions would not constitute a public distribution and thus could be carried out without restriction.[19]

As defined in Rule 144A, QIBs are financial institutions, corporations, and partnerships owning and investing on a discretionary basis at least $100 million in securities.[20] The scope of this definition is broad enough to include life insurance companies, pension funds, investment companies, foreign and domestic banks, master and collective bank trusts, and savings and loan associations. Besides meeting the securities test, banks and savings and loans must have net worth of at least $25 million, a condition imposed by the SEC because it believed that securities holdings alone did not necessarily reflect the appropriate degree of investor sophistication for institutions having insured deposits.[21] In contrast to other institutional investors, broker–dealers must own only $10 million of securities to qualify as a QIB. The SEC opted for the lower level to avoid excluding a significant number of broker–dealers that were actively participating in the private market.[22]

Besides requiring that transactions be confined to QIBs, Rule 144A stipulates that three other conditions must be met. First, to ensure the availability of a minimal amount of information, an issuer must provide buyers with copies of its recent financial statements and basic information about its business. Second, when issued, privately placed securities must not be of the same class as any of the issuer's securities already traded on a U.S. stock exchange or on the NASDAQ system. This requirement is intended to prevent the development of an institutional market in publicly traded securities. Third, the seller of 144A securities must take "reasonable steps" to inform the buyer that the sale is occurring pursuant to Rule 144A.

Size of the 144A Market

The 144A market is still developing and consequently is small compared with the traditional private market and, especially, the public bond market. In 1991, the first full year Rule 144A was in place, gross issuance of 144A securities was $17 billion, representing about 20 percent of the volume in the traditional market (table 4).[23] Offerings were up significantly from roughly $2 billion in 1990, but, of course, the rule was in effect only for part of that year, and time was required to bring issues to market after its adoption. Preliminary press reports suggest that the volume of issuance perhaps doubled during the first half of 1992; in contrast, non-144A issuance was down significantly during that period.[24]

19. U.S. Securities and Exchange Commission, *SEC Docket*, 42 (November 1988), pp. 97–102.

20. Bank deposit notes and certificates of deposit, loan participations, repurchase agreements, and currency and interest rate swaps are excluded. When Rule 144A was adopted, the SEC also excluded U.S. government and agency securities, but amendments to the rule in October 1992 removed this exclusion.

21. U.S. Securities and Exchange Commission, "Resale of Restricted Securities; Changes to Method of Determining Holding Period of Restricted Securities under Rules 144 and 145: Final Rule, Rule Amendments and Solicitation of Comments" (April 23, 1990), pp. 17–20.

22. SEC, "Resale of Restricted Securities," p. 21.

23. These data include all securities issued using the documentation for a financing pursuant to Rule 144A. As a consequence, both underwritten and non-underwritten private placements are included in the data. Unfortunately, the two cannot be separated, although it is the underwritten securities that primarily constitute the new 144A market. Market estimates of underwritten offerings for 1991 go as high as more than $3 billion. See Michael Vachon, "Underwritten Issues Could Spur Expansion of the Rule 144A Market," *Investment Dealers' Digest*, vol. 58 (January 6, 1992), pp. 13–14. The pace of underwritten offerings was reportedly much faster in 1992, with one estimate placing the volume during the first half of 1992 at $2.5 billion. See Victoria Keefe, "Underwritten 144A Deals Surge," *Corporate Financing Week*, vol. 18 (August 31, 1992), pp. 1 and 10.

24. Michael Vachon, "Too Much Cash, Too Few Deals," *Investment Dealers' Digest*, vol. 58 (August 31, 1992), pp. 23–24.

4. Gross issuance of debt in public and private markets, 1989–91

Billions of dollars

Market	1989	1990	1991
Rule 144A private placements	...	2	17
By foreign issuers	...	*	6
Traditional private placements	135	95	76
By foreign issuers	20	16	13
Public bonds	189	204	307
By foreign issuers	9	15	20

* Less than $500 million.
SOURCE. IDD Information Services.

Characteristics of 144A Securities

Underwritten offerings of 144A securities now have many of the features of publicly offered bonds. The terms and documents generally conform to the standards used in the public market; in particular, the bonds have "public style" covenants, which are fewer in number and considerably less restrictive than those found in many traditional private placements. Many components of issuance costs are the same as those in a public offering, although the issuer does avoid the considerable expense associated with public registration. Underwritten 144A securities also have two credit ratings, are not highly structured, and are usually transferred through the book-entry system operated by the Depository Trust Company. In many instances, offering memoranda have been styled to be similar to prospectuses used in public offerings. This procedure has been followed primarily as a part of the underwriters' efforts to market the private placements to traditional public-market investors, such as mutual funds, pension funds, and groups within insurance companies that invest in public bonds.[25] The average size of underwritten private placements has been comparable to that of public offerings. Finally, the terms of the securities are not negotiated with investors but are set before the offering.

Despite the similarity to public bonds, underwritten 144A securities as a group still differ from public bonds, especially with regard to liquidity, and thus their yields on average contain a premium.[26] In the first year of the market, the premium was reported to be about the same as that on traditional private placements. Recent reports suggest, however, that the liquidity of 144A securities has increased and that the premium has decreased as major dealers have allocated capital and traders to making markets for 144A securities.[27]

Foreign Issuers

Thus far, foreign issuance has made up a much larger proportion of the 144A market than it has of either the traditional private or public bond markets. Of the $16.7 billion of 144A offerings in 1991, foreign companies or their U.S. subsidiaries were responsible for about one-third (table 4). In contrast, foreign issuers placed only 16 percent of offerings in the traditional private market, and only 7 percent of public offerings were foreign related. Preliminary data for the first half of 1992 suggest that foreign issuance likely made up an even larger share of the 144A market last year.[28]

Several factors appear to lie behind foreign use of the 144A market. One is that the adoption of Rule 144A itself served to publicize the already existing advantages of the private placement market to foreign companies. The effect of the rule has thus been to alter foreigners' perception that all offerings in the United States were subject to excessive regulatory burdens. Moreover, since adoption of the rule, investment banks have devoted more effort to bringing foreign issuers into the private market. A second factor boosting foreign issuance has been the low level of yields in the United States relative to European countries. The 1992 increase in foreign issuance in the public bond market to a record level attests to the yield advantage of U.S.

25. See Vachon, "Too Much Cash," pp. 23–24.

26. Some additional reasons for the premium are that lenders typically demand a slightly higher rate from foreign issuers and also from first-time issuers.

27. See Keefe, "Underwritten 144A Deals Surge," p. 10.

28. The foreign share of the 144A market could be higher than indicated because the data do not always list U.S. subsidiaries of foreign corporations as foreign issuers. Other sources of information, in fact, give foreign issuers a larger share of the 144A market. See Moody's Investors Service, "Recent Developments in the 144A Private Placement Market: A Rating Agency Perspective," *Moody's Special Comment* (New York, N.Y., February 1992) and U.S. Securities and Exchange Commission, "Staff Report on Rule 144A" (September 30, 1991).

markets. A final factor is that the premium in yields on foreign bonds issued in the private market has reportedly declined.

Domestic Issuers

Although foreign use of the 144A market has received considerable attention, domestic issuance has also been significant. In 1991, U.S. companies accounted for about two-thirds of the volume, and they likely maintained their presence in 1992.

Domestic issuers in the 144A market typically are larger companies with special circumstances that preclude issuing in the public bond market. In some cases, the companies are not registered with the SEC and do not want to incur the time and expense required to register securities. Among these are private companies that, in the past, have borrowed in the traditional private market but now find more favorable pricing and terms in the 144A market. Also included are unregistered subsidiaries of publicly registered parents that are issuing debt in the subsidiaries' names. In other cases, companies with outstanding public securities have turned to the 144A market to protect the confidentiality of the specific circumstances leading to the borrowing, or they have highly structured transactions that are more easily accommodated in the private market. As these examples imply, unless special circumstances are involved, borrowing costs generally are lower in the public bond market.

Investors

In the first year and a half after the adoption of Rule 144A, life insurance companies made up the largest single group of investors in 144A private placements, purchasing nearly 75 percent of all nonconvertible debt, according to estimates compiled by the SEC. The second largest group of buyers during this period was mutual funds, accounting for a little more than 10 percent of the volume of nonconvertible debt.[29] More recently, mutual funds have reportedly invested more, whereas the share of life insurance companies has diminished.[30]

The changing role of mutual funds and life insurance companies is consistent with press reports that buyers of 144A securities are increasingly those that have traditionally invested primarily in public bonds, such as mutual funds and those groups in insurance companies that specialize in purchasing public bonds.[31] The 144A market is attractive to public-market investors because it offers corporate bonds that are similar to public issues and because it offers bonds issued by foreign corporations. In addition, yields are higher on 144A private placements than those on comparable public issues, although, as noted, this premium exists mainly to compensate investors for the lesser liquidity and other unique characteristics of private placements.

Despite these favorable aspects of 144A securities, pension funds, one of the largest groups of investors in public bonds, have not been significant buyers of 144A securities. Their absence from the 144A market may result from restrictions on their ability to purchase foreign securities, as well as from the lack of familiarity of many fund managers with the private placement market and the significance of Rule 144A. Also, the SEC initially excluded bank trusts from its definition of qualified institutional buyers. In October 1992, however, the SEC amended the definition to include trusts managing employee benefit plans, which may increase the participation of pension funds.

In contrast to the interest shown by public-market investors in the 144A market, buyers of traditional private placements are unlikely to find this market attractive. The comparative advantage of traditional investors is credit analysis and credit monitoring, neither of which are required to the same extent in the 144A market or in the public market. Market liquidity is of less value to them because they are generally buy-and-hold investors.

29. At the time Rule 144A was adopted, the SEC took deliberate steps to foster the participation of mutual funds in the 144A market. One change permitted a family of mutual funds to aggregate the holdings of all its funds in determining its eligibility as a qualified institutional buyer. Also, a fund's board of directors was permitted to determine whether 144A securities were liquid and thus not subject to the 10 percent limit on fund holdings of illiquid securities that was then in place. (The limit has since been raised to 15 percent.) Before this authorization, mutual funds were required to classify all private placements as illiquid securities.

30. "Fund Managers Petition SEC for Share of the 144A Wealth," *Private Placement Reporter* (August 10, 1992), p. 6.

31. Vachon, "Too Much Cash," p. 23.stors.

Prospects

Further development and growth of the 144A market appear likely because it has filled a gap in U.S. capital markets. The public corporate bond market serves large, well-known borrowers that do not require lenders to perform extensive credit analyses, whereas the traditional private market serves less well known, medium-sized borrowers that require extensive credit analysis. Before the adoption of Rule 144A, no market was able to accommodate large issuers wishing to avoid public registration but not requiring extensive credit analysis by lenders. These issuers, whether domestic or foreign, were left with no choice (in U.S. markets) but to accept the terms of the private market, which included a relatively large yield premium over public bond rates.

The 144A market bridges the gap between the public and traditional private markets and, in this sense, is a new bond market. Whether the need for such a market extends much beyond current levels of activity is an open question. There is little prospect that the medium-sized, information-problematic firms that issue in the traditional market will move to the 144A market. Such firms must borrow from a financial intermediary with the capacity to undertake substantial credit analysis. Moreover, they may not want their issues to be liquid because significant covenants are often included in traditional private placements, and issuers prefer that such debt remain in the hands of the original lenders in case the covenants must be renegotiated.

The greatest potential for the 144A market perhaps lies in its use by foreign issuers inasmuch as they represent the largest group of borrowers without any previous satisfactory alternative in the United States. If foreign issuance expands significantly, then Rule 144A could prove instrumental in further integrating world capital markets as well as in improving the competitive position of U.S. markets. Borrowing by large, domestic corporations with specialized requirements seems to offer much less potential, as such situations are relatively rare for most large corporations. Nonetheless, some analysts expect that the public and 144A bond markets will eventually converge, with yields and terms being comparable in the two markets. □

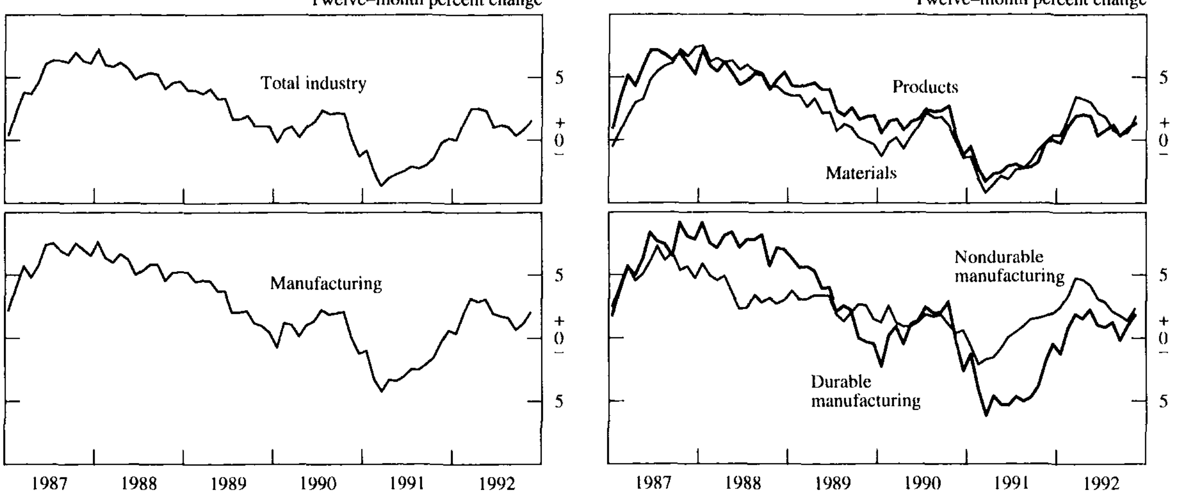
Industrial Production and Capacity Utilization

Released for publication December 16

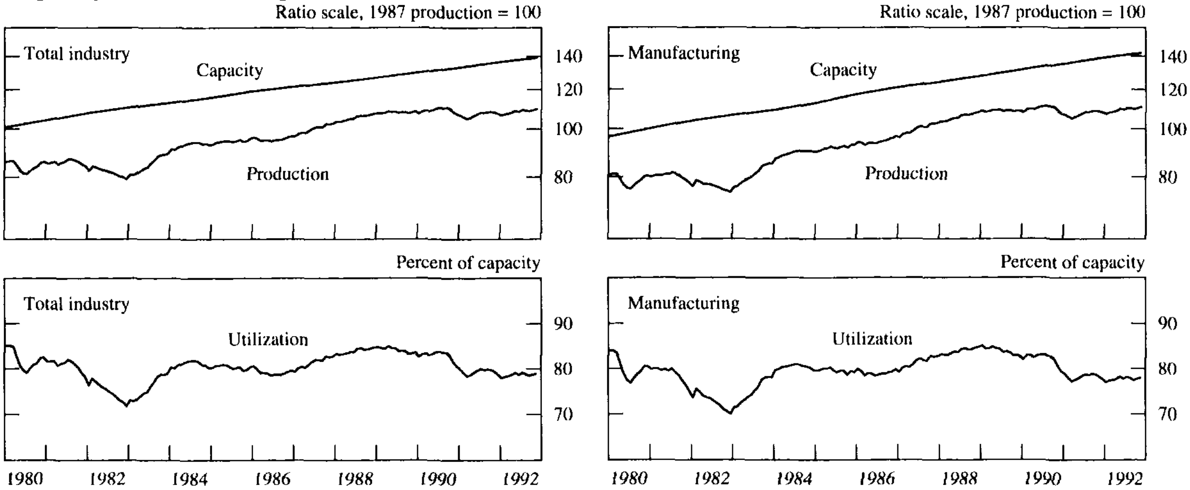
Industrial production rose 0.4 percent in November; with the increase of 0.5 percent in October, the rise has more than offset the declines of late summer. The most significant increases in the broadly based November advance were in nondurable materials and information processing equipment. At 109.7 percent of its 1987 annual average, total industrial production in November was 1.5 percent above its year-ago level. Total industrial capacity utilization rose another 0.2 percentage point in November, to 78.9 percent.

When analyzed by market group, the data show that the November rise in the output of durable consumer goods, led by gains in motor vehicles

Industrial production indexes



Capacity and industrial production



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

Industrial production and capacity utilization

Category	Industrial production, index, 1987 = 100[1]								
	1992				Percentage change				
					1992[2]				Nov. 1991 to Nov. 1992
	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**109.1**	**108.8**	**109.3**	**109.7**	**−.2**	**−.3**	**.5**	**.4**	**1.5**
Previous estimate	109.0	108.7	109.0	...	−.3	−.2	.3	...	...
Major market groups									
Products, total	109.8	109.3	110.1	110.4	.2	−.4	.7	.3	1.3
Consumer goods	110.8	110.3	111.0	111.3	.4	−.4	.6	.3	1.2
Business equipment	125.9	125.3	126.7	127.4	1.2	−.4	1.1	.6	4.6
Construction supplies	98.5	96.8	97.8	98.4	−.1	−1.8	1.1	.6	2.6
Materials	108.1	108.0	108.1	108.6	−.8	−.1	.1	.5	1.8
Major industry groups									
Manufacturing	110.1	109.7	110.3	110.8	−.1	−.4	.6	.5	2.0
Durable	109.2	108.2	109.2	109.7	.1	−.9	1.0	.4	1.8
Nondurable	111.3	111.6	111.6	112.2	−.4	.2	.0	.5	2.3
Mining	98.8	98.8	98.9	99.5	−1.7	.0	.1	.6	−.1
Utilities	108.8	109.1	108.6	107.9	−.5	.3	−.5	−.6	−2.8

Category	Capacity utilization, percent								Memo Capacity, percentage change, Nov. 1991 to Nov. 1992
	Average, 1967–91	Low, 1982	High, 1988–89	1991	1992				
				Nov.	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**82.1**	**71.8**	**85.0**	**79.3**	**78.8**	**78.5**	**78.7**	**78.9**	**2.1**
Manufacturing	81.4	70.0	85.1	78.2	77.9	77.4	77.7	77.9	2.4
Advanced processing	81.0	71.4	83.6	77.1	76.3	75.9	76.2	76.2	2.9
Primary processing	82.3	66.8	89.0	80.8	81.7	81.3	81.6	82.4	1.1
Mining	87.4	80.6	87.2	86.8	86.1	86.1	86.2	86.7	.1
Utilities	86.7	76.2	92.3	85.9	83.6	83.8	83.3	82.8	1.0

1. Seasonally adjusted.
2. Change from preceding month.

r Revised.
p Preliminary.

and furniture, was 0.3 percent; the increase in the production of nondurable consumer goods was also 0.3 percent. The output of business equipment grew 0.6 percent in November. Within business equipment, the production of information processing equipment rose nearly 1 percent, after an increase of 1.7 percent in October, as the output of computers continued to climb. The manufacture of industrial equipment also posted noticeable gains in November, while the production of defense and space equipment continued to drop. The overall output of transit equipment fell; a continued decline in the production of commercial aircraft and equipment more than offset increases in the output of vehicles for business use. The production of construction supplies advanced again, a move partly reflecting gains in the output of lumber. Materials output grew 0.5 percent in November; the production of nondurable goods materials jumped 1.6 percent, with notable gains in the output of paper, textiles, and chemicals.

When analyzed by industry group, the data show that output in manufacturing increased 0.5 percent in November; the October growth rate was 0.6 percent. Factory utilization rose 0.2 percentage point in November, to 77.9 percent, a level about the same as the levels in the second and third quarters. Gains in operating rates over the past two months have been the strongest in primary processing industries, where utilization has increased more than 1 percentage point since September. Utilization rates for lumber and products, petroleum products, primary metals, rubber and plastics products, fabricated metal products, and primary processing chemicals have all increased nearly 1 percentage point or more. In the past two months, utilization at advanced processing industries has increased 0.3 percentage point: The rates for motor vehicles and parts, miscellaneous manufactures, nonelectrical machinery, furniture and fixtures, and advanced processing chemicals have posted gains of 1 percent or more since September, but utilization rates in printing and publishing and in the aerospace industry have fallen sharply.

In November, output at mines, boosted by gains in oil and gas well drilling, rose 0.6 percent. Production at utilities declined 0.6 percent. □

Announcements

APPOINTMENT OF NEW MEMBERS TO THE THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board announced on December 18, 1992, the names of eight new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president of the council for 1993.

The council is an advisory group made up of twelve representatives from thrift institutions. The panel was established by the Board in 1980 and includes representatives of savings and loan associations, savings banks, and credit unions. The council meets at least four times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

Daniel C. Arnold, Director of the Farm and Home Financial Corporation, Houston, Texas, will serve as president for 1993, and Beatrice D'Agostino, Chairman, President, and CEO, New Jersey Savings Bank, Somerville, New Jersey, will serve as vice president.

The eight new members, named for two-year terms that began January 1, 1993, are the following:

William A. Cooper, Chairman, and CEO, TCF Bank Savings FSB, Minneapolis, Minnesota

Paul L. Eckert, Chairman and President, Citizens Federal Savings Bank, Davenport, Iowa

George R. Gligorea, Chairman, President, and CEO, First Federal Savings Bank, Sheridan, Wyoming

Richard D. Jackson, Vice Chairman and CEO, Georgia Federal Bank FSB, Atlanta, Georgia

Kerry Killinger, Chairman, President, and CEO, Washington Mutual Savings Bank, Seattle, Washington

Charles John Koch, President and CEO, Charter One Bank FSB, Cleveland, Ohio

Robert McCarter, Chairman and CEO, New Bedford Institution for Savings, New Bedford, Massachusetts

Stephen W. Prough, President and CEO, Western Financial Savings Bank, Irvine, California.

The other members of the council are the following:

Thomas J. Hughes, President, Navy Federal Credit Union, Merrifield, Virginia

Thomas R. Ricketts, Chairman, President, and CEO, Standard Federal Bank, Troy, Michigan.

ISSUANCE OF NEW REGULATION F

The Federal Reserve Board issued in final form on December 17, 1992, a new Regulation F (Limitations on Interbank Liabilities). The final rule implements the interbank liability provisions under section 308 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

The final rule generally requires banks, savings associations, and branches of foreign banks with deposits insured by the Federal Deposit Insurance Corporation to develop and implement prudential policies and procedures to evaluate and control exposure to their correspondent banks.

The rule also establishes a regulatory limit to require that a bank ordinarily limit its overnight credit exposure to an individual correspondent that is less than "adequately capitalized" to not more than 25 percent of the exposed bank's total capital. No express regulatory limits are provided for credit exposure to correspondents that are at least "adequately capitalized," although such exposure is subject to prudential policies and procedures.

The final rule provides for an extended transition for implementation of the rule. The requirements for prudential policies and procedures go into effect on June 19, 1993. The regulatory limit on credit exposure to an individual correspondent is phased in, with the limit set at 50 percent of the exposed banks's capital for a one-year period beginning on

June 19, 1994, and reduced to 25 percent as of June 19, 1995.

Additional information on the final rule, including a summary of comments, the Regulatory Flexibility Analysis, and the Competitive Impact Analysis, will be published in the *Federal Register*. Copies of this material are available on request.

Adoption of Final Amendments and Guidelines to Regulation H

The Federal Reserve Board on December 23, 1992, announced adoption of final amendments and guidelines to Regulation H (Membership of State Banking Institutions in the Federal Reserve System) to implement uniform real estate lending standards as mandated by section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

The amendments prescribe standards for extensions of credit secured by liens on real estate or made for the purpose of financing permanent improvements to real estate.

The standards were developed in consultation with the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation.

The uniform regulations become effective March 19, 1993.

Modifications of Risk-Based Capital Guidelines on Certain Collateralized Transactions

The Federal Reserve Board on December 23, 1992, announced adoption of modifications to its risk-based capital guidelines affecting the treatment of certain collateralized transactions.

The revised guidelines for state member banks and bank holding companies lower the risk weight assigned to such transactions to a level more commensurate with the minimal risks involved.

The revision lowers the risk weight from 20 percent to zero for certain transactions that are collateralized by cash and central government securities of the Organisation for Economic Co-operation and Development, including U.S. government agency securities, provided that the transactions meet specified criteria.

The change is consistent with international bank capital standards. This rule was effective December 30, 1992.

Amendment to Risk-Based Capital Guidelines for State Member Banks and Bank Holding Companies

The Federal Reserve Board on December 23, 1992, issued an interim rule amending the risk-based capital guidelines for state member banks and bank holding companies to lower from 100 percent to 50 percent the risk weight on loans to finance the construction of one-family to four-family residences that have been presold.

The interim rule amends the Board's Regulation H (Membership of State Banking Institutions in the Federal Reserve System) and Regulation Y (Bank Holding Companies and Change in Bank Control) and was effective December 29, 1992. The interim rule will be reviewed by the Board after the receipt of public comments. Public comments were requested by January 27, 1993.

The interim rule implements section 618(a) of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991.

Issuance of Policy Statement on the Use of Large-Value Fund Transfers for Money Laundering

The Federal Reserve Board issued on December 23, 1992, a policy statement to address the problem of the use of large-value fund transfers for money laundering. The statement encourages financial institutions to include, when possible, complete information on the sender and recipient of large payment orders, including those sent through Fedwire, CHIPS, and SWIFT.

Board action followed adoption of the statement by the Federal Financial Institutions Examination Council.

REPORTING OF DEFERRED TAX ASSETS BY BANK HOLDING COMPANIES

The Federal Reserve Board announced on December 23, 1992, that, for regulatory purposes, bank holding companies should report deferred tax assets in accordance with Financial Accounting Standards Board Statement no. 109, "Accounting for Income Taxes" (FASB 109) beginning in the first quarter of 1993.[1]

The Board also indicated that the application of FASB 109 will be permitted in regulatory reports of bank holding companies for December 31, 1992, subject to the guidance specified below.

The Board intends to issue for public comment in the near future proposed amendments to its risk-based and leverage capital guidelines for state member banks and bank holding companies that pertain to the treatment of deferred tax assets in computing the capital positions of these institutions.

These actions are being taken by the Board to provide for the treatment of net deferred tax assets for bank holding companies consistent with provisions set forth by the Federal Financial Institutions Examination Council for federally supervised banks and thrift institutions (insured depositories). On December 8, the council decided that insured depositories should begin to follow FASB 109 in 1993. In addition, the council stated that insured depositories could adopt the standard for their December 1992 regulatory reports, subject to the limitation that the amount reported not exceed the limit for net deferred tax assets that it is recommending to the federal banking and thrift agencies to incorporate into their regulatory capital standards.

The recommendations offered by the council to the agencies are the following:

1. Net deferred tax assets that are dependent on an institution's future taxable income should be limited for regulatory capital purposes to the amount that can be realized within one year of a quarter-end report date or 10 percent of tier 1 capital, whichever is less.

2. No limit for regulatory capital purposes should be placed on deferred tax assets that can be realized from taxes paid in prior carryback years.

The Board has under review a proposal of its staff to seek public comment on a limitation on deferred tax assets for capital purposes for state member banks and bank holding companies, as recommended by the council. In view of this and the council's action, the Board strongly urges bank holding companies to place the same limitation on the amount of deferred tax assets recorded in their regulatory reports filed with the Federal Reserve for the December 31, 1992, reporting date, if they choose the option of adopting FASB 109 for that period.

1. Deferred tax assets generally arise from temporary differences, that is, items that are reported differently for tax and financial statement purposes. A typical temporary difference arises from the treatment of loan losses.

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on December 28, 1992, a proposal to amend Regulation C, which carries out the Home Mortgage Disclosure Act, to incorporate new statutory provisions. Comments on the proposal were requested by January 29, 1993.

The Federal Reserve Board on December 31, 1992, also issued for public comment a proposed amendment to its Regulation K (International Banking Operations) to implement section 202(a) of the Foreign Bank Supervision Enhancement Act of 1991. Comments should be received by March 5, 1993.

CHANGE IN BOARD STAFF

The Board announced on January 4, 1993, the appointment of Donald L. Robinson as Assistant Inspector General for Investigations in the Office of Inspector General.

Mr. Robinson has been with the Federal Reserve's Office of Inspector General since 1987. He has had twenty years of experience as a trained criminal investigator and manager of investigative functions. He holds a B.S. from the American University and is a certified fraud examiner.

PUBLICATION OF THE REVISED BANK HOLDING COMPANY SUPERVISION MANUAL

A revised edition of the *Bank Holding Company Supervision Manual* has been published by the Board and is now available for purchase by the public. The *Manual* has been prepared for use by Federal Reserve examiners in the supervision, regulation, and inspection of bank holding companies and their subsidiaries. Copies are available to the public at a price of $50.00 each from Publications Services, mail stop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551. *This fee is applicable to both new and existing* subscribers. There will be a separate charge for future updates.

The revised edition includes updates through December 1992. Included are changes resulting from the Federal Deposit Insurance Corporation Improvement Act of 1991 and discussions of such new topics as environmental liability, options and other derivative financial contracts, and the sale of uninsured annuities. Also included are interpretations of and changes made to the risk-based capital guidelines, credit-supported and asset-backed commercial paper, real estate appraisal and evaluation programs, higher residual value leasing, full-service securities brokerage, and expanded financial advisory nonbanking activities approved in 1992. Provided with the *Manual* is a detailed description of these and other changes made to the content and structure of it since the previous update. The *Manual* has also been reorganized and reduced to a six-by-nine-inch page format for ease of handling. It has been updated at various times since its original publication in 1980. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 17, 1992

1. Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity had been expanding at a moderate pace. Consumer spending had picked up somewhat, business purchases of capital equipment continued to rise at a brisk pace, and housing demand had increased moderately since midyear. At the same time, part of these demands were being met through higher imports, and recent gains in industrial production and employment had been limited. Incoming data on wages and prices had been mixed but suggested on balance a continuing trend toward lower inflation.

Total nonfarm payroll employment rose slightly in October after declining in August and September. Substantial job gains were recorded in the services industries, especially in health services and the cyclically sensitive business services, and employment in construction rebounded from a September decline. In manufacturing, the number of jobs declined further in October, although total hours worked were unchanged as the drop in employment was offset by an increase in overtime. Government employment continued to contract, reflecting the end of a federally funded summer jobs program and early retirements by postal workers. Initial claims fell somewhat during October, and the civilian unemployment rate edged down to 7.4 percent.

Industrial production rose somewhat further in October following a modest increase in the third quarter. Much of the October gain reflected a sharp rise in light truck assemblies, but there was another sizable advance in the manufacture of office and computing equipment. Elsewhere, the production of consumer goods other than motor vehicles and parts had changed little in recent months, and the output of defense and space equipment remained on a downward trend in October. Utilization of industrial capacity edged higher in October but was still near its 1991 low.

Retail sales increased appreciably in September and October, led by a substantial rise in sales at automotive dealers. Sales at general merchandisers, apparel outlets, furniture and appliance stores, and building materials and supplies centers also were up noticeably over the two months. Housing starts rose significantly in August and then edged up further in September to their highest level since March. Sales of new homes had increased on balance over recent months, and the inventory of new homes for sale in September had reached its lowest level since 1983.

Real outlays for producers' durable equipment posted another strong increase in the third quarter. A sharp advance in outlays for computing equipment outweighed a dropoff in aircraft purchases from an unsustainably high level in the second quarter. Purchases of items other than aircraft and computing equipment rose at a rapid rate in the third quarter, and recent data on orders for such goods pointed to additional growth in the near term. Expenditures for nonresidential construction, which had fluctuated within a narrow range earlier in the year, dropped sharply in the third quarter. Office construction registered the largest decline, but other commercial and industrial building also fell considerably.

Business inventories rose only slightly in September, but over the third quarter as a whole stocks grew at the same rate as in the second quarter. In manufacturing, stocks were drawn down in September, retracing a sizable portion of the runup that had occurred in August. In most manufacturing industries, inventory-to-shipments ratios in September were at or near the bottom of their recent ranges. Wholesale inventories rose modestly in the third quarter, and the stocks-to-sales ratio in September was at the low end of the range posted over the past year. At the retail level, inventories rebounded in September from an August decline, leaving the inventory-to-sales ratio for the retail sector unchanged from the second quarter.

The nominal U.S. merchandise trade deficit widened sharply in August; for July and August combined, the deficit was somewhat larger than its average rate in the second quarter. The value of exports was little changed from the second quarter, but the value of imports increased appreciably. Most of the increase in imports was in capital goods, especially computers, and consumer goods. Recent indicators suggested that economic activity in the major foreign industrial countries had remained sluggish in the third quarter. A recovery seemed to have gotten under way in Canada, but the economies of most European countries and Japan evidenced little if any forward impetus, and the downturn that began in western Germany in the second quarter appeared to have persisted into the third quarter.

Producer prices of finished goods edged up in October, reflecting a slight increase in food prices and a further sharp advance in prices of energy products. Excluding the finished food and energy components, producer prices declined slightly, and for the twelve-month period ended in October, this measure of prices increased considerably less than it had in the comparable year-earlier period. At the consumer level, prices of nonfood, non-energy goods and services advanced more rapidly in October than in other any month since March. Over the twelve months ended in October, however, the rise in this index of consumer prices was considerably smaller than that recorded in the year-earlier period. Increases in labor costs, measured by the total hourly compensation of private industry workers, slowed further in the third quarter, and both the wage and benefits components of this index had increased substantially less over the four quarters that ended in September than in the preceding four quarters.

At its meeting on October 6, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that included a marked bias toward possible easing during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might be acceptable or slightly lesser reserve restraint would be acceptable during the intermeeting period. The contemplated reserve conditions were expected to be consistent with growth in M2 and M3 at annual rates of about 2 percent and 1 percent respectively over the three-month period from September through December.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. The emergence of more favorable indications regarding the performance of the economy and the continued more rapid expansion of money and credit were seen as obviating the need to implement an easing in reserve conditions that had been contemplated as a strong possibility under the directive issued at the October 6 meeting. Several small technical decreases were made during the intermeeting period to expected levels of adjustment plus seasonal borrowing to reflect the usual pattern of diminishing needs for seasonal credit. Actual borrowing averaged close to expected levels over the three reserve maintenance periods completed since the October meeting. Early in the intermeeting period, the federal funds rate exhibited some of the firmness that had prevailed over most of the previous period, but subsequently it averaged close to expected levels.

Most other interest rates increased appreciably over the intermeeting period. At the beginning of the period, rates generally incorporated an expected near-term easing of monetary policy. Subsequently, when an easing move was not forthcoming and when concerns about fiscal stimulus increased amid some signs of firmer economic activity and increasing money and credit demands, market interest rates rose for all maturities. The largest increases were in intermediate maturities, which were especially affected by expectations of additional federal borrowing and of a stronger economy that would stimulate rising private credit demands over the next few years. Expectations of firmer economic growth also boosted stock prices appreciably over the period.

With interest rates rising in the United States and falling abroad, the trade-weighted value of the dollar in terms of the other G-10 currencies rose very substantially over the intermeeting period.

Declines in interest rates in foreign countries were widespread, reflecting signs of greater economic weakness as well as actual or prospective easing in monetary policies abroad. The dollar was particularly robust against European currencies but advanced only moderately against the yen.

M2 growth strengthened somewhat in October from its pace in the two previous months. The acceleration of M2 growth reflected more rapid expansion of its transaction components that appeared to be associated in part with the lagged effect of earlier declines in market interest rates and opportunity costs and the heavy pace of mortgage refinancing activity. M3 grew more slowly in October partly owing to reduced needs for managed liabilities in conjunction with somewhat weaker expansion in bank credit. Through October, both broad aggregates were estimated to have grown at rates a little below the lower ends of the ranges established for the year by the Committee.

The staff projection prepared for this meeting suggested a continuing expansion in economic activity. Growth was expected to pick up gradually over 1993 to a rate that, although quite moderate by past cyclical standards, would be sufficient to reduce the margins of unemployed labor and capital resources. The recent backup in long-term interest rates and the appreciation of the dollar in foreign exchange markets would exert some restraining influence over the next several quarters. Continuing cautiousness on the part of consumers facing uncertain job and income prospects would tend to hold down gains in consumption for some period ahead. But, as further progress was made in improving household balance sheets and employment growth gradually resumed, consumer spending would strengthen. Additional gains in outlays for business equipment were expected over coming quarters as firms sought to meet increasing demand for goods and to respond to competitive pressures by modernizing product lines and achieving labor-cost savings. The projection pointed to sluggish export demand in light of sustained economic weakness abroad. While recognizing the possibility of a stimulative fiscal initiative in 1993, the staff retained for this forecast the assumption employed in several previous forecasts that fiscal policy would remain mildly restrictive owing in large part to a substantial decline in defense spending. The persisting slack in resource utilization over the forecast horizon was expected to be associated with additional progress in reducing inflation.

In the Committee's discussion of current and prospective economic developments, the members indicated that they were encouraged by the somewhat more positive tone in the latest economic reports and by the signs of improving business and consumer confidence. The expansion appeared to have gathered somewhat more upward momentum than many had anticipated earlier, though a number of members commented that relatively slow economic growth was likely to persist over the nearer term. The outlook beyond the next quarter or two was subject to considerable uncertainty and indeed to both upside and downside risks. The advent of a new Administration and a new Congress early next year made fiscal policy especially hard to predict. Members observed that indications of some improvement in overall domestic demands, should they persist, might well generate considerable strengthening in production activity as businesses attempted to maintain or build up their currently lean inventories. On the other hand, the recent appreciation of the dollar and the signs of growing weakness in major foreign economies could have adverse implications for demands for goods produced in the United States. On balance, moderate but sustained growth in overall economic activity was seen as a likely prospect, though the gains probably would be uneven both in terms of their timing and the sectors of the economy that would be affected. Against this background, the members generally continued to view further progress toward price stability as a reasonable expectation and an important element in enabling the expansion to be sustained.

In their review of developments in key sectors of the economy, the members generally agreed that while the evidence of a strengthening business expansion was still quite limited and much of it was still anecdotal, there were growing indications of improving business and consumer confidence. Some members cautioned that changing attitudes alone could not be relied on as harbingers of a more satisfactory economic performance, as experience in recent years made clear, but the improved financial condition of many business firms, households, and lending institutions provided a further basis for optimism. A good deal of progress already had been made toward reducing debt burdens, and the retarding effects of balance sheet adjustments on current spending seemed likely to lessen over the forecast horizon. Moreover, despite many lingering problems, the general health of the banking industry had improved markedly and there were spreading reports of greater efforts by banks to find creditworthy borrowers. At the same time, the members saw signs that demands for bank loans might be picking up a bit from very depressed levels.

The latest data on retail sales and anecdotal reports from many parts of the country suggested some improvement in consumer spending. There were widespread reports of increasing optimism among retailers regarding the outlook for sales during the holiday season. Sales of automobiles and trucks appeared to be rising. The members nonetheless generally continued to view the outlook for consumer spending with considerable caution. Consumers remained concerned about job prospects against the background of continuing downsizing and restructuring activities by many business firms. Ongoing efforts to reduce debt burdens also seemed to be exerting a retarding effect on consumer spending. Against this background, the upturn in consumer confidence indicated by a recent survey could prove to be relatively fragile and short-lived. On balance, a strengthening trend in consumer spending, though to a relatively moderate pace by past business recovery standards, was still expected to provide major support for a sustained economic expansion.

Since the stimulus from the consumer sector coincided with relatively lean inventories, its effects might well be reinforced for a time by business efforts to build their inventories. Business spending for equipment also appeared likely to remain fairly robust, given a moderate expansion in sales and the improving financial condition of many businesses. The housing sector was viewed as another potential, though limited, source of stimulus over the forecast horizon. There were reports of improving home sales and home construction activity in many parts of the country, including some otherwise depressed areas, and many business contacts also were seeing better demand for construction materials and home furnishings. On the negative side, nonresidential construction remained weak across much of the nation, and further reductions in construction activity were likely as major projects were completed. However, nonresidential construction was being maintained or even trending higher in a few areas and appeared to have bottomed out in others. The rise in natural gas prices had spurred drilling activity in recent months, but some members commented that the outlook for significant further gains in that industry was not promising.

Many of the members stressed that the external sector constituted a major source of downside risk for the economy. The economic prospects for major foreign economies appeared to have deteriorated recently, and given the appreciation of the dollar, net exports might well worsen further over the next several quarters. The possible failure of ongoing trade negotiations would further dampen the outlook for U.S. trade. For the present, anecdotal reports from around the country on export sales were mixed, with such sales still well maintained in some industries and areas but slowing in others.

The outlook for fiscal policy constituted a major source of uncertainty; while the enactment of some fiscal policy measures now appeared to be increasingly likely, there was no reliable way to predict their overall size, specific provisions, or the timing of their effects. For now, the downtrend in federal government purchases of goods and services constituted a sizable negative in the forecast of aggregate demands. In particular, the cutbacks in defense expenditures were having a major effect on local economies in several parts of the country. Any new fiscal initiatives might well contain some stimulative elements designed to provide a boost to a relatively slow economic expansion. However, the delays usually encountered in enacting such legislation together with the subsequent lags before much of the effects were felt in the economy implied continued fiscal drag during the quarters immediately ahead; moreover, the propensity for financial markets to raise interest rates in anticipation of fiscal policy stimulus might also damp spending for some period. Some members saw a risk that much of the fiscal stimulus would be felt at a time when economic activity might already be gaining considerable momentum.

Turning to the outlook for inflation, members commented that despite a disappointing report on consumer prices for October, the disinflationary trend still appeared to be well established. In the view of most members, the outlook for relatively subdued pressures on resources over the forecast horizon together with the slow growth over an extended period in broad measures of money augured well for further progress toward price stability. Members were continuing to observe strong competitive pressures in local markets, and business contacts were still emphasizing the stout resistance that they encountered when they tried to raise prices to widen profit margins or to pass along rising costs. Most businessmen currently saw and anticipated little or no inflation in their own industries. Consumers also remained highly price conscious. At the same time, however, there seemed to be a widespread view in the business community and among consumers that at some point the rate of inflation was likely to rise appreciably from its recent level, and such expectations tended to have adverse repercussions in long-term debt markets and to create tensions in wage negotiations and other price-setting activities. Members noted that current inflationary expectations had been built up over a period of many years and an extended period of reduced inflation probably would be required before they disappeared.

At this meeting, the Committee had a preliminary discussion of the ranges for monetary growth in 1993 that it had established on a tentative basis at the meeting on June 30–July 1, 1992. The ranges in question had been set at 2½ to 6½ percent for M2 and 1 to 5 percent for M3 and were unchanged from those adopted for 1992. While there had been considerable sentiment at midyear in favor of lowering the ranges, a majority of the members had concluded then that uncertainties about the prospective relationship between the monetary aggregates and nominal spending argued for caution in making any changes. The information since midyear had confirmed the persistence of sizable increases in the velocity of M2 and M3. A recent staff study had provided some reasons for this unusual behavior, and staff analysis pointed to a strong probability that velocity would rise again next year.

During the discussion, the members generally agreed that developments since mid-1992 had reinforced the case for some reduction in the 1993 range for M2, and they indicated that they probably would support proposals for a lower range. Such a reduction would be a technical adjustment intended to take account of the atypical strength in velocity. Some noted that a lower range also would be seen as underscoring the desire of the Committee to avoid any pickup in inflation should the expansion gain momentum and indeed as promoting further progress toward price stability, thereby establishing a sounder basis for sustained growth in the economy at its highest potential. The ranges would be voted on in February before their scheduled announcement to the Congress, and by that time more information would be available to gauge the prospective behavior of M2 during 1993.

In the Committee's discussion of policy for the intermeeting period ahead, a majority of the members indicated a preference for maintaining unchanged conditions in reserve markets, but several others believed that some easing would be a more appropriate policy. Members who supported a steady policy course emphasized the growing if still tentative indications of a strengthening economy—including the pickup in money and credit growth—and the apparent upturn in business and consumer confidence. Some also cited the increased prospects of fiscal policy measures that were likely to provide some net stimulus to the economy over the intermediate term. Members who preferred to ease monetary policy at this time referred to what they viewed as an unsatisfactory outlook for economic activity, and some stressed the desirability of taking prompt action to promote sustained growth in the broader monetary aggregates within the Committee's ranges. Members who favored an immediate easing also endorsed coupling such a policy move with a reduction at this time in the tentative M2 range for 1993 in order to emphasize the Committee's commitment to noninflationary economic growth.

In the course of the discussion, the members took account of a staff analysis that suggested some moderation in the growth of M2 over the remainder of the year, assuming unchanged conditions in reserve markets. While M2 growth on a quarterly average basis was expected to be stronger in the current quarter than in the previous two quarters, expansion for the year as a whole was still projected to fall a little below the Committee's annual range. Some members commented that an important policy objective would be to prevent M2 growth from faltering—such a development might parallel a similar pause in the economy—as it had earlier in the current expansion. On the other hand, some members noted the persisting increases in M2 velocity. They remarked that the level of short-term interest rates together with the very rapid expansion in M1 and reserves pointed to an adequate availability of liquidity in the economy and thus suggested that current monetary policy already was appropriately stimulative and properly positioned to support the projected strengthening in economic activity. Indeed, in one view, continued rapid expansion in the narrow measures of money and reserves, if allowed to continue, would be a matter of increasing concern with respect to the longer-run implications for inflation.

In the Committee's discussion of possible adjustments to policy during the intermeeting period, many of the members expressed a preference for a directive that did not bias potential adjustments in either direction. In this view, the expansion was on a reasonably solid footing, the risks to the expansion were now fairly evenly balanced, and a steady policy course should be maintained in the absence of unanticipated developments with significant implications for the economic outlook. Other members, while encouraged by recent economic developments, wanted to bias the directive toward ease, though without the strong presumption of some potential easing that had been associated with the previous directive. They observed that the economy was still expanding at a relatively subdued pace, inflation was on a downward track, and given the earlier tendency for the recovery to weaken, they believed that the Committee should react relatively promptly to indications, including any downturn in money growth, that the economy might again be falling short of a moderate growth path. Most of the members who preferred to ease immediately indicated that they could accept an unchanged directive that was biased toward ease, and such a directive also was acceptable to many members who favored a symmetrical directive.

At the conclusion of the Committee's discussion, all but three of the members indicated their acceptance of a directive that called for maintaining the existing degree of pressure on reserve positions and that would include some bias toward possible easing during the intermeeting period. Two of the members expressed a strong preference for a symmetric directive with regard to possible intermeeting policy adjustments, while another was firmly persuaded of the desirability of an immediate increase in reserve availability to strengthen the growth of M2. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater monetary restraint might be acceptable or slightly lesser monetary restraint would be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with growth in M2 and M3 at annual rates of about 3½ and 1 percent respectively over the three-month period from September through December.

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

The information reviewed at this meeting suggests that economic activity has been expanding at a moderate pace. Total nonfarm payroll employment was up slightly in October after declining in the previous two months, and the civilian unemployment rate edged down to 7.4 percent. Industrial production rose somewhat in October. Retail sales increased considerably in September and October. There was some strengthening in residential construction activity over the summer months. Outlays for business equipment have continued to increase, and recent data on orders for nondefense capital goods point to further growth in the near term; expenditures for nonresidential construction have remained weak. The nominal U.S. merchandise trade deficit widened somewhat in July–August from its average rate in the second quarter. Recent data on wages and prices have been mixed but suggest on balance a continuing trend toward lower inflation.

Most interest rates have increased appreciably since the Committee meeting on October 6. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies rose very substantially over the intermeeting period.

M2 has expanded at a moderate pace since midsummer, with all of its growth stemming from its M1 component, while M3 grew slowly. Through October, both aggregates were estimated to have grown at rates a little below the lower ends of the ranges established by the Committee for the year.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting on June 30–July 1 reaffirmed the ranges it had established in February for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent respectively, measured from the fourth quarter of 1991 to the fourth quarter of 1992. The Committee anticipated that developments contributing to unusual velocity increases could persist in the second half of the year. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 4½ to 8½ percent for the year. For 1993, the Committee on a tentative basis set the same ranges as in 1992 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might or slightly lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from September through December at annual rates of about 3½ and 1 percent, respectively.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Kelley, Lindsey, Mullins, Ms. Phillips, and Mr. Syron. Votes against this action: Messrs. Jordan, LaWare, and Melzer.

Mr. Jordan dissented because he preferred taking immediate action to increase the availability of bank reserves sufficiently to raise M2 growth to a pace more consistent with the Committee's annual range. Because desirable M2 expansion in line with the Committee's objectives would be likely to fall within a lower range next year, he would announce concurrently a reduction in the 1993 range to make clear that near-term action to increase M2 expansion was not an abandonment of the long-term objective of noninflationary monetary growth.

Messrs. LaWare and Melzer dissented because they did not want to bias the directive toward possible easing during the intermeeting period. In their view, recent developments pointed to a strengthening economy, and they favored a steady policy that was not predisposed to react to near-term weakness in economic or monetary data. More time was needed to evaluate the effects of prior monetary policy actions, and they were concerned that the adoption of a more stimulative policy over the near term might well establish a basis for greater inflation later. Mr. Melzer was concerned that rapid growth in total bank reserves, the monetary base, and M1 over the past two years might already have laid a foundation for accelerating nominal GDP growth and a reversal of the disinflationary trend. In addition, he noted that policy errors can easily be made at this stage of the business cycle. In an economic expansion, efforts to resist increases in the federal funds rate through large reserve injections eventually lead to higher inflation and higher nominal interest rates.

2. *Authorization for Domestic Open Market Operations*

The Committee approved a temporary increase of $3 billion, to a level of $11 billion, in the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities. The increase amended paragraph 1(a) of the Authorization for Domestic Open Market Operations and was effective for the intermeeting period ending with the close of business on December 22, 1992.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Jordan, Kelley, LaWare, Lindsey, Melzer, Mullins, Ms. Phillips, and Mr. Syron. Votes against this action: None.

The Manager of the System Open Market Account advised the Committee that the current leeway of $8 billion for changes in System Account holdings might not be sufficient to accommodate the potentially large need to add reserves over the intermeeting period ahead to meet an anticipated seasonal bulge in the demand for currency and required reserves. □

Legal Developments

Final Rule—Regulation F

The Board of Governors is publishing a new 12 C.F.R. Part 206, its Regulation F (Interbank Liabilities). The final rule implements section 308 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), which requires the Board to prescribe standards to limit the risks posed by exposure of insured depository institutions to other depository institutions. The final rule applies to banks, savings associations, and branches of foreign banks with deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The final rule generally requires insured banks, savings associations, and branches of foreign banks, referred to collectively as "banks," to develop and implement internal prudential policies and procedures to evaluate and control exposure to the depository institutions with which they do business, referred to as "correspondents."

The rule also establishes a general "limit" stated in terms of the exposed bank's capital, for overnight "credit exposure" to an individual correspondent, as defined in the rule. Under the rule, a bank ordinarily should limit its credit exposure to an individual correspondent to an amount equal to not more than 25 percent of the exposed bank's total capital, unless the bank can demonstrate that its correspondent is at least "adequately capitalized." No limit is specified by the rule for credit exposure to correspondents that are at least "adequately capitalized," but a bank is required to establish and follow its own internal policies and procedures with regard to exposure to all correspondents, regardless of capital level.

The final rule provides for a thirty-month transition period after the effective date for full implementation of the rule. Banks must have in place the internal policies and procedures required by the rule on June 19, 1993. The regulatory limit on credit exposure to correspondents that a bank cannot demonstrate are at least "adequately capitalized" will be phased in, with the limit set at 50 percent of the exposed bank's capital for a one-year period beginning on June 19, 1994, and reduced to 25 percent as of June 19, 1995.

Effective December 19, 1992, 12 C.F.R. Part 206 is added to read as follows:

Part 206—Limitations on Interbank Liabilities

Section 206.1—Authority, purpose, and scope.
Section 206.2—Definitions.
Section 206.3—Prudential standards.
Section 206.4—Credit exposure.
Section 206.5—Capital levels of correspondents.
Section 206.6—Waiver.
Section 206.7—Transition provisions.

Authority: Section 308 of Pub. L. 102–242, 105 Stat. 2236, 12 U.S.C. 371b-2.

Section 206.1—Authority, purpose, and scope.

(a) *Authority and purpose.* This part (Regulation F, 12 C.F.R. Part 206) is issued by the Board of Governors of the Federal Reserve System (Board) to implement section 308 of the Federal Deposit Insurance Corporation Improvements Act of 1991 (Act), 12 U.S.C. 371b-2. The purpose of this part is to limit the risks that the failure of a depository institution would pose to insured depository institutions.
(b) *Scope.* This part applies to all depository institutions insured by the Federal Deposit Insurance Corporation.

Section 206.2—Definitions.

As used in this part, unless the context requires otherwise:
(a) *Bank* means an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), and includes an insured national bank, state bank, District bank, or savings association, and an insured branch of a foreign bank.
(b) *Commonly-controlled correspondent* means a correspondent that is commonly controlled with the bank and for which the bank is subject to liability under section 5(e) of the Federal Deposit Insurance Act. A correspondent is considered to be commonly controlled with the bank if:
(1) 25 percent or more of any class of voting securities of the bank and the correspondent are owned, directly or indirectly, by the same depository institution or company; or

(2) Either the bank or the correspondent owns 25 percent or more of any class of voting securities of the other.

(c) *Correspondent* means a U.S. depository institution or a foreign bank, as defined in this part, to which a bank has exposure, but does not include a commonly controlled correspondent.

(d) *Exposure* means the potential that an obligation will not be paid in a timely manner or in full. "Exposure" includes credit and liquidity risks, including operational risks, related to intraday and interday transactions.

(e) *Foreign bank* means an institution that:

(1) Is organized under the laws of a country other than the United States;

(2) Engages in the business of banking;

(3) Is recognized as a bank by the bank supervisory or monetary authorities of the country of the bank's organization;

(4) Receives deposits to a substantial extent in the regular course of business; and

(5) Has the power to accept demand deposits.

(f) *Primary federal supervisor* has the same meaning as the term "appropriate Federal banking agency" in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)).

(g) *Total capital* means the total of a bank's Tier 1 and Tier 2 capital under the risk-based capital guidelines provided by the bank's primary federal supervisor. For an insured branch of a foreign bank organized under the laws of a country that subscribes to the principles of the Basle Capital Accord, "total capital" means total Tier 1 and Tier 2 capital as calculated under the standards of that country. For an insured branch of a foreign bank organized under the laws of a country that does not subscribe to the principles of the Basle Capital Accord, "total capital" means total Tier 1 and Tier 2 capital as calculated under the provisions of the Accord.

(h) *U.S. depository institution* means a bank, as defined in section 206.2(a) of this part, other than an insured branch of a foreign bank.

Section 206.3—Prudential standards.

(a) *General.* A bank shall establish and maintain written policies and procedures to prevent excessive exposure to any individual correspondent in relation to the condition of the correspondent.

(b) *Standards for selecting correspondents.*

(1) A bank shall establish policies and procedures that take into account credit and liquidity risks, including operational risks, in selecting correspondents and terminating those relationships.

(2) Where exposure to a correspondent is significant, the policies and procedures shall require periodic reviews of the financial condition of the correspondent and shall take into account any deterioration in the correspondent's financial condition. Factors bearing on the financial condition of the correspondent include the capital level of the correspondent, level of nonaccrual and past due loans and leases, level of earnings, and other factors affecting the financial condition of the correspondent. Where public information on the financial condition of the correspondent is available, a bank may base its review of the financial condition of a correspondent on such information, and is not required to obtain non-public information for its review. However, for those foreign banks for which there is no public source of financial information, a bank will be required to obtain non-public information for its review.

(3) A bank may rely on another party, such as a bank rating agency or the bank's holding company, to assess the financial condition of or select a correspondent, provided that the bank's board of directors has reviewed and approved the general assessment or selection criteria used by that party.

(c) *Internal limits on exposure.*

(1) Where the financial condition of the correspondent and the form or maturity of the exposure create a significant risk that payments will not be made in full or in a timely manner, a bank's policies and procedures shall limit the bank's exposure to the correspondent, either by the establishment of internal limits or by other means. Limits shall be consistent with the risk undertaken, considering the financial condition and the form and maturity of exposure to the correspondent. Limits may be fixed as to amount or flexible, based on such factors as the monitoring of exposure and the financial condition of the correspondent. Different limits may be set for different forms of exposure, different products, and different maturities.

(2) A bank shall structure transactions with a correspondent or monitor exposure to a correspondent, directly or through another party, to ensure that its exposure ordinarily does not exceed the bank's internal limits, including limits established for credit exposure, except for occasional excesses resulting from unusual market disturbances, market movements favorable to the bank, increases in activity, operational problems, or other unusual circumstances. Generally, monitoring may be done on a retrospective basis. The level of monitoring required depends on:

(i) The extent to which exposure approaches the bank's internal limits;

(ii) The volatility of the exposure; and

(iii) The financial condition of the correspondent.

(3) A bank shall establish appropriate procedures to address excesses over its internal limits.

(d) *Review by board of directors.* The policies and procedures established under this section shall be reviewed and approved by the bank's board of directors at least annually.

Section 206.4—Credit exposure.

(a) *Limits on credit exposure.*

(1) The policies and procedures on exposure established by a bank under section 206.3(c) of this part shall limit a bank's interday credit exposure to an individual correspondent to not more than 25 percent of the bank's total capital, unless the bank can demonstrate that its correspondent is at least adequately capitalized, as defined in section 206.5(a) of this part.

(2) Where a bank is no longer able to demonstrate that a correspondent is at least adequately capitalized for the purposes of section 206.4(a) of this part, including where the bank cannot obtain adequate information concerning the capital ratios of the correspondent, the bank shall reduce its credit exposure to comply with the requirements of section 206.4(a)(1) of this part within 120 days after the date when the current Report of Condition and Income or other relevant report normally would be available.

(b) *Calculation of credit exposure.* Except as provided in sections 206.4(c) and (d) of this part, the credit exposure of a bank to a correspondent shall consist of the bank's assets and off-balance sheet items that are subject to capital requirements under the capital adequacy guidelines of the bank's primary federal supervisor, and that involve claims on the correspondent or capital instruments issued by the correspondent. For this purpose, off-balance sheet items shall be valued on the basis of current exposure. The term "credit exposure" does not include exposure related to the settlement of transactions, intraday exposure, transactions in an agency or similar capacity where losses will be passed back to the principal or other party, or other sources of exposure that are not covered by the capital adequacy guidelines.

(c) *Netting.* Transactions covered by netting agreements that are valid and enforceable under all applicable laws may be netted in calculating credit exposure.

(d) *Exclusions.* A bank may exclude the following from the calculation of credit exposure to a correspondent:

(1) Transactions, including reverse repurchase agreements, to the extent that the transactions are secured by government securities or readily marketable collateral, as defined in paragraph (f) of this section, based on the current market value of the collateral;

(2) The proceeds of checks and other cash items deposited in an account at a correspondent that are not yet available for withdrawal;

(3) Quality assets, as defined in paragraph (f) of this section, on which the correspondent is secondarily liable, or obligations of the correspondent on which a creditworthy obligor in addition to the correspondent is available, including but not limited to:

(i) Loans to third parties secured by stock or debt obligations of the correspondent;

(ii) Loans to third parties purchased from the correspondent with recourse;

(iii) Loans or obligations of third parties backed by stand-by letters of credit issued by the correspondent; or

(iv) Obligations of the correspondent backed by stand-by letters of credit issued by a creditworthy third party;

(4) Exposure that results from the merger with or acquisition of another bank for one year after that merger or acquisition is consummated; and

(5) The portion of the bank's exposure to the correspondent that is covered by federal deposit insurance.

(e) *Credit exposure of subsidiaries.* In calculating credit exposure to a correspondent under this part, a bank shall include credit exposure to the correspondent of any entity that the bank is required to consolidate on its Report of Condition and Income or Thrift Financial Report.

(f) *Definitions.* As used in this section:

(1) *Government securities* means obligations of, or obligations fully guaranteed as to principal and interest by, the United States government or any department, agency, bureau, board, commission, or establishment of the United States, or any corporation wholly owned, directly or indirectly, by the United States.

(2) *Readily marketable collateral* means financial instruments or bullion that may be sold in ordinary circumstances with reasonable promptness at a fair market value determined by quotations based on actual transactions on an auction or a similarly available daily bid- and ask-price market.

(3) (i) *Quality asset* means an asset:

(A) That is not in a nonaccrual status;

(B) On which principal or interest is not more than thirty days past due; and

(C) Whose terms have not been renegotiated or compromised due to the deteriorating financial condition of the additional obligor.

(ii) An asset is not considered a "quality asset" if any other loans to the primary obligor on the asset have been classified as "substandard," "doubtful," or "loss," or treated as "other loans specially mentioned" in the most recent report of examination or inspection of the bank or an affiliate prepared by either a federal or a state supervisory agency.

Section 206.5—Capital levels of correspondents.

(a) *Adequately capitalized correspondents.*[1] For the purpose of this part, a correspondent is considered adequately capitalized if the correspondent has:

(1) A total risk-based capital ratio, as defined in paragraph (e)(1) of this section, of 8.0 percent or greater;

(2) A Tier 1 risk-based capital ratio, as defined in paragraph (e)(2) of this section, of 4.0 percent or greater; and

(3) A leverage ratio, as defined in paragraph (e)(3) of this section, of 4.0 percent or greater.

(b) *Frequency of monitoring capital levels.* A bank shall obtain information to demonstrate that a correspondent is at least adequately capitalized on a quarterly basis, either from the most recently available Report of Condition and Income, Thrift Financial Report, financial statement, or bank rating report for the correspondent. For a foreign bank correspondent for which quarterly financial statements or reports are not available, a bank shall obtain such information on as frequent a basis as such information is available. Information obtained directly from a correspondent for the purpose of this section should be based on the most recently available Report of Condition and Income, Thrift Financial Report, or financial statement of the correspondent.

(c) *Foreign banks.* A correspondent that is a foreign bank may be considered adequately capitalized under this section without regard to the minimum leverage ratio required under paragraph (a)(3) of this section.

(d) *Reliance on information.* A bank may rely on information as to the capital levels of a correspondent obtained from the correspondent, a bank rating agency, or other party that it reasonably believes to be accurate.

(e) *Definitions.* For the purposes of this section:

(1) *Total risk-based capital ratio* means the ratio of qualifying total capital to weighted risk assets.

(2) *Tier 1 risk-based capital ratio* means the ratio of Tier 1 capital to weighted risk assets.

(3) *Leverage ratio* means the ratio of Tier 1 capital to average total consolidated assets, as calculated in accordance with the capital adequacy guidelines of the correspondent's primary federal supervisor.

(f) *Calculation of capital ratios.*

(1) For a correspondent that is a U.S. depository institution, the ratios shall be calculated in accordance with the capital adequacy guidelines of the correspondent's primary Federal supervisor.

(2) For a correspondent that is a foreign bank organized in a country that has adopted the risk-based framework of the Basle Capital Accord, the ratios shall be calculated in accordance with the capital adequacy guidelines of the appropriate supervisory authority of the country in which the correspondent is chartered.

(3) For a correspondent that is a foreign bank organized in a country that has not adopted the risk-based framework of the Basle Capital Accord, the ratios shall be calculated in accordance with the provisions of the Basle Capital Accord.

Section 206.6—Waiver.

The Board may waive the application of section 206.4(a) of this part to a bank if the primary federal supervisor of the bank advises the Board that the bank is not reasonably able to obtain necessary services, including payment-related services and placement of funds, without incurring exposure to a correspondent in excess of the otherwise applicable limit.

Section 206.7—Transition provisions.

(a) Beginning on June 19, 1993, a bank shall comply with the prudential standards prescribed under section 206.3 of this part.

(b) Beginning on June 19, 1994, a bank shall comply with the limit on credit exposure to an individual correspondent required under section 206.4(a) of this part, but for a period of one year after this date the limit shall be 50 percent of the bank's total capital.

Final Rule—Amendments to Regulations H and Y

The Board of Governors is amending 12 C.F.R. Parts 208 and 225, its Regulations H and Y (Capital and Capital Adequacy Guidelines), for state member banks and bank holding companies to include the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), and the

1. As used in this part, the term "adequately capitalized" is similar but not identical to the definition of that term as used for the purposes of the prompt corrective action standards. *See, e.g.*, 12 C.F.R. Part 208, Subpart B.

Nordic Investment Bank (NIB) in the list of named multilateral lending institutions that are eligible for a 20 percent risk weight. This modification would conform the Board's risk-based capital guidelines more closely to interpretive guidance adopted by the other G-10 countries that are signatories to the Basle Accord.

Effective December 22, 1992, 12 C.F.R. Parts 208 and 225 are amended as follows:

Part 208—Membership of State Banking Institutions in the Federal Reserve System

1. The authority citation for part 208 is revised to read as follows:

Authority: Sections 9, 11(a), 11(c), 19, 21, 25, and 25(a) of the Federal Reserve Act, as amended (12 U.S.C. 321–338, 248(a), 248(c), 461, 481–486, 601 and 611, respectively); sections 4, 13(j), and 18(o) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1814, 1823(j), and 1828(o), respectively); section 7(a) of the International Banking Act of 1978 (12 U.S.C. 3105); sections 907–910 of the International Lending Supervision Act of 1983 (12 U.S.C. 3906-3909); sections 2, 12(b), 12(g), 12(i), 15B(c) (5), 17, 17A, and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o-4(c) (5), 78q, 78q-1, and 78w, respectively); section 5155 of the Revised Statutes (12 U.S.C. 36) as amended by the McFadden Act of 1927; and sections 1101-1122 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3310 and 3331-3351).

2. Appendix A to part 208 is amended by revising the second sentence of the second paragraph in III.C.2 to read as follows:

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

* * * * *

III. * * *

C. * * *

2. * * * In addition, this category also includes claims on, and the portions of claims that are guaranteed by, U.S. government-sponsored[32] agencies and claims on, and the portions of claims guaranteed by, the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation, the Interamerican Development Bank, the Asian Development Bank, the African Development Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Nordic Investment Bank, and other multilateral lending institutions or regional development banks in which the U.S. government is a shareholder or contributing member.* * *

* * * * *

Part 225—Bank Holding Companies and Change in Bank Control

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

Authority: 12 U.S.C. 1817(j) (13), 1818(b), 1828(o), 1831i, 1843(c) (8), 1844(b), 1972(l), 3106, 3108, 3907, 3909, 3310, 3331-3351, and section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. 102–242, 105 Stat. 2236 (1991)).

2. Appendix A to part 225 is amended by revising the second sentence of the second paragraph in III.C.2 to read as follows:

APPENDIX A TO PART 225—CAPITAL ADEQUACY GUIDELINES FOR BANK HOLDING COMPANIES: RISK-BASED MEASURE

* * * * *

III. * * *

C. * * *

2. * * * In addition, this category also includes claims on, and the portions of claims that are guaranteed by, U.S. government-sponsored[35]

32. For this purpose, U.S. government-sponsored agencies are defined as agencies originally established or chartered by the federal government to serve public purposes specified by the U.S. Congress but whose obligations are *not explicitly* guaranteed by the full faith and credit of the U.S. government. These agencies include the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Farm Credit System, the Federal Home Loan Bank System, and the Student Loan Marketing Association (SLMA). Claims on U.S. government-sponsored agencies include capital stock in a Federal Home Loan Bank that is held as a condition of membership in that Bank.

35. For this purpose, U.S. government-sponsored agencies are defined as agencies originally established or chartered by the federal government to serve public purposes specified by the U.S. Congress but whose obligations are *not explicitly* guaranteed by the full faith and credit of the U.S. government. These agencies include the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Farm Credit System, the Federal Home Loan Bank System, and the Student Loan Marketing Association (SLMA). Claims on U.S. government-sponsored agencies in-

agencies and claims on, and the portions of claims guaranteed by, the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation, the Interamerican Development Bank, the Asian Development Bank, the African Development Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Nordic Investment Bank, and other multilateral lending institutions or regional development banks in which the U.S. government is a shareholder or contributing member.* * *

* * * * *

Final Rule—Amendment to Regulation O

The Board of Governors is amending 12 C.F.R. Part 215, its Regulation O (Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Loans to Holding Companies and Affiliates) to implement recent amendments to section 22(h) of the Federal Reserve Act, contained in the Housing and Community Development Act of 1992. The revision will provide that loans to a holding company parent and its affiliates are not subject to Regulation O inasmuch as these transactions are governed by section 23A of the Federal Reserve Act.

Effective December 17, 1992, 12 C.F.R. Part 215 is amended as follows:

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

1. The authority citation for part 215 is revised to read as follows:

Authority: Sections 11(i), 22(g) and 22(h), Federal Reserve Act (12 U.S.C. 248(i), 375a, 375b(7)), 12 U.S.C. 1817(k)(3) and 1972(2)(F)(vi), and section 955 of the Housing and Community Development Act of 1992 (Pub. L. 102-550, 106 Stat. 3895 (1992)).

Subpart A—Loans by Member Banks to Their Executive Officers, Directors, and Principal Shareholders

2. Section 215.2 is amended by revising paragraph (l) to read as follows:

clude capital stock in a Federal Home Loan Bank that is held as a condition of membership in that Bank.

Section 215.2—Definitions

* * * * *

(l)(1) *Principal shareholder* means a person (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 percent of any class of voting securities of a member bank or company. Shares owned or controlled by a member of an individual's immediate family are considered to be held by the individual.

(2) A principal shareholder of a member bank includes:

(i) A principal shareholder of a company of which the member bank is a subsidiary, and

(ii) A principal shareholder of any other subsidiary of that company.

(3) A principal shareholder of a member bank does not include a company of which a member bank is a subsidiary.

Final Rule—Amendment to Regulation Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control) to implement certain regulatory improvements contained in sections 202(d) and 210 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). The final rule specifies additional factors that the Federal Reserve System must consider in acting on applications by bank holding companies to acquire banks under section 3 of the Bank Holding Company Act. The intended effect of the amendment is to conform the Board's regulations to the statutory changes.

Effective February 4, 1993, 12 C.F.R. Part 225 is amended as follows:

Part 225—Bank Holding Companies and Change in Bank Control

1. Section 225.2 is amended by revising the text of paragraph (k) as follows:

Section 225.2—Definitions.

* * * * *

(k)(1) *Controlling shareholder* means a person that owns or controls, directly or indirectly, 25 percent or more of any class of voting securities of a bank or other company.

(2) *Principal shareholder* means a person that owns or controls, directly or indirectly, 10 percent or more of any class of voting securities of a bank or

other company, or any person that the Board determines has the power, directly or indirectly, to exercise a controlling influence over the management or policies of a bank or other company.

* * * * *

2. Section 225.13 is amended by revising paragraphs (a) and (b)(2) to read as follows:

Section 225.13—Factors considered in acting on bank applications.

(a) *Prohibited anticompetitive transactions.* As specified in section 3(c) of the BHC Act, the Board may not approve any application under this subpart if:

(1) The transaction would result in a monopoly or would further any combination or conspiracy to monopolize, or to attempt to monopolize, the business of banking in any part of the United States;

(2) The effect of the transaction may be substantially to lessen competition in any section of the country, tend to create a monopoly, or in any other manner be in restraint of trade, unless the Board finds that the transaction's anticompetitive effects are clearly outweighed by its probable effect in meeting the convenience and needs of the community;

(3) The applicant has failed to provide the Board with adequate assurances that it will make available such information on its operations or activities, and the operations or activities of any affiliate of the applicant, that the Board deems appropriate to determine and enforce compliance with the BHC Act and other applicable federal banking statutes, and any regulations thereunder; or

(4) In the case of an application involving a foreign bank, the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, as provided in section 211.24(c)(1)(ii) of the Board's Regulation K (12 C.F.R. 211.24(c)(1)(ii)).

(b) *Other factors.* In deciding applications under this subpart, the Board also considers the following factors with respect to the applicant, its subsidiaries, any banks related to the applicant through common ownership or management, and the bank or banks to be acquired:

* * * * *

(2) *Managerial resources.* The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and the banks and bank holding companies concerned; their record of compliance with laws and regulations; and the record of the applicant and its affiliates of fulfilling any commitments to, and any conditions imposed by, the Board in connection with prior applications.

* * * * *

3. Section 225.31 is amended by revising paragraph (d)(2)(ii) to read as follows:

Section 225.31—Control proceedings.

* * * * *

(d) * * *

(2) * * *

(ii) *Shares controlled by company and associated individuals.* A company that, together with its management officials or controlling shareholders (including members of the immediate families of either as defined in 12 C.F.R. 226.2(k)), owns, controls, or holds with power to vote 25 percent or more of the outstanding shares of any class of voting securities of a bank or other company controls the bank or other company, if the first company owns, controls, or holds with power to vote more than 5 percent of the outstanding shares of any class of voting securities of the bank or other company.

* * * * *

4. Appendix B is amended by revising footnote 1 to read as follows:

Appendix B to Part 225—Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks: Leverage Measure

* * * * *

The guidelines will apply to bank holding companies with less than $150 million in consolidated assets on a bank-only basis unless:

(1) The holding company or any nonbank subsidiary is engaged directly or indirectly in any nonbank activity involving significant leverage, or

(2) The holding company or any nonbank subsidiary has outstanding significant debt held by the general public.

Debt held by the general public is defined to mean debt held by parties other than financial institutions, officers, directors, and controlling shareholders of the banking organization or their related interests.

* * * * *

Final Rule—Amendment to Regulation CC

The Board of Governors is amending 12 C.F.R. Part 229, its Regulation CC (Availability of Funds and Collection of Checks) to conform the Uniform Commercial Code (UCC) citations in Regulation CC and its Commentary to the 1990 version of Articles 3 and 4 of the UCC, as approved by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, and to a recent realignment in Federal Reserve check processing regions. The amendments will provide updated cross-references between Regulation CC and the latest version of the UCC and update the routing numbers in the appendices to the regulation.

Effective January 5, 1993, 12 C.F.R. Part 229 is amended as follows:

1. The authority citation for part 229 continues to read as follows:

Authority: 12 U.S.C. 4001 *et seq.*

2. In section 229.2, in the second sentence of paragraph (cc) "U.C.C. 4–202(2)" is revised to read "UCC 4–202(b)".

3. In Appendix A to part 229, under the heading "SECOND FEDERAL RESERVE DISTRICT," the numbers appearing directly under the subheading "*Head Office*" are transferred in numerical order under the subheading "*Jericho Office*" and the subheading "*Head Office*" is removed.

4. In Appendix B-2 to part 229, the headings "*New York*" and "*Jericho*" and their corresponding entries are removed from the table.

5. In Appendix E under the Commentary to section 229.2, in the first sentence of the second paragraph of paragraphs (f) and (g), "U.C.C. 4–104(1)(c)" is revised to read "UCC 4–104(a)(3)"; in the second sentence of paragraph (j), "U.S.C. 3–410, 3–411" is revised to read "UCC 3–409"; in the first sentence of the third paragraph of paragraph (k), "U.C.C. 3–120" is revised to read "UCC 4–106(a)"; the first sentence of the last paragraph of paragraph (bb) is revised as set forth below; and in the fourth sentence of paragraph (cc), "U.C.C. 4–202(2)" is revised to read "UCC 4–202(b)".

Appendix E to Part 229—[Amended]

* * * * *

Section 229.2—Definitions.

* * * * *

(bb) *Qualified returned check.* * * *

* * * * *

A qualified returned check need not contain the elements of a check drawn on the depositary bank, such as the name of the depositary bank. * * *

* * * * *

6. In Appendix E under the Commentary to section 229.11, in the fourth sentence of the last paragraph of paragraph (b) under the heading "*Time Period Adjustment for Withdrawing Cash*", "U.C.C. 4–107" is revised to read "UCC 4–108".

7. In Appendix E under the Commentary to paragraph (a) of section 229.14, in the fourth sentence of the first paragraph of footnote 3, "U.C.C. 4–211 and 4–213" is revised to read "UCC 4–214 and 4–215".

8. In Appendix E under the Commentary to section 229.19, in the last sentence of the last paragraph of paragraph (e), "U.C.C. 4–213(1)(a)" is revised to read "UCC 4–215(a)(1)".

9. In Appendix E under the Commentary to section 229.30:

a. In paragraph (a), the last two sentences of the seventh from the last paragraph are removed; two new sentences are added to the end of the fifth from the last paragraph as set out below; in footnote 4, "U.C.C. 4–202(3)" is revised to read "UCC 4–202(c)"; in the third sentence of the sixth from the last paragraph, "U.C.C. 3–418 and 4–213(1)" is revised to read "UCC 3–418(c) and 4–215(a)"; the third from the last paragraph (numbered 1) is removed; the second from the last and the last paragraphs (numbered 2 and 3) are redesignated as 1 and 2, respectively; in newly-redesignated paragraph 1, "Section 4–301(4)" is revised to read "Section 4–301(d)"; and in newly-redesignated paragraph 2, "Section 4–301(1)" is revised to read "Section 4–301(a)";

b. In paragraph (b), in the last sentence of the last paragraph, "U.C.C. 4–207" is revised to read "UCC 4–208"; and

c. In paragraph (f), in the first sentence of the second paragraph, "U.C.C. 4–301(1)" is revised to read "UCC 4–301(a)".

Appendix E to Part 229—[Amended]

* * * * *

Section 229.30—Paying Bank's Responsibility for Return of Checks

(a) * * *
* * * Also, a paying bank is not responsible for failure to make expeditious return to a party that has breached a presentment warranty under UCC 4–208, notwithstanding that the paying bank has returned the check. (*See* Commentary to section 229.33(a).)

* * * * *

10. In Appendix E under the Commentary to section 229.31:
   a. In paragraph (a), in the second sentence of the fifth from the last paragraph, "U.C.C. 4–202(3)" is revised to read "UCC 4–202(c)"; the third from the last paragraph (numbered 1) is removed; the second from the last and the last paragraphs (numbered 2 and 3) are redesignated as 1 and 2, respectively; in newly-redesignated paragraph 1, "Section 4–202(2)" is revised to read "Section 4–202(b)"; and in newly-redesignated paragraph 2, "Section 4–212(1)" is revised to read "Section 4–214(a)";
   b. In paragraph (b), in the first sentence of the third paragraph, "U.C.C. 4–202(2)" is revised to read "UCC 4–202(b)"; and
   c. In paragraph (c), in the first sentence of the last paragraph, "U.C.C. 4–212(1)" is revised to read "UCC 4–214(a)".
11. In Appendix E under the Commentary to section 229.32, in the fourth sentence of the first paragraph of paragraph (a), "U.C.C. 3–504(2)" is revised to read "UCC 3–111"; and in the second sentence of the second paragraph of paragraph (b), "U.C.C. 4–107" is revised to read "UCC 4–108".
12. In Appendix E under the Commentary to section 229.33, in the second from the last sentence of the last paragraph of paragraph (a), "U.C.C. 4–207(1)" is revised to read "UCC 4–208"; and in the last sentence of the last paragraph, "U.C.C. 4–207(1) and 4–302" is revised to read "UCC 4–208 and 4–302".
13. In Appendix E under the Commentary to section 229.35:
   a. In paragraph (a), the second sentence of the sixth paragraph is revised to read "(*See* UCC 4–207(a) and 4–208(a).)";
   b. In paragraph (b), in the seventh sentence of the fifth paragraph, "U.C.C. 4–213(1) and 4–302" is revised to read "UCC 4–215(a) and 4–302"; in the eighth sentence of the fifth paragraph, "U.C.C. 4–211(2) and (3) and 4–213(3)" is revised to read "UCC 4–213 and 4–215(d)"; in the tenth sentence of the fifth paragraph, "U.C.C. 4–211, 4–212, and 4–213" is revised to read "UCC 4–213, 4–214, and 4–215"; in the first and second sentences of the second from the last paragraph (numbered 1), "Section 4–212(1)" is revised to read "Section 4–214(a)"; and the last paragraph (numbered 2) is revised as set out below; and
   c. In paragraph (c), in the second sentence "U.C.C. 4-201(2)" is revised to read "UCC 4–201(b)".

APPENDIX E TO PART 229—[AMENDED]

* * * * *

Section 229.35—Indorsements

* * * * *

(b) * * *
2. Section 3–415 and related provisions (such as section 3–503), in that such provisions would not apply as between banks, or as between the depositary bank and its customer.

* * * * *

14. In Appendix E under the Commentary to section 229.36:
   a. In paragraph (b), in the fourth sentence of the third paragraph (numbered 1), "U.C.C. 4–204(3)" is revised to read "UCC 4–204(c)"; in the fourth sentence of the seventh paragraph (numbered 3), "U.C.C. 3–504(2)" is revised to read "UCC 3–111"; and in the last paragraph, "U.C.C. 3–504(2)(c)" is revised to read "UCC 3–111";
   b. In paragraph (c), the third sentence is revised as set out below; and
   c. In paragraph (d), in the fifth sentence, "U.C.C. 4–213(b) or (d)" is revised to read "UCC 4–215(a)(2) or (3)".

APPENDIX E TO PART 229—[AMENDED]

* * * * *

Section 229.36—Presentment and Issuance of Checks

* * * * *

(c) * * * This process has the potential to improve the efficiency of check processing, and express provision for truncation and electronic presentment is made in UCC 4–110 and 4–406(b). * * *

* * * * *

15. In Appendix E under the Commentary to section 229.37, before the parenthetical in the second sentence in the first paragraph, "U.C.C. 4–103(1)" is revised to

read "UCC 4-103(a)"; and in the first sentence in the second paragraph, "U.C.C. 4-103(2)" is revised to read "UCC 4-103(b)".

16. In Appendix E under the Commentary to section 229.38:

a. In paragraph (a), in the third sentence in the second paragraph, "U.C.C. 4-103(5) and 4-202(3)" is revised to read "UCC 4-103(e) and 4-202(c)";

b. In paragraph (b), in the last sentence "sections 4-213 and 4-302" is revised to read "sections 4-215 and 4-302"; and

c. In paragraph (e), the second sentence is revised to read as follows:

APPENDIX E TO PART 229—[AMENDED]

* * * * *

Section 229.38—Liability

* * * * *

(e) * * * It adopts the standard of UCC 4-109(b).

* * * * *

17. In Appendix E under the Commentary to section 229.39, in the introductory text "U.C.C. 4-214" is revised to read "UCC 4-216".

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Statement by the Board of Governors of the Federal Reserve System Regarding the Application by Capital Bancorporation, Inc. to acquire Magna Bank of Southern Missouri

By order dated November 30, 1992, the Board approved the application of Capital Bancorporation, Inc., Cape Girardeau, Missouri ("Capital"), pursuant to section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C.§ 1842) to acquire the voting shares of Magna Bank of Southern Missouri, Ozark, Missouri ("Magna Bank").

Notice of the application, affording interested parties an opportunity to submit comments, has been published (57 *Federal Register* 28,871 (1992)). 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.

Capital is the 12th largest commercial banking organization in Missouri, controlling deposits of $503.8 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[1] Magna Bank is the 36th largest commercial banking organization in Missouri, controlling deposits of $150.6 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Capital would become the ninth largest commercial banking organization in Missouri, controlling deposits of $654.4 million, representing approximately 1.24 percent of the total deposits in commercial banking organizations in the state.

Capital and Magna Bank do not compete directly in any relevant banking market. Based on all the facts of record, the Board believes that consummation of this proposal would not result in any significantly adverse effects on competition in any relevant banking market. Considerations relating to the financial and managerial resources and future prospects of Capital and its subsidiary banks and Magna Bank, and other supervisory factors the Board is required to consider under section 3 of the BHC Act, also are consistent with approval of this application.

Convenience and Needs Considerations

In reviewing this application, the Board also is required to consider the convenience and needs of the community to be served and take into account the record of performance of Capital and its subsidiary banks, as well as Magna Bank, under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[2] The Board notes that four of Capital's five subsidiary banks, representing approximately 87 percent of Capital's assets, have received satisfactory ratings from their primary regulators in their most recent examinations for CRA performance.[3] However, one of Capital's subsidiary banks, Capital Bank

1. Deposit data are as of June 30, 1991.

2. The CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take this record into account in its evaluation of bank holding company applications. 12 U.S.C. § 2903.

3. The following banks, including Capital's lead bank, all received satisfactory ratings at their most recent examinations for CRA performance: Capital Bank of Cape Girardeau County, Cape Girardeau, Missouri (Federal Deposit Insurance Corporation ("FDIC") — July 26, 1991); Capital Bank of Columbia, Columbia, Missouri (FDIC — December 11, 1990); Capital Bank of Sikeston, Sikeston, Missouri (FDIC — October 11, 1990); and Capital Bank of Perryville, N.A., Perryville, Missouri (Office of the Comptroller of the Currency — September 30, 1988). Magna Bank received a satisfactory rating for CRA performance from the FDIC on December 14, 1991.

and Trust Company of Clayton, Clayton, Missouri ("Clayton Bank"), controlling approximately 13 percent of Capital's assets, received two consecutive less than satisfactory examination ratings for CRA performance in 1991 and 1992 from its primary regulator, the FDIC.[4]

The Board has carefully reviewed these examinations and the CRA performance of Capital and its subsidiary banks, as well as Magna Bank, in light of the CRA, the Board's regulations, and the jointly issued Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[5] The Board previously has stated that applicants should address their CRA responsibilities and have the necessary policies in place and working well before they file an application.[6] In this regard, actions taken by Capital and Clayton Bank to improve the CRA performance of Clayton Bank have been carefully considered in this application.

In response to the 1991 examination, Clayton Bank initiated several measures to address the deficiencies in its CRA performance. Examiners found in the 1992 examination that these steps resulted in improvement in Clayton Bank's CRA program, and upgraded Clayton Bank's CRA rating to a "needs to improve" record of meeting community credit needs. In assigning this rating, the FDIC noted that the lack of management and personnel resources and the limited amount of time since the 1991 examination hindered the bank's ability to implement all needed improvements. In this regard, the record in this case indicates that in the past few years, Clayton Bank has devoted significant resources to addressing financial problems identified by examiners. Although these efforts have resulted in improvement in the bank's financial condition, Bank management's emphasis on financial concerns limited its ability to fully implement programs designed to strengthen the bank's CRA program.

In response to the 1992 examination, Capital's board of directors has approved various additional measures designed to improve its oversight of the CRA programs of Clayton Bank and its other subsidiary banks. Clayton Bank also has implemented, and has committed to implement, various measures to improve and address identified weaknesses in its CRA program. These steps include:

(1) Hiring more personnel to administer CRA activities;

(2) Commencing a call program targeting small businesses in its delineated community;

(3) Implementing a home improvement loan program and advertising this program in local newspapers; and

(4) Meeting with groups representing low- and moderate-income individuals in the bank's delineated community.

Clayton Bank also has committed to allocate a total of $2 million over the next three years for loans to qualified low-and moderate-income borrowers. To improve its system of tracking the geographic extension of credit applications, extensions and denials, the bank replaced its system of geocoding this information by zip code with a geocoding-by-census tract system. Additionally, Clayton Bank has taken certain steps to increase its participation in community development activities, including purchasing $1 million of street improvement bonds for the City of Brentwood, Missouri, a city located within Clayton Bank's revised service area.

The Board believes that, on balance, the initiatives implemented by Capital and Clayton Bank since the 1991 and 1992 examinations, and the steps that these organizations have committed to take, are sufficient to address the weaknesses in Clayton Bank's record of CRA performance. These steps were developed in consultation with FDIC examiners. The Board recognizes that the record compiled in this application points to areas that continue to require improvement in the CRA performance of Clayton Bank. Capital has implemented effective CRA programs at its other subsidiary banks, as reflected in the CRA examination reports of these institutions, and the Board believes that Capital and Clayton Bank have taken strong steps to ensure that the deficiencies in Clayton Bank's record of CRA performance will be redressed. The Board expects Capital and Clayton Bank to implement fully the CRA initiatives and commitments discussed in this Order and contained in its application.

Based on all of the facts of record, including the commitments made by Capital and Clayton Bank in this case, the Board concludes that convenience and needs considerations, including the CRA performance records of Capital and its subsidiary banks and Magna Bank, are consistent with approval of this application. Capital's progress in implementing these initiatives and commitments will be monitored by the Federal Reserve Bank of St. Louis and in connection with future applications to expand its deposit-taking facilities.

Based on the foregoing and other facts of record, the

4. Clayton Bank's CRA performance was rated "substantial noncompliance" by the FDIC as of May 1991, and "needs to improve" as of April 1992.

5. 54 *Federal Register* 13,742 (1989).

6. *First Interstate BancSystem of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991); Agency CRA Statement, 54 *Federal Register* at 13,743.

Board has determined that the application should be, and hereby is, approved. The Board's approval of this transaction is specifically conditioned upon compliance with the commitments made by Capital and Clayton Bank in connection with this application. The commitments and conditions relied upon by the Board in reaching its decision are both considered commitments imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable laws. This approval is also conditioned upon Capital receiving all necessary Federal and state approvals.

December 16, 1992

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governors Kelley and LaWare

The Board's precedent requires that the CRA policies of an applicant and its subsidiary banks must be in place and working well when an application is considered. In this case, Clayton Bank's CRA policies and programs have been found to be unsatisfactory in the last two consecutive CRA performance examinations by its primary regulator. Although both Capital and Clayton Bank have initiated policies and programs to address these deficiencies, several of these initiatives were not put in place until well after this application had been filed, and the effect of these initiatives in improving Clayton Bank's CRA performance has not been adequately demonstrated on the record before the Board. For these reasons, we do not believe that the record of CRA performance at this time is sufficient to conclude that the policies of Capital and Clayton Bank are working well, and on this basis, we would deny the application.

December 16, 1992

CB Financial Corporation
Jackson, Michigan

Order Approving Acquisition of a Bank Holding Company

CB Financial Corporation, Jackson, Michigan ("CB Financial"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire First of Charlevoix Corporation, Charlevoix, Michigan ("FCC"), through an interim company, CB Charlevoix Corporation, that will merge with and into FCC with FCC as the surviving company.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 29,081 (1992)). 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.

CB Financial is the 16th largest commercial banking organization in Michigan, controlling three subsidiary banks with total deposits of $535.1 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[2] FCC is the 107th largest commercial banking organization in Michigan, controlling deposits of $39 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, CB Financial would remain the 16th largest banking organization in Michigan, controlling deposits of $574.1 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.

Definition of the Relevant Banking Market

The BHC Act provides that the Board may not approve a proposal submitted under section 3 of the BHC Act if the proposal would result in a monopoly or the effect of the proposal may be substantially to lessen competition in any relevant market. In evaluating the competitive factors in this case, the Board has carefully considered the comments of Resources Planning Corporation ("RPC").[3] RPC argues that the relevant geographic market for analyzing the competitive effects of this proposal should be limited to the City and Township of Charlevoix, Michigan ("Charlevoix"), and that consummation of this proposal would substantially lessen competition for banking services in Charlevoix.[4] RPC relies principally on a

1. Following this acquisition, CB Financial will seek the necessary regulatory approval to merge FCC into CB Financial and thereafter to merge FCC's sole subsidiary, First State Bank of Charlevoix, Charlevoix, Michigan ("FSB"), into CB Financial's subsidiary bank, Charlevoix County State Bank, also in Charlevoix, Michigan ("CCSB").

2. State banking data are as of June 30, 1992.

3. RPC has also sought to enjoin this proposal in state court under the Michigan antitrust statutes. In this suit, RPC maintained that the relevant geographic market was Charlevoix, or in the alternative, Charlevoix County. The court dismissed RPC's claim, and RPC has appealed this judgment. *See Charlevoix Investment Company, et al. v. First of Charlevoix Corporation*, Case No. 92-343-25-CK (May 29, 1992) (Circuit Court for Charlevoix County).

4. CCSB and FSB, subsidiary banks of CB Financial and FCC, respectively, are both located in Charlevoix, Michigan. RPC argues

consultant's study conducted during a two-day visit to the Charlevoix area in May 1992.[5] This study concludes that Charlevoix's unique character as a summer resort divided by a drawbridge in the center of town, and the distances between Charlevoix and surrounding population centers indicate that local customers have no reasonable alternative for banking services except depository institutions located in Charlevoix.

The Board and the courts have found that the relevant banking market for analyzing the competitive effect of a proposal must reflect commercial and banking realities and must consist of the local area where the banks involved offer their services and where local customers can practicably turn for alternatives.[6] The Board has considered all the facts in this case, including the comments and information provided by RPC and other commenters[7] and a study conducted by the Federal Reserve Bank of Chicago ("Reserve Bank"), and concludes that the relevant geographic market to evaluate the competitive effects of this proposal is defined as: Charlevoix County; Emmet County (excluding Bliss, Carp Lake, and Wawatam Townships); Burt, Mentor, Tuscarora, and Wilmot Townships in Cheboygan County; and Banks Township in Antrim County, all in Michigan (the "Petoskey banking market").

The Reserve Bank conducted an extensive investigation of the Petoskey banking market including conducting telephone surveys of customers for banking services, and reviewed data regarding commuting, traffic patterns, and banking transactions. In September 1992, the Reserve Bank also conducted a four-day field study of the Charlevoix area. This study included trips to surrounding populations centers, interviews with local bankers and businessmen, and assessments of commercial advertising activities. The results of this investigation and other analysis indicate that the relevant geographic market for purposes of analyzing the competitive effects of this proposal extends beyond the geographic boundaries of Charlevoix to include the area defined above as the Petoskey banking market.

The Petoskey banking market is anchored by four small towns located in Charlevoix and Emmet Counties: Petoskey (population of 6,056), Charlevoix (population of 3,116), East Jordan (population of 2,240), and Boyne City (population of 3,478).[8] A number of geographic and commercial factors tie these towns together with Charlevoix. For example, Charlevoix is located only 16 miles from Petoskey, the largest population center in the area, and is connected to Petoskey by a major, well-maintained federal highway.[9] The Reserve Bank's study found that this highway provided convenient access to Petoskey, with travel time averaging approximately 20 minutes and varying only slightly depending on the time of day. In addition, local residents indicated that travel to Petoskey was not unduly difficult even during the drawbridge's peak operating times during the summer vacation season because the opening of the drawbridge is predictable and avoidable.[10] Moreover, residents commented that the peak tourist season in this area lasts only about two months and the bridge opens less frequently during the rest of the year.[11] Travel time from Charlevoix to Boyne City is approximately 25 minutes and approximately 20 minutes from Petoskey to Boyne City. East Jordan is even closer to Charlevoix, with travel time of approximately 15 minutes.

Petoskey is the largest community in the banking market and is the location of the area's two largest employers, who employ more than 1800 workers,[12] as well as numerous other relatively sizable employers. Data indicate that there is a considerable amount of commuting from Charlevoix County to places of employment in Emmet County.[13] In addition, the largest

that this proposal would permit CB Financial to own two of the four banks and savings associations (together "depository institutions") located in Charlevoix and thereby control approximately 90 percent of the total deposits held by depository institutions in Charlevoix.

5. RPC has also provided statements from another consultant agreeing with the conclusion that the proposal would have a significantly adverse effect on competition in Charlevoix and stating that any definition of the relevant geographic market as being larger than Charlevoix would not provide a realistic basis for assessing the competitive consequences of this proposal on small business lending in the market. For reasons explained in previous decisions, the Board continues to believe that the competitive analysis of bank expansion proposals should be based on the availability of the cluster of banking services to a range of customers in the local banking market. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). *See also United States v. Philadelphia National Bank*, 374 U.S. 321 (1963).

6. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673, 674 (1982).

7. The Board received comments from individuals in the Charlevoix area who believe that the proposal would result in monopolistic market power that would have the effect of increasing prices for banking services, decreasing hours of operation, reducing available banking services, and discouraging other competitors from entering the market.

8. Population data are based on 1990 Census Bureau information.

9. Charlevoix is located between Lake Michigan to the northwest and Lake Charlevoix to the east. Petoskey is northeast of Charlevoix and connected by federal highway U.S. 31, which has a posted speed limit of 55 miles per hour.

10. The drawbridge divides the town approximately in half and primarily affects travel north to Petoskey by individuals in the southern part of Charlevoix.

11. During July and August, the population of Charlevoix increases from 3,116 to over 20,000.

12. Northern Michigan Hospital, with more than 1,200 employees, is one of two regional medical centers in Michigan. Boyne USA Resorts employs approximately 600 workers in Emmet County.

13. Commuting data for 1980 indicate that 14.3 percent of the overall labor force in Charlevoix County commutes to work in Emmet County, and that 9.3 percent of these workers commute from Charlevoix to Emmet County. More than half of the Charlevoix workers commuting to Emmet County (4.9 percent) work in Petoskey. Commuting data for 1990 reflect no significant change in these

employers in Charlevoix County are in East Jordan and Boyne City.[14]

Data on traffic patterns collected by the Michigan Department of Transportation show a significant amount of road travel between Charlevoix and Petoskey, indicating accessibility and the economic integration between Charlevoix and Petoskey. Despite the fact that these two towns are small, traffic counts at three locations between Charlevoix and Petoskey indicate that approximately 10,000 vehicles pass daily between these two towns.

In addition, Petoskey has been designated as a Rand McNally Basic Trading Center for the area that includes Emmet, Charlevoix, Cheboygan, and Otsego Counties, because Petoskey is a town which serves as a center for shopping goods purchased by residents of that area.[15] This Trading Center designation is based on a determination that consumers in this area ordinarily travel to Petoskey to purchase retail goods.

Banking data also confirm that consumers in Charlevoix regularly rely on providers of goods and services throughout the Petoskey banking market as reasonable alternatives to the providers in Charlevoix. For example, check-clearing data from the subsidiary banks of CB Financial and FCC in Charlevoix show that a substantial number of checks cleared at both banks were for transactions outside Charlevoix, with nearly 20 percent of these transactions occurring in Petoskey.

Residents of Charlevoix and surrounding areas also are well informed on the practicable alternatives for banking services through commercial advertising. For example, the area's only daily newspaper, the *Petoskey News-Review*, is located in Petoskey and is widely distributed throughout Emmet and Charlevoix Counties. This paper regularly carries advertisements for banking services from all banking institutions in the area.[16] Local radio stations in Petoskey, Charlevoix, and Boyne City also broadcast banking advertisements from banks throughout the Petoskey banking market to consumers in Emmet and Charlevoix Counties. In addition, the two telephone directories serving the region include listings of all banks and their branch locations identified in the Reserve Bank's study as being in the Petoskey banking market. Information regarding banking services and prices is widely disseminated throughout the market through these media outlets.

Bankers interviewed by the Reserve Bank in Petoskey and surrounding towns, such as Boyne City, have confirmed that their institutions are in competition with banks in Charlevoix and attract customers from Charlevoix. For example, several Petoskey area bankers stated that they regularly reviewed the loan and deposit rates and operating hours of Charlevoix banks for comparability. A survey conducted by the Reserve Bank of banks in Petoskey, Charlevoix, and Boyne City showed that banks generally have comparable prices for their products and hours of operation.[17] Customers also have convenient access to a number of banking services throughout the Petoskey banking market through extensive ATM networks. For example, the two largest banking institutions in the market, NBD Bank and Old Kent Bank, are located in Petoskey and serve their Charlevoix customers through ATMs located in that town. Moreover, a banker in Boyne City stated that his bank is establishing a new branch near Charlevoix to serve its Charlevoix customers more efficiently.

Data on the deposit and loan customers of CCSB and FSB, the subsidiary banks of CB Financial and FCC, also indicate that these banks serve areas that extend beyond the boundaries of Charlevoix County. For example, data from CB Financial's subsidiary bank indicate that more than 30 percent of its loan and deposit accounts are from areas outside Charlevoix, including Petoskey. Similar data for FCC's subsidiary bank indicate that approximately 25 percent of deposit accounts and over 13 percent of loan accounts are derived from outside the immediate Charlevoix area.

A telephone survey of consumers and small businesses in Charlevoix and Emmet Counties conducted by the Reserve Bank indicate that a number of customers live in one town and obtain banking services in another town within the Petoskey banking market.[18]

---

commuting patterns. For example, 14.4 percent of the labor force in Charlevoix County commuted to jobs in Emmet County in 1990.

14. East Jordan Iron Works (500 employees) and Dura Mechanical (300 employees) are located in East Jordan. Allied-Signal (486 employees) is located in Boyne City.

15. The Petoskey, Michigan Basic Trading Area is defined to include Emmet, Charlevoix, Cheboygan and Otsego Counties. Basic Trading Centers such as Petoskey are also viewed as serving their surrounding areas with various specialized services, such as medical care, entertainment, higher education, and a daily newspaper.

16. Charlevoix County accounts for 38 percent of this publication's circulation, with 16 percent within the city boundaries of Charlevoix. Data from the Circulation Department of the *Petoskey News-Review* indicate that the total circulation of the newspaper in Charlevoix, Boyne City, and East Jordan exceeds the estimated number of households in those cities.

17. The survey reviewed a number of the products and the hours of operation for three banks in Petoskey, two banks in Charlevoix, and one bank in Boyne City. All banks surveyed had comparable rates for time deposits, money market deposit accounts, and commercial loans. In addition, all banks had extended hours on Friday and the same hours on Saturday.

18. This survey also indicated that individuals in Atwood (located in Antrim County) frequently travel to Charlevoix and East Jordan, that individuals in Burt Lake and Indian River (both located in Cheboygan County) routinely travel to Petoskey for work and shopping, and that residents of Pellston (located in Emmet County) are drawn to Petoskey for shopping more regularly than to the City of Cheboygan.

For example, survey data revealed consumers who live in Charlevoix and bank in Petoskey, and businesses which are located in the City of Charlevoix and use banks located in Emmet County. Moreover, a business respondent located in Petoskey had accounts in a Charlevoix bank, and another business respondent indicated that it would look to Petoskey for banking services if it became dissatisfied with the services provided by its Charlevoix bank.

After review of these data and the other facts of record, the Board believes that the record indicates that customers in Charlevoix reasonably can and do turn to providers of banking services throughout the Petoskey banking market. On this basis, the Board disagrees with the contention of RPC that the geographic market in this case should be limited to the City and Township of Charlevoix. Instead, based on all of the facts of record, the Board finds that the relevant geographic market in this case is the Petoskey banking market as defined above.

Competitive Effects in the Petoskey Banking Market

CB Financial is the fifth largest depository institution in the market, controlling deposits of $45 million, representing 7.9 percent of total deposits in depository institutions in the market.[19] FCC is the sixth largest depository institution in the market, controlling deposits of $36.3 million, representing 6.4 percent of total deposits in depository institutions in the market. Upon consummation, CB Financial would become the fourth largest depository institution in the market, controlling total deposits of $81.3 million, representing 14.3 percent of total deposits in depository institutions in the market. The Herfindahl–Hirschman Index ("HHI") would increase 101 points to a level of 1786.[20] Accordingly, in light of the small increase in concentration, the number of competitors remaining in the market, and other facts of record, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effect on competition in any relevant banking market. The Board also concludes that the financial and managerial resources, supervisory factors, and future prospects of CB Financial and FCC are consistent with approval of this application.

Convenience and Needs Considerations

RPC has also alleged that this transaction is likely to have an adverse effect on the convenience and needs of the community, and has alleged that the performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") of CB Financial and its subsidiary banks is deficient in a number of areas. Among its allegations, RPC raises concerns regarding the adequacy of certain aspects of the CRA program of CB Financial's lead bank, City Bank and Trust Company, Jackson, Michigan ("City Bank"), including allegations that CB Financial has not satisfactorily addressed the higher denial rate of mortgage loans by City Bank for minorities as opposed to whites based on City Bank's 1991 Home Mortgage Disclosure Act ("HMDA") statements, and that the mortgage lending record of City Bank does not compare satisfactorily with other banks in the community. RPC also challenges City Bank's methodology for defining its delineated community, and raises issues regarding City Bank's CRA compliance, and City Bank's corporate policies, including challenging the level of involvement of City Bank's CRA officer. In addition, RPC challenges City Bank's CRA self-assessment, community outreach, and marketing efforts, and questions whether the commitments made by CB Financial are too broad and vague to serve as effective goals for improving CRA performance.[21]

19. Market data are as of June 30, 1991. In this context, depository institutions include commercial banks and savings banks. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

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

21. RPC also contends in general that CB Financial's application does not discuss in detail how convenience and needs considerations would be addressed, and specifically claims that:

(1) CCSB's CRA Statement has not been updated since 1989;

(2) The public portion of CCSB's CRA file was not available for four business days;

(3) CCSB did not have available current or accurate literature regarding its banking services in May 1992; and

(4) CCSB has not been evaluated for CRA compliance since 1990.

Other commenters maintain that the proposal would result in the elimination of local ownership of the target bank and thereby have a negative impact on the convenience and needs of customers in and around Charlevoix. The record indicates that the board of the bank resulting from the merger of CCSB and FSB will consist of persons who are familiar with the Charlevoix area from their experience on the boards of CCSB and FSB. In addition, senior management of the merged bank responsible for the day-to-day operations of the bank will be made up of current officers of CCSB and FSB who would continue to reside in the Charlevoix area. As a result, the Board believes there would be no loss of expertise or knowledge of special credit needs in the communities served.

In considering the convenience and needs of the communities to be served by these institutions, the Board has carefully reviewed the CRA performance record of CB Financial's subsidiary banks and FSB, as well as Protestants' comments and CB Financial's responses to those comments. The Board has considered the CRA performance 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").[22]

An important element of the analysis of CRA performance is the rating received by the institution following an examination of CRA performance and compliance by the institution's primary federal supervisor. The Board notes that CB Financial's lead bank, City Bank, received a satisfactory rating from its primary regulator, the Office of the Comptroller of the Currency, at its most recent CRA examination as of February 1989. CCSB received a CRA rating of "outstanding" from the Federal Deposit Insurance Corporation ("FDIC") as of May 1990, and City Bank, St. Johns, Michigan, received a CRA rating of "satisfactory" from the FDIC as of February 1991. The Agency CRA Statement provides that although CRA examination reports do not provide conclusive evidence of an institution's CRA record, these reports will be given great weight in the application process.

The record in this case also indicates that CB Financial has in place the elements of an effective CRA program. CB Financial has assigned CRA compliance responsibilities to its Assistant Vice President and Legal Counsel, whose responsibility is to coordinate and monitor CRA compliance activities at all of CB Financial's subsidiary banks. This individual serves as CRA consultant and advisor to CCSB and City Bank. The board of directors of CCSB and City Bank annually review and are responsible for approving the CRA Statement for their respective banks.

The CRA Statements of CCSB and City Bank indicate that, to assist in meeting the credit needs of the communities served, both banks offer a wide range of lending programs such as: student loans; loans guaranteed by the Small Business Administration and other federal, state, and local agencies; residential loans; and community development loans. Since 1989, City Bank has also offered rental rehabilitation loans, and loans under the Michigan State Housing Development Authority, and the Michigan Credit Certification Program to low- and moderate-income customers.

CCSB and City Bank employ various methods of outreach to ascertain the credit needs of their entire communities. For example, CCSB maintains membership in the Charlevoix, Ellsworth and Central Lake Chambers of Commerce, and the Northern Lakes Economic Alliance. CCSB also participates in various charitable and non-profit community organizations such as the local United Funds and Little Traverse Conservancy, and officers and directors of CCSB are involved in community service clubs such as the Lions, Rotary, and Kiwanis.

City Bank's outreach efforts include a customer call program in which bank officers contact area customers and non-customers to determine how the bank may better serve the credit needs of the community. A report of each call is prepared and delivered to the bank's business development officer, and the business development officer will refer the individual to the appropriate bank department.[23] The business development officer also discusses information from these contacts with City Bank's President or CRA Officer in order to improve the bank's efforts to assist in meeting ascertained credit needs. To date, the bank made approximately 1,400 business development calls. City Bank's ascertainment efforts also include memberships in the Albion Alliance, Albion Civic Foundation, Chamber of Commerce, Jackson Human Relations Commission, Jackson Venture Capital Forum, NAACP, and the United Way.

In addition, City Bank's marketing activities include advertising in the *Jackson Citizen Patriot,* the area's major newspaper, as well as the *Blazer News* and *Metroplex,* two newspapers which target low-income and minority communities in the Jackson area. City Bank also advertises in local shoppers' newspapers, and has instituted a radio advertising program targeted towards low- and moderate-income areas.

The 1991 HMDA data reported by City Bank indicates disparities in rates of housing-related loan applications, and in approvals and denials that vary by racial or ethnic group and income levels. Because 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 is concerned when the record of an institution indicates disparities in lending to minority and low- and moderate-income applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data inadequate bases, absent other information, for conclusively determining

22. 54 *Federal Register* 13,742 (1989).

23. All inquiries concerning credit needs which are expressed to bank tellers are referred to the branch manager or officer, who will contact the business development officer.

whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

The most recent examination for CRA compliance and performance conducted by the bank's primary regulator found no evidence of illegal discrimination at City Bank. HMDA data for 1991 also show that City Bank originated housing-related loans in 67 percent of the applications that it received from low- and moderate-income areas in Calhoun County, and in 63 percent of the applications that it received from low- and moderate-income areas in Jackson County.

In addition, the percentage of home mortgage loan applications received by City Bank from minorities on average exceeds the percentage received by other lenders in the Jackson market. The bank receives twice as many mortgage loan applications as do other banking institutions in Jackson County.[24] City Bank's record for mortgage loan originations in low-income census tracts is also better than the average for other banking institutions in the Jackson market. The ratio of City Bank's mortgage loans made in low-income census tracts to its mortgage loans in high-income census tracts is higher than the comparable ratio for other banking institutions in the Jackson market.

In order to monitor its lending activity to assure the uniform application of lending standards, monthly lending reports from the mortgage and consumer lending areas are reviewed by the bank's CRA Officer. These reports include information regarding application denials as well as loans originated.[25] Periodically, the CRA Officer reviews his assessments with the bank's President and Chief Executive Officer.

The Board also notes that other facets of City Bank's lending record reflect its commitment to serving low- and moderate-income areas. For example, City Bank represents that its underwriting criteria are no more stringent than standards employed by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. In 1992, City Bank made eight rehabilitation loans totalling $69,000 through the Michigan State Housing Development Authority in conjunction with the Jackson Community Development programs. City Bank presently has 26 loans outstanding totalling $9.2 million outstanding under the Economic Development Bonds Program. In addition, City Bank originates loans under Small Business Administration programs, federal housing programs, and the Albion Commercial Revitalization Program. The bank also purchased a local financial development authority bond in the amount of $1.1 million to bring a new employer to Jackson County and thereby create over 150 jobs.

City Bank is a founding member of the Jackson Affordable Housing Corporation ("JAHC"), a local non-profit organization designed to provide credit education and assistance to minority and low- and moderate-income families that seek to qualify for mortgage financing at a participating lending institution. In addition to being a participating lending institution, City Bank has provided technical and financial assistance to the organization. Moreover, City Bank has created a program entitled Credit Application Review Evaluation to provide credit counseling to low and moderate income groups. City Bank is also a sponsor of, and participant in, the Southside Self-Help Neighborhood Improvement Association's annual program, an event designed to provide credit and employment information to low- and moderate-income individuals in Jackson. City Bank also has taken steps to code its deposit and lending information by geographic area to allow the bank to assess more accurately the effectiveness of its CRA policies and programs, and expects to complete the project in early 1993.

City Bank also provides basic checking services to the community it serves, including free checking to senior citizens, churches and church groups. In addition, the bank provides a reduced check cashing fee for non-customers who cash Michigan Department of Social Services checks at the bank.

City Bank's delineated service area currently extends well beyond the Jackson MSA and includes all of Jackson County, 40 percent of Calhoun County and small portions of Eaton, Washtenaw, and Lenawee Counties. The Board notes that the bank's delineated community includes two minority and four low- to moderate-income census tracts in Jackson County, and one minority census tract in Calhoun County. City Bank made a small addition to its delineated community in 1992 after assessing lending patterns on the basis of the OCC's CRA regulations which permit a bank to rely on existing boundaries, including standard MSA or counties where its offices are located, and its effective lending area to delineate its service community. On the basis of the facts of record, the Board concludes that there is no evidence to suggest that City Bank's service area improperly excludes minority or low- and moderate-income census tracts.

RPC's allegations that the transaction will not result in any defined improvement in services in the Charlevoix area are not supported by the record. CB Financial has informed the Board that FSB will offer no-charge checking and home equity-line loans, and

24. City Bank receives 9 percent compared with 4.5 percent on average for other lenders.

25. These reports also cover information obtained from the two census tracts in Jackson County which have minority populations that exceed 50 percent and the four census tracts in the county in which the median income is less than 80 percent of the median income for the City of Jackson.

will adopt a program to encourage direct deposit of social security and/or pension benefits to address the deposit and credit needs of senior citizens. CB Financial will encourage FSB to evaluate and consider offering programs and services to address the deposit and credit needs of the small business community, such as: public seminars and presentations, seasonal lines of credit, short-term loans, revolving-credit arrangements, SBA loans, community-revitalization loans, merchant-credit-card programs, night deposit services, and expanded banking hours during the tourist season.

CB Financial will also encourage FSB to consider programs to address the deposit and credit needs of low- to moderate-income families, such as: waiving service charges for the deposit of governmental checks, reducing service charges for cashing government checks, and making various home improvement loans (including FHA Title I home improvement loans, United Guaranty home improvement loans, neighborhood improvement loans, and rehabilitation loans on rental property). Moreover, CB Financial will encourage FSB to continue to offer competitive home mortgage loans and loans through the Michigan Mortgage Credit Certificate Program and the State of Michigan Housing Development Authority.

The Board notes that upon consummation CB Financial intends to review the CRA plan of FSB and integrate that plan with the CRA plan of CCSB. CB Financial also plans to ensure that the CRA program of FSB identifies the needs of the Charlevoix community by contacting governmental and community leaders, representatives of small businesses, low- and moderate-income groups, senior citizen groups, and minority organizations to survey the credit and deposit needs of the community. CB Financial intends for FSB to identify and participate in governmental programs available to help meet the deposit and credit needs of the community, encourage and solicit public CRA input, and develop educational programs to inform segments of the community such as senior citizens and low-income families of the deposit and credit programs offered by the bank. CB Financial also intends that FSB implement regular education programs for bank employees to inform them of the goals and requirements of CRA compliance and to train them in addressing the credit and deposit needs of specialized groups such as small businesses, senior citizens, and low-income families.

On the basis of these and other facts of record, including the satisfactory CRA performance records of the subsidiary banks of CB Financial and FSB, and the size of City Bank and the community that it serves, the Board concludes that considerations relating to the convenience and needs of the communities to be served are consistent with approval of this application.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved.[26] The Board's approval is expressly conditioned upon compliance with all of the commitments made by CB Financial in connection with this application. For the purpose of this action, these commitments and conditions will both be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 16, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Old National Bancorp
Evansville, Indiana

Order Approving Acquisition of a Bank Holding Company

Old National Bancorp, Evansville, Indiana ("Old National"), 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 all of the voting shares of City Financial Bancorp, Inc., Dan-

26. Several commenters have requested that the Board hold a public hearing to assess further facts surrounding the impact of this proposed acquisition on competition. The Board is not required under section 3 of the BHC Act to hold a public hearing unless the primary regulator for the bank to be acquired does not approve the proposal. In this case, the primary supervisor for the bank does not object to the 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 these requests. In the Board's view, the parties have had ample opportunity to present submissions, and the Protestants have submitted substantial written comments that have been considered by the Board. In light of these facts, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on this application is hereby denied.

ville, Illinois ("City Financial"), and thereby acquire City Financial's three subsidiary banks: The City National Bank of Danville, Danville, Illinois; The City National Bank of Hoopeston, Hoopeston, Illinois; and City Potomac Bank, Potomac, Illinois.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 42,586 (1992)). 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.

Old National, with approximately $3.1 billion in consolidated assets, controls 17 banking subsidiaries in Indiana, Kentucky and Illinois. In Illinois, Old National is the 36th largest commercial banking organization, controlling deposits of $479.6 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[1] City Financial is the 201st largest commercial banking organization, controlling deposits of $84.6 million, representing less than 1 percent of the total deposits in commercial banking organizations in Illinois. Upon consummation of the proposed transaction, Old National would become the 31st largest commercial banking organization in the state, controlling $564.2 million in deposits, 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 any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[2] Old National, whose home state is Indiana for purposes of the Douglas Amendment,[3] seeks to acquire a bank in Illinois. The Illinois interstate banking statute expressly authorizes the acquisition by an out-of-state bank holding company of an Illinois bank, and the Board has previously determined that the interstate banking statute of Illinois permits the acquisition of Illinois banking organizations by Indiana banking organizations.[4] Based on all the facts of record, the Board concludes that Old National's acquisition of City Financial complies with the Illinois interstate banking statute, and that Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon Old National receiving all required state regulatory approvals.

Old National and City Financial compete directly in the Danville, Illinois, banking market.[5] Old National is the largest commercial banking or thrift organization ("depository institution") in the market, controlling deposits of $168.1 million, representing 24.6 percent of total deposits held by depository institutions in the market.[6] City Financial is the fourth largest depository institution in the market, controlling deposits of $36.9 million, representing 5.4 percent of total deposits held by depository institutions in the market. Upon consummation of this proposal, Old National would control deposits of $205 million, representing 30 percent of deposits in the market. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 265 points to 1866 upon consummation of the proposal.[7]

A number of characteristics of the Danville banking market indicate that the increase in concentration levels as measured by the HHI for this market overstates the likely effect of this proposal on competition in this market. Upon consummation of this proposal, 8 commercial banks and 4 thrifts would remain as competitors of Old National in the market. The market is also attractive for entry, ranking second in population and fourth in total bank deposits among the 76 nonmetropolitan counties in Illinois. In addition, credit unions actively compete in the market.[8] After considering the competition offered by other depository institutions in the market, the number of competitors remaining in the market, the level of and the increase in market concentration, and other facts of

1. State and market deposit data are as of June 30, 1991.

2. 12 U.S.C. § 1842(d).

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

4. *See* Ill. Ann. Stat. ch. 17, para. 2510.01; *Old National Bancorp*, 74 *Federal Reserve Bulletin* 398 (1988).

5. The Danville, Illinois, banking market is approximated by Vermillion County, Illinois, less Butler, Green and Sidell townships.

6. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *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 above 1800 is considered to be 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 entities.

8. Credit unions in the Danville market control approximately 12 percent of the deposits in commercial banks, thrifts, and credit unions in the market, which is well above the national average of approximately 5 percent. Two credit unions appear to be open to all, or nearly all, residents of Vermillion County, and another is open to all residents of the city of Danville.

record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Danville banking market or in any other relevant banking market.

The financial and managerial resources and future prospects of Old National, City Financial, and their respective subsidiaries are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served and the other factors the Board must consider under section 3 of the BHC Act are also consistent with approval of this proposal.

Based on the foregoing and all the facts of record, including the commitments made by Old National in connection with this application, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance with the commitments made by Old National in connection with this application and with the conditions referenced in this Order. These commitments and conditions are both conditions imposed in writing by the Board, and, as such, may be enforced in proceedings under applicable law.

The acquisition shall 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 for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 14, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

United Missouri Bancshares, Inc. Kansas City, Missouri

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

United Missouri Bancshares, Inc., Kansas City, Missouri ("United Missouri"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of the following unaffiliated bank holding companies ("Kansas BHCs"), and thereby indirectly acquire their respective subsidiary banks ("Kansas Banks"):

(1) M-L Bancshares, Inc., Wichita, Kansas, and thereby acquire Security State Bank of Great Bend, Great Bend, Kansas, and Russell State Bank, Russell, Kansas;

(2) Highland Bancshares, Inc., Topeka, Kansas, and thereby acquire Highland Park Bank and Trust, Topeka, Kansas;

(3) North Plaza Bancshares, Inc., Topeka, Kansas, and thereby acquire North Plaza Bank State Bank, Topeka, Kansas;

(4) Bellcorp, Inc., Manhattan, Kansas, and thereby acquire Citizens Bank and Trust Co., Manhattan, Kansas; and

(5) NBA Bankshares, Inc., Salina, Kansas, and thereby acquire The National Bank of America at Salina, Salina, Kansas.

Upon consummation of the proposal, United Missouri proposes to merge the Kansas BHCs into its newly formed and wholly owned subsidiary, United Subsidiary, Inc., Kansas City, Missouri, which has applied under section 3(a)(1) of the BHC Act to become a bank holding company.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 32,219 (1992)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

United Missouri, with $5.3 billion in consolidated assets, controls 20 banks in Illinois, Missouri, Delaware, and Colorado.[1] Upon consummation of the proposal, United Missouri would become the fifth largest banking organization in Kansas, controlling deposits of $453 million, representing approximately 1.75 percent of the deposits in all depository institutions in the state.[2]

Douglas Amendment

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

1. Asset data are as of June 30, 1992.

2. Deposit and market data as of December 31, 1991. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).

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 United Missouri is Missouri.[4] The Kansas interstate banking statute expressly authorizes the acquisition by an out-of-state bank holding company, such as United Missouri, of Kansas banks, subject to certain conditions.[5] After careful review of the relevant statutes, and in light of the facts of record, the Board concludes that United Missouri's acquisition of Kansas banks complies with the Kansas interstate banking statute, and that Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon United Missouri's receiving all required state regulatory approvals. Competitive, Financial, Managerial and Supervisory Considerations United Missouri does not operate a banking subsidiary in Kansas. Based on all of the facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market. The Board notes that United Missouri will raise additional capital to finance this acquisition, and that, upon consummation of the proposal, United Missouri's capital ratios will be well above the regulatory minimums. Based on these and other facts of record, the Board concludes that the financial and managerial resources and future prospects of United Missouri, its subsidiary banks, and the banks to be acquired under the proposal, and the other factors that the Board must consider under section 3 of the BHC Act, are consistent with approval of this proposal.

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.

5. Under Kansas's interstate banking statute, a bank holding company located in any state contiguous to Kansas, which would include Missouri, may acquire a Kansas bank or bank holding company if the laws of the state in which the acquiring bank holding company is located allow Kansas bank holding companies to acquire banks located in that state on terms that are substantially no more restrictive than those established under Kansas's statute. Kan. Stat. Ann. §§ 9-532, 9-535 (1991). Missouri has a comparable interstate banking statute. Mo. Ann. Stat. § 362.925 (Vernon Supp. 1992). Missouri and Kansas are signatories to a Cooperative Agreement dated May 4, 1992, stating that "the reciprocal provisions of the laws of Kansas and Missouri appear to be compatible and to permit interstate acquisitions of banks and bank holding companies between the two states." Under Kansas law, interstate bank acquisitions are limited to 12 percent of total state deposits in financial institutions. Kan. Stat. Ann. § 9-520 (1991). Under this proposal, United Missouri would acquire less than 2 percent of total deposits in Kansas.

Convenience and Needs Considerations

In considering this application, the Board is required to take into account under the CRA the records of United Missouri, its subsidiary banks, the Kansas BHCs, and the Kansas Banks under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). In this regard, the Board has received comments from the Association of Community Organizations for Reform Now ("Protestant") criticizing the CRA performance of United Missouri and its lead bank, United Missouri Bank, N.A., Kansas City, Missouri ("Bank"). Protestant asserts that a review of the May 13, 1991, and September 8, 1992, CRA performance examinations conducted by Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC"), indicates that Bank's CRA performance has been deficient. Protestant has challenged the satisfactory CRA rating assigned to Bank by the OCC, because it believes that Bank's CRA program, when compared to those of several competing financial institutions, should be stronger in light of Bank's size, financial condition and market share.

Protestant asserts that Bank's efforts to ascertain community credit needs have been ineffective, that Bank does not have formal policies in place that would enable Bank management to properly evaluate Bank's progress under the CRA, and that Bank's limited outreach efforts have not resulted in the development of new products and services to address identified community credit needs. Protestant claims that an analysis of the types of credit Bank has offered and extended shows that Bank is not sufficiently meeting identified credit needs, such as financing for single- and multi-family housing and agricultural uses. Although Protestant acknowledges that Bank has been active in home-improvement lending in low-income communities, Protestant asserts that Bank's lending patterns in a number of credit products are not commensurate with Bank's market share in the low- and moderate-income and minority areas of East Kansas City, Missouri. Protestant also has criticized Bank's pattern of opening and closing branch offices.[6]

Protestant believes that Bank does not have an adequate review process to ensure that its banking practices, including Bank's loan underwriting criteria, do not constitute discriminatory or other illegal credit practices. Protestant also asserts that Bank's partici-

6. Protestant states that all the branches Bank has opened in its service area over the last ten years have been in suburban or high-income areas, and that, during this period, a need for branch offices in low- and moderate-income and minority areas of East Kansas City has been exacerbated by the closing of other financial institutions that provided credit to consumers in this area.

pation in community-development activities has not helped it to address identified credit needs, including the need for financing for single- and multi-family housing and financing for commercial ventures in the low-income and minority areas in Bank's service area. Based on these and other allegations, Protestant believes that the OCC should have assigned Bank a rating of "substantial noncompliance" in meeting community credit needs at its 1991 and 1992 CRA examinations.

Record of Performance Under the CRA

A. CRA Performance Examination

The Community Reinvestment Act provides that "[i]n connection with its examination of a financial institution, the appropriate Federal financial supervisory agency shall . . . assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution" and "take such record into account in its evaluation of an application for a deposit facility by such institution."[7] The CRA and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement")[8] indicate 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.[9]

The Board believes that the CRA examination record of Bank is of particular importance in assessing Bank's record of CRA performance in this case, because the OCC conducted a full-scope examination of Bank's record of performance under the CRA during the pendency of this application. This examination was prompted in part by the allegations made by Protestant, and was conducted with the information and allegations provided by Protestant. In addition, the OCC considered the comments that Protestant made in connection with the 1991 CRA performance examination of Bank, which also resulted in Bank achieving a satisfactory CRA performance rating. Bank's primary regulator, therefore, had the opportunity to, and did, within the last 30 days, consider Protestant's allegations in the context of a public, on-site examination of Bank's CRA performance. The OCC examination noted areas that require improvement in Bank's CRA performance, but concluded that Bank's overall CRA performance was satisfactory. In connection with this examination, the OCC received certain commitments by Bank to take specific steps to address the areas noted in the examination that required improvement.

While Protestant disagrees with the conclusions and judgments reached by the OCC, Protestant has not provided information that was unavailable to or not considered by the OCC in this recent examination. Thus, while Protestant and the OCC note weaknesses in Bank's CRA performance record, the Board believes that it must, in this case, give significant weight to the judgment of the Bank's primary supervisor that, in light of a full examination and the commitments made by Bank to correct its CRA deficiencies, the overall CRA performance of Bank is satisfactory.[10]

B. Lending and Lending-Related Activities

In Bank's most recent CRA examination, the OCC concluded that Bank's record of addressing community credit needs is satisfactory, that Bank's lending levels reflect some responsiveness to those needs, and that a substantial portion of Bank's loans are made to borrowers within Bank's community delineation. In this regard, the OCC noted that Bank's management seeks to address identified community credit needs by offering and originating a variety of loans, including, in particular, small business loans, home-improvement loans, and consumer loans.

One of the pressing community credit needs at this time is small business loans, and the record indicates that Bank is making small business credit available throughout its communities. For example, Bank has originated over $6 million in Small Business Administration-guaranteed loans to approximately 50 local

7. 12 U.S.C. § 2903.

8. 54 *Federal Register* 13,742 (1989).

9. *Id.* at 13,745.

10. The remaining United Missouri banks, with two exceptions, received either "satisfactory" or "outstanding" ratings from their primary supervisors in the most recent examinations of their CRA performance. United Missouri Bank of Monett, Monett, Missouri ("UMB-Monett"), received a "needs to improve" rating from the Federal Deposit Insurance Corporation ("FDIC") as of June 1990. The Board previously has determined that United Missouri is making satisfactory progress in improving the CRA performance of UMB-Monett. In addition, United Missouri Bank, USA ("UMB-USA"), a credit card bank in New Castle, Delaware, received a "needs to improve" rating from the FDIC as of February 1991. UMB-USA has undertaken steps to improve this rating, including increased staff to address CRA performance and more outreach efforts by the bank's CRA officer. These two banks account for approximately 5 percent of the assets of United Missouri. All but one of the Kansas Banks to be acquired by United Missouri received "satisfactory" CRA ratings at their most recent examinations. Security State Bank, Great Bend, Kansas ("Security State"), representing less than 5 percent of United Missouri's *pro forma* assets, received a "needs to improve" rating from the FDIC as of February 14, 1991. Upon consummation of the proposed transaction, United Missouri has agreed to take certain specific steps to improve the deficient areas of Security State's CRA program, and to implement the types of CRA programs that have been or will be implemented at United Missouri's other subsidiary banks.

businesses since May 1991, with approximately one-third of the dollar volume of those loans going to businesses in low- to moderate-income areas of the community. At present, Bank has a small business loan portfolio of approximately $200 million.

With regard to home-improvement loans, the OCC noted that Bank is actively involved in a Missouri Housing Development Commission program to provide state-subsidized home-improvement loans. Bank also participates in the Federal Housing Authority's Title I program to provide federally guaranteed home-improvement loans. Bank also originates subsidized home-improvement loans in connection with the Kansas City Power and Light Company's home weatherization program. The OCC determined that approximately 12 percent of loans originated by Bank during 1992 have been for consumer purposes, including home-improvement loans.

The OCC found that Bank's lending levels for home-purchase loans have been satisfactory over the past two years. With respect to residential mortgage loans, the OCC noted that Bank's mortgage company affiliate participates in a program sponsored by the Rehabilitation Loan Corporation ("RLC") to provide affordable home loans to low- and moderate-income first-time home buyers. Bank personnel also provide lending expertise to the RLC by prequalifying applicants for these loans. The mortgage company affiliate also offers an affordable home loan program in partnership with the City of Kansas City, Missouri. During the first three quarters of 1992, Bank's mortgage company affiliate has originated home-purchase loans totalling approximately $4 million, with approximately 30 percent of these loans made to borrowers residing in low- and moderate-income areas.

C. Ascertainment and Marketing

Although the OCC found some areas for improvement in this aspect of Bank's CRA performance, the OCC examination report noted that many of Bank's officers and employees are either active in or have regular contact with a large number of civic, neighborhood, religious, minority, fraternal, business, and real estate groups throughout the metropolitan Kansas City area. These groups represent different interests within the bank's delineated community. Bank's mortgage company affiliate also participates in the bank's ascertainment efforts. Senior officers of the mortgage company regularly consult and work with local realtors and local community development corporations regarding housing and lending issues. Bank also has a business development group that calls on existing and prospective commercial businesses, focusing on small- to medium-sized businesses. In addition, the bank has ongoing contacts with, and receives referrals from, small business development centers located in its community.

Bank markets its products and services through a variety of advertising activities, including direct mail, statement stuffers, brochures, lobby signs, billboards, neighborhood and regional newspapers, radio, and television. Bank advertises in all of its delineated communities, and advertises in both English and Spanish. Loan personnel also meet with neighborhood associations and realtor groups to provide information to individuals regarding Bank's home-improvement and home loan programs. In Bank's most recent CRA examination report, the OCC concluded that Bank has implemented an effective marketing program that communicates credit programs to the entire community.

D. Corporate Policies

Bank has in place some of the policies that contribute to an effective CRA program, as outlined in the Agency CRA Statement. For example, Bank's board of directors has adopted a detailed CRA statement, and Bank's board of directors has formed a committee of bank and holding company officers who are responsible for consumer compliance matters, including CRA compliance. Bank's CRA coordinator is responsible for documenting the bank's CRA activities, providing regular reports to management on such activities, and disseminating information within the bank regarding Bank's CRA responsibilities.

The Board also notes that, in connection with Bank's most recent CRA examination by the OCC, United Missouri has committed to take a number of significant steps to strengthen all aspects of Bank's CRA programs, including the implementation of a more comprehensive CRA program. These commitments include the establishment of a board-level CRA committee, increased documentation for its CRA program, enhanced procedures for monitoring its marketing programs, procedures for CRA self-assessments, and improved procedures for ensuring compliance with applicable CRA regulations. Compliance with these commitments will be monitored through the OCC's examination process, and by the Board in its consideration of future applications, and Bank's progress in complying with all commitments regarding CRA performance will be carefully considered in connection with future applications by United Missouri to expand its deposit-taking facilities.

E. Branch Locations

Bank has 25 branches located throughout Jackson, Platte and Clay Counties in Missouri. The OCC found that Bank's branches have convenient business hours and are reasonably accessible to all segments of its delineated community. In addition, the closure of any of Bank's branches is subject to a formal written policy requiring certain steps be taken to assess and minimize the potential adverse impact of closing a branch.

Bank's management has also committed to conduct an annual review of the location and business hours of its branches. This review will include an evaluation of the appropriateness of services offered, and the accessibility of branch locations, to all segments of Bank's delineated community.

F. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered all of the facts of record, including the comments filed in this case, in reviewing Bank's CRA record under the BHC Act. Based on a review of the entire record of performance, including, in particular, the CRA performance examination of Bank recently concluded by the OCC, as well as the commitments provided by United Missouri and Bank, the CRA performance examinations of the other relevant banks, and the information provided by Protestant and United Missouri, the Board believes that the efforts of United Missouri, the Kansas BHCs, and their subsidiary banks to help meet the credit needs of all segments of the communities served by these banks, including low- and moderate-income areas, are, on balance, consistent with approval of these applications.[11]

Based on the foregoing, including the conditions and commitments described in this Order and those made in these applications, and all of the facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance with all the commitments made by United Missouri in connection with these applications. All of the commitments and conditions relied upon by the Board in reaching its decision are both commitments imposed in writing by the Board in connection with its findings and decision, and may be enforced in proceedings under applicable laws. This approval is also conditioned upon United Missouri's receiving all necessary Federal and state approvals.[12]

The transaction approved in this Order 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 Federal Reserve Bank of Kansas City, pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1992.

Voting for this action: Chairman Greenspan and Governors Mullins, Kelley, LaWare, and Phillips. Voting against this action: Governor Lindsey. Not participating in the consideration of this action: Governor Angell.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governor Lindsey

The OCC's most recent CRA examination of United Missouri's lead bank noted a number of significant weaknesses in Bank's record of compliance. The OCC determined that the CRA performance record of Bank was nonetheless satisfactory, and received certain commitments made by United Missouri to address each of the noted deficiencies. I believe that the deficiencies noted in the public CRA examination in this case are significant, and that it is inappropriate for the Board to rely so heavily, in the applications process, on commitments regarding prospective behavior. I believe commitments to improve Bank's CRA performance are particularly inappropriate in this case because Bank has significant resources, represents a substantial part of United Missouri's assets, and has a well-established retail banking network in place. The Agency CRA Statement requires that the CRA policies of an applicant and its subsidiary banks should be in place and working well when an application is considered. In this case, I believe that the record indicates that Bank's CRA policies are not adequate. For these reasons, I would deny the application pending before the Board.

December 22, 1992

11. Protestants have requested that the Board hold a public meeting or hearing on these applications. The Board is not required under the BHC Act to hold a public hearing or meeting in this case. 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. In light of this, 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.

12. In this regard, the Board notes that, on August 17, 1992, the State of Kansas Banking Board approved the applications filed by United Missouri under Kansas law to acquire the Kansas BHCs and thereby indirectly acquire the Kansas Banks. This state approval was conditioned upon United Missouri's obtaining all necessary Federal approvals.

Orders Issued Under Section 4 of the Bank Holding Company Act

The Dai-Ichi Kangyo Bank, Ltd.
Tokyo, Japan

Chemical Banking Corporation
New York, New York

Order Approving Application to Engage in Collection Agency Activities, and in Asset Management, Servicing, and Collection Activities

The Dai-Ichi Kangyo Bank, Ltd., Tokyo, Japan ("Dai-Ichi"), and Chemical Banking Corporation, New York, New York ("Chemical") (collectively referred to as "Applicants"), both bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), to engage *de novo* in collection agency activities pursuant to section 225.25(b)(23) of the Board's Regulation Y through The CIT Group Holdings, Inc., New York, New York ("Holdings"), and in asset management, servicing, and collection activities through The CIT Group/Asset Management, Inc., Livingston, New Jersey ("CIT").[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 7589 and 43,229 (1992)). 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.

Dai-Ichi, with total consolidated assets equivalent to approximately $476.1 billion, is the largest banking organization in the world.[2] Dai-Ichi owns a bank subsidiary in Los Angeles, California; operates branches in Chicago, Illinois, and New York, New York; and operates agencies in Los Angeles, California; San Francisco, California; and Atlanta, Georgia. Dai-Ichi also engages in various nonbanking activities in the United States through a number of subsidiaries, including CIT.

Chemical, with total consolidated assets of $138.8 billion, is the third largest banking organization in the United States. Chemical operates 25 subsidiary banks and engages directly and through subsidiaries, including CIT, in a variety of nonbanking activities.[3]

The Board has previously determined by regulation that the collection agency activities that Applicants propose to conduct are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[4] Applicants propose to conduct these activities through Holdings in accordance with the Board's regulations. Accordingly, the Board concludes that the proposed collection agency activities are permissible for purposes of section 4(c)(8) of the BHC Act and section 225.25(b)(23) of the Board's Regulation Y.

CIT will provide asset management services to the Resolution Trust Corporation ("RTC") and the Federal Deposit Insurance Corporation ("FDIC").[5] In addition, CIT proposes to provide these services to unaffiliated third party investors that purchase pools of assets assembled by the RTC or the FDIC from troubled financial institutions, and generally to unaffiliated financial and non-financial institutions with troubled assets. Under the proposal, neither Applicants nor CIT would acquire an ownership interest in the assets that they manage or in the institutions for which they provide asset management services. In addition, CIT would not engage in providing real property management or real estate brokerage services as part of its proposed activities.[6]

The Board has previously determined that, within certain parameters, providing asset management services for assets originated by financial institutions[7] and their bank holding company affiliates is an activity that is closely related to banking for purposes of the BHC Act.[8] Applicants have proposed to conduct all asset

1. Holdings is a joint venture in which Dai-Ichi and Chemical own 60 percent and 40 percent, respectively. CIT is a wholly owned subsidiary of Holdings.
2. Asset data are as of March 31, 1992. Ranking is as of December 31, 1991.
3. Data for Chemical are as of September 30, 1992.
4. *See* 12 C.F.R. 225.25(b)(23).
5. Asset management encompasses the liquidation (or other disposition) of loans and their underlying collateral, including real estate and other assets acquired through foreclosure or in satisfaction of debts previously contracted ("DPC property"). Specific individual activities include: classifying and valuing loan portfolios; filing reviews of loan documentation; developing collection strategies; negotiating renewals, extensions, and restructuring agreements; initiating foreclosure, bankruptcy, and other legal proceedings, where appropriate; and developing and implementing market strategies for the sale or refinancing of individual loans and for the packaging and sale of whole or securitized loan portfolios. In addition, Applicants would conduct and review (either directly or through independent contractors) appraisals and environmental inspections; provide asset valuations; perform cash-flow and asset-review analyses; contract with and supervise independent property managers; and lease (either directly or through independent contractors) real estate and other DPC property. Applicants also would dispose of DPC property by developing and implementing marketing strategies for the sale of DPC property, either individually or packaged for investors or developers.
6. Applicants will contract with independent third parties to obtain these services for assets under the management of CIT.
7. Financial institutions include banks, savings associations, and credit unions.
8. *See First Interstate Bancorp*, 77 *Federal Reserve Bulletin* 334 (1991); *Banc One Corporation*, 77 *Federal Reserve Bulletin* 331 (1991);

management activities under the same terms, and subject to the same conditions as in previous Board Orders regarding this activity.[9] For example, Applicants have committed that they will not own the stock of, or be represented on the board of directors of, any unaffiliated institution for which CIT provides asset management services. In addition, Applicants have committed that CIT will not establish policies or procedures of general applicability for the institutions whose assets it manages, and that the services of CIT for unaffiliated institutions would be limited to asset management, servicing, and collection activities.[10]

Applicants propose to engage in asset management activities for assets originated by non-financial institutions as well as financial institutions.[11] These assets, however, would be limited to the types of assets that a financial institution would have the authority to originate.[12] Accordingly, the Board believes that Applicants would have the expertise to engage in the management of these types of assets, regardless of the originating entity, and that the proposal is within the scope of the asset management approval in the Board's prior Orders. For these reasons, the Board concludes that Applicants' proposed activities are closely related to banking.

The Board is also required to determine whether the performance of the proposed activity by Applicants is a proper incident to banking—that is, whether the proposed activity "can reasonably be expected to produce benefits, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

NCNB Corporation, 77 *Federal Reserve Bulletin* 124 (1991); *First Florida Banks, Inc.*, 74 *Federal Reserve Bulletin* 771 (1988).

9. *Id.*

10. Applicants also would provide these services for a limited period of time. The Board notes that, while Applicants would manage assets on an ongoing basis, the owner of the assets would retain the right to make all final decisions regarding asset dispositions and to terminate Applicants as asset manager.

11. These assets include real estate; commercial, consumer and other loans; equipment leases; and extensions of credit. Non-financial institutions include pension funds, leasing companies, finance companies, and investment companies formed to engage in asset management activities.

12. These assets would include: equipment leases that conform to section 225.25(b)(5) of the Board's Regulation Y (12 C.F.R. 225.25(b)(5)); loans secured by equipment and equipment acquired through foreclosure or in satisfaction of such leases and loans; consumer loans financing manufactured housing, vessels, vehicles, and residences; asset-based commercial loans; factored accounts receivables; and collateral for the aforementioned types of loans acquired through foreclosure or in satisfaction of such loans. Prior approval of the Board would be required before providing asset management services in connection with pools of assets of the type impermissible for a financial institution to originate.

Consummation of the proposal can reasonably be expected to result in public benefits. Applicants' proposal would facilitate the disposal of assets of financial institutions in receivership as well as financial and non-financial institutions with troubled financial assets. Moreover, the efficient disposition of such assets can reasonably be expected to produce benefits to the public. CIT will own no equity in the institutions for which it provides asset management services or in the assets it manages. Applicants' *de novo* entry into the market would increase competition for these services.

Applicants have indicated that they may, in certain instances, seek approval to acquire institutions whose assets are being managed by CIT. In previous cases, the Board expressed concern that a bank holding company might obtain confidential information in the course of providing its asset management services that would provide the bank holding company with a competitive advantage over other institutions in the bidding process for the failed institution under management.[13] The Board also noted that such information could give the managing bank holding company a competitive advantage over the ultimate acquiror of the failed institution in markets where they both compete.

To address these concerns, Applicants have committed that they will establish and implement procedures to preserve the confidentiality of information obtained in the course of providing asset management services.[14] These procedures will prevent the use of information obtained by CIT through its asset management activities in the course of preparing any bid that Applicants may prepare to acquire an institution managed by CIT, and will prevent Applicants from competing unfairly against the winning bidder in the relevant market.

There is no evidence in the record to indicate that consummation of these proposals 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. The financial and managerial resources of Applicants and their subsidiaries are also consistent with approval. Accordingly, on the basis of all of the facts of record and commitments made by Applicants, the Board concludes that the public benefits that would result from approval of these applications outweigh the potential adverse effects, and that the public interest factors it must consider under section 4(c)(8) of the BHC Act are consistent with approval.

13. *See, e.g.*, *NCNB Corporation*, 77 *Federal Reserve Bulletin* 124 (1991).

14. Applicants' procedures will be subject to review by the Federal Reserve System.

Based upon the foregoing and all of the other facts of record, including commitments made by Applicants and conditions in this Order, the Board has determined that these applications should be, and hereby are, approved. The Board's approval is expressly conditioned upon compliance with all of the commitments made by Applicants in connection with these applications and the conditions referred to in this Order and the above-referenced Orders. For the purpose of this action, all of these commitments and conditions will be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law. The Board's determination is also subject to all of the conditions set forth in the Board's 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.

These 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 Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Deutsche Bank AG
Frankfurt, Federal Republic of Germany

Order Approving Application to Retain the U.S Subsidiaries of Morgan Grenfell plc, London, England, and Thereby to Engage in Securities-Related Activities and Other Nonbanking Activities

Deutsche Bank AG, Frankfurt, Federal Republic of Germany ("Applicant"), a foreign bank subject to the Bank Holding Company Act (the "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)), to retain all of the shares of Morgan Grenfell U.S. Holdings Incorporated ("Holdings"). Holdings owns all of the shares of the U.S. subsidiaries of Morgan Grenfell Group plc, a merchant bank located in London, England. In proposing to retain all of Holdings' shares, Applicant would retain the shares of C.J. Lawrence, Inc. ("Company"), New York, New York, which engages in:

(i) Underwriting and dealing in all types of debt and equity securities;[1]
(ii) Offering investment advice and securities brokerage services, separately and on a combined basis;
(iii) Underwriting and dealing in securities which may be underwritten and dealt in by state member banks;
(iv) Offering financial advisory services;
(v) Engaging in the private placement of all types of securities as agent; and
(vi) Buying and selling all types of securities on the order of investors as a "riskless principal."

Applicant also proposes to retain indirectly Morgan Grenfell Finance, Incorporated ("Finance"), New York, New York, which acts as:

(i) An originator and principal in interest rate swap transactions on a limited basis related to its own portfolio;
(ii) An originator and principal with respect to certain interest rate risk-management products such as caps, floors and collars, as well as options on swaps ("swap derivative products");
(iii) A broker or agent with respect to the foregoing transactions and instruments and currency swaps and currency swap derivative products; and
(iv) An advisor to institutional customers regarding financial strategies involving interest rate and currency swaps and swap derivative products.

Applicant also proposes that Finance purchase and sell gold bullion for Finance's own account.[2] Applicant also has applied to retain indirectly Morgan Grenfell Capital Management Incorporated, New York, New York, which engages in offering portfolio investment advice.[3]

1. Applicant has not proposed to underwrite or deal in securities issued by open-end investment companies and accordingly, may not do so without further application under section 4(c)(8) of the BHC Act.

2. Applicant proposes that Finance purchase and sell options, futures, and options on futures with respect to gold bullion in order to hedge its position in gold bullion in accordance with the Board's Policy Statement, *Statement of policy concerning bank holding companies engaging in futures, forward and options contracts on U.S. Government and agency securities and money market instruments*, 12 C.F.R. 225.142.

3. Company, Finance and Management are owned by Holdings. Holdings also controls Cyrus J. Lawrence Capital Holdings, Inc., New York, New York, which purchases investments in companies in accordance with the BHC Act. All of these entities are referred to collectively as "Companies."

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (55 *Federal Register* 29,416 (1990)).[4] 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.

Underwriting and Dealing in Bank-Ineligible Securities

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 underwriting and dealing activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[5] The Board has also determined that the conduct of these securities underwriting and dealing activities is consistent with section 20 of the Glass-Steagall Act, provided that the underwriting and dealing subsidiary derives no more than 10 percent of its total gross revenue from underwriting and dealing in bank-ineligible securities over any two-year period.[6] Applicant has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10 percent revenue test established by the Board in its previous orders, and to the prudential limitations established by the Board in its *Canadian Imperial, et al.* order.[7]

Applicant's proposal is broad enough to include underwriting and dealing in shares of closed-end investment companies and unit investment trusts (but not open-end investment companies, *i.e.*, mutual funds).[8] Underwriting or dealing activities involving investment company securities under this Order must be conducted in accordance with the limitations contained in the existing provisions of Regulation Y authorizing bank holding companies to provide advisory activities to investment companies. In particular, Regulation Y provides that a bank holding company and its subsidiaries may not purchase for their own account, or engage directly or indirectly in the sale or distribution of, the securities of any investment company that the holding company advises or sponsors. 12 C.F.R. 225.125(g)(l), (h). This regulation applies to

4. The Board received comments from the Investment Company Institute ("ICI"), a trade association representing the investment company industry. The ICI has protested the application to the extent that it could be read to permit:

(1) Sponsoring, organizing, and managing three open-end funds;

(2) Sponsoring, organizing, and managing closed-end funds, unless the fund is not "primarily or frequently engaged in the issuance, sale, and distribution of securities;"

(3) Private placement of securities issued by investment companies that are advised or sponsored by Applicant or any of its bank or nonbank subsidiaries;

(4) Providing discount or full service brokerage services with respect to securities issued by investment companies that are advised or sponsored by Applicant or any of its bank or nonbank subsidiaries;

(5) Acting as riskless principal with respect to securities issued by investment companies that are advised or sponsored by Applicant or any of its bank or nonbank subsidiaries;

(6)(i) Privately placing, (ii) offering discount or full-service brokerage, or (iii) acting as riskless principal with respect to securities issued by investment companies that are advised or sponsored by Applicant's bank affiliates or subsidiaries of its bank affiliates; and

(7) The acquisition of securities representing interests in unit investment trusts sponsored by the Applicant or any of its bank or nonbank affiliates.

As discussed throughout the Order, Applicant would conduct its activities involving investment companies in compliance with prior Board orders. Accordingly, the ICI's comments do not warrant denial of the proposal.

5. *J.P. Morgan & Company Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, and Security Pacific Corporation*, 75 *Federal Reserve Bulletin* 192 (1989) ("*J.P. Morgan & Company Incorporated, et al.*"); *Chemical New York Corporation, et al.*, 73 *Federal Reserve Bulletin* 731 (1987); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Association v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988); as modified by Order, dated September 21, 1989, 75 *Federal Reserve Bulletin* 751 (1989) ("*Modification Order*"), *aff'd sub nom. Securities Industry Association v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990) (collectively, "section 20 orders").

In *Canadian Imperial Bank of Commerce, The Royal Bank of Canada, Barclays PLC, and Barclays Bank PLC*, 76 *Federal Reserve Bulletin* 158 (1990) ("*Canadian Imperial, et al.*"), the Board considered and approved applications by foreign banks to engage in underwriting and dealing in all types of debt and equity securities. In that order, the Board modified the prudential framework imposed in *J.P. Morgan & Company Incorporated, et al.*, to account for the fact that the applicants were foreign banks that operate predominately outside the United States. The Board determined in those decisions to adjust the funding and certain operational requirements of the framework previously established for those activities in order to take into account principles of national treatment and the Board's policy not to extend U.S. bank supervisory standards extraterritorially. *See also The Toronto-Dominion Bank*, 76 *Federal Reserve Bulletin* 573 (1990); *Canadian Imperial Bank of Commerce*, 76 *Federal Reserve Bulletin* 548 (1990). The Board hereby adopts and incorporates herein by reference the reasoning and analysis from the section 20 orders except as that reasoning was specifically modified by the *Canadian Imperial, et al.* order, as well as the reasoning and analysis contained in the *Canadian Imperial, et al.* order.

6. *Canadian Imperial, et al.*; *Modification Order*; and *J.P. Morgan & Company Incorporated, et al.*

7. Compliance with the revenue limits shall be calculated in the manner set forth in *J.P. Morgan & Company Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192, 196-197 (1989).

8. At the time Applicant acquired Company, pursuant to the Board's grant of an exemption under section 4(c)(9) of the BHC Act, Company was involved in the distribution of open-end investment companies. Company has ceased this activity. The ICI protested the application to the extent that Company would sponsor, organize, or manage closed-end investment companies, unless such investment company was not "primarily or frequently engaged in the issuance, sale, and distribution of securities." If an investment company were engaged in such activities, it would not be considered to be a "closed-end" investment company. Accordingly, Applicant has not requested authority to engage in such activity.

all types of investment companies, including unit investment trusts.

Private Placement and "Riskless Principal" Activities

The Board has previously determined that, subject to certain prudential limitations established to address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed private placement and riskless principal activities are so closely related to banking as to be proper incidents thereto within the meaning of section 4(c)(8) of the BHC Act.[9] The Board has also previously determined that acting as agent in the private placement of securities and purchasing and selling securities on the order of investors as a "riskless principal" do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.[10] Applicant has committed that Company and Finance will conduct their private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust* and the *J.P. Morgan* orders, as modified to reflect Applicant's status as a foreign bank, except as noted below.[11]

Applicant has proposed to have its affiliated banks, branches, and agencies extend credit to an issuer whose debt securities have been placed by Company or Finance where the proceeds would be used to pay the principal amount of the debt securities at maturity. Applicant has committed that these extensions of credit will conform to the limitations set forth in the Board's decision in *J.P. Morgan*, including the requirement that a period of at least three years elapse from the time of the placement of the securities to the decision to extend credit; that Applicant maintain adequate documentation of these transactions and decisions; and that the extensions of credit meet prudent and objective standards as well as the standards set out in section 23B of the Federal Reserve Act.[12] The Federal Reserve Bank of New York will closely review loan documentation of Applicant's branches to ensure that an independent and thorough credit evaluation has been undertaken with respect to the participation of those institutions in these credit extensions to issuers of securities privately placed by an agent affiliated with those institutions.

Applicant also has proposed to have Company place securities with Applicant or its nonbank subsidiaries consistent with the Board's decision in *J.P. Morgan*. In this regard, Applicant will establish both individual and aggregate limits on the investment by affiliates of Company and Finance in any particular issue of securities that is placed by Company or Finance and will establish appropriate internal policies, procedures, and limitations regarding the amount of securities of any particular issue placed by Company or Finance that may be purchased by Applicant and each of its nonbanking subsidiaries, individually and in the aggregate.[13] These policies and procedures, as well as the purchases themselves, will be reviewed by the Federal Reserve Bank of New York.

Applicant has requested that Company be permitted to privately place unrated securities of affiliates or unrated securities representing assets of affiliates with individuals whose net worth exceeds $1 million. The Board has previously approved such placement with sophisticated institutions only. The Board believes that this modification would not result in significant adverse effects since these customers would be financially sophisticated with the expertise to evaluate independently the merits of the securities.[14] Accordingly, Company may place unrated securities of affiliates with individuals who fall within the definition of "institutional investor" in Regulation Y, that is, individuals whose net worth (or net worth with a spouse) exceeds $1 million. 12 C.F.R. 225.2(g).

The Board has previously determined by regulation that full-service brokerage activities are permissible for bank holding companies under section 4(c)(8) of

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

10. *Id.* The ICI has objected to Applicant's proposal to the extent that it could be construed to seek approval for Company to privately place securities of investment companies sponsored or advised by Applicant or its bank or nonbank affiliates. Applicant has not requested approval to place such securities.

In addition, the ICI objected to Applicant's proposal to the extent that it could be construed to seek approval for Company to act as riskless principal with respect to securities of investment companies sponsored or advised by Applicant or its bank or nonbank affiliates. Applicant has not requested approval to act as riskless principal with respect to such securities.

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

12. 12 U.S.C. § 371c-1.

13. The limit established shall not exceed 50 percent of the issue being placed. Additionally, in the development of these policies and procedures, Company will incorporate, with respect to placements of securities, the limitation established by the Board in condition 12 of its *J.P. Morgan & Company Incorporated et al.* order regarding aggregate exposure of the holding company on a consolidated basis to any single customer whose securities are underwritten, dealt in, or placed by Company.

14. *See, e.g.*, *Banc One Corporation*, 76 *Federal Reserve Bulletin* 756 (1990).

the BHC Act.[15] Applicant proposes that Company engage in these activities in accordance with all of the conditions set forth in Regulation Y.[16] In addition, Company will provide discretionary investment management services for institutional customers only, subject to the same terms and conditions as previously approved by the Board.[17]

Financial Advisory Activities

Applicant has proposed that Company engage in the following advisory activities:

(1) Acting as a financial advisor by rendering advice with respect to arranging, structuring, financing, and negotiating domestic and international mergers, acquisition, divestitures, recapitalizations, joint ventures, leveraged buyouts, financing transactions and other corporate transactions for affiliated and unaffiliated financial and nonfinancial institutions and high net worth individuals, and to provide ancillary services or functions incidental to these activities;

(2) Providing valuation services in connection with corporate transactions to affiliated and unaffiliated financial and nonfinancial institutions and high net worth individuals;

(3) Providing fairness opinions in connection with corporate transactions to affiliated and unaffiliated financial and nonfinancial institutions and high net worth individuals; and

(4) Providing financial feasibility studies,[18] principally in the context of determining the financial attractiveness and feasibility of corporate transactions to corporations (collectively "financial advisory services").

The Board has previously approved these activities by regulation for bank holding companies. Applicant proposes to conduct these activities in accordance with Regulation Y. 12 C.F.R. 225.25(b)(4)(vi).

Swap Activities

The Board has previously determined by order that the proposed swaps and swap derivative products activities are closely related to banking and permissible for bank holding companies within the meaning of section 4(c)(8) of the BHC Act.[19] The Board must also find that the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Finance appears to be capable of managing the risks associated with the proposed activities. Applicant's subsidiary, Morgan Grenfell plc, which has extensive experience in lending and financing services worldwide, has undertaken to provide credit screening for all potential counterparties of Finance through its credit desk services in London. In appropriate cases, Finance will obtain a letter of credit on behalf of, or collateral from, a counterparty.[20] In addition, Finance will establish separate credit risk exposure limits for each swap counterparty. Finance will monitor this exposure on an ongoing basis, in the aggregate and with respect to each counterparty. Senior management will be periodically informed of the potential risk to which Finance is exposed.

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

With respect to the risk associated with the potential for differences between the floating rate indices on two matched or hedged swaps ("basis risk"), Finance's management will impose absolute limits on the aggre-

15. 12 C.F.R. 225.25(b)(4) and (15)(ii); 57 *Federal Register* 41,381 (1992).

16. When providing full-service brokerage with respect to ineligible securities that it holds as principal, Company will provide customers with disclosure statements as previously approved by the Board. *See PNC Financial Corporation*, 75 *Federal Reserve Bulletin* 396, 397 (1989). Specifically, Company will inform its customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, those securities for which brokerage and advisory services are provided. At the time any brokerage order is taken, the customer will be informed (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal.

17. *See J.P. Morgan & Co. Incorporated*, 73 *Federal Reserve Bulletin* 810 (1987).

18. Feasibility studies do not include assisting management with planning or marketing for a given project or providing general operational or management advice.

19. *The Sumitomo Bank, Limited*, 75 *Federal Reserve Bulletin* 582 (1989) ("*Sumitomo Bank*").

20. Applicant has indicated that Morgan Grenfell plc may be the provider of the letter of credit.

gate basis risk to which Finance's swaps portfolio may be exposed. If the level of risk threatens to exceed the limits at any time, Finance will actively seek to enter into matching transactions for its unmatched positions. Finance's internal auditing staff, together with management, will monitor compliance with the management-imposed basis risk limits.[21]

In order to minimize any possible conflicts of interest between Finance's role as a principal or broker in swap transactions and its role as advisor to potential counterparties, Finance will disclose to each customer the fact that Finance may have an interest as a counterparty, principal, or broker in the course of action ultimately chosen by the customer. Also, in any case in which Finance has an interest in a specific transaction as an intermediary or principal, Finance will advise its customer of that fact before recommending participation in that transaction.[22] In addition, Finance's advisory services will be offered only to sophisticated customers who would be unlikely to place undue reliance on investment advice received and better able to detect investment advice motivated by self-interest.

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

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

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

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

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

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

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

Financial Factors, Managerial Resources and Other Considerations

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

The Board has reviewed the capitalization of both Applicant and Company in accordance with the standards set forth in the *Canadian Imperial, et al.* order,[23] and finds the capitalization of each to be consistent with approval of the proposal. In this regard, the Board notes that Applicant's capital ratios, both before and after deduction of investments in and unsecured loans to Company, are well above the minimum levels established in the risk-based capital guidelines adopted by the Basle Committee on Banking Regulation and Supervisory Practices, and that Applicant may be considered strongly capitalized.[24] Applicant is in good standing with its home country supervisor and the U.S. offices and subsidiaries of Applicant are in generally satisfactory condition.

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 contained in the application. The Board has also determined that all other financial and managerial factors are consistent with the ability of Applicant to remain a source of strength to its U.S. banking operations.

To approve the application, the Board must find that Applicant's performance of the activities would result in public benefits that outweigh potential adverse effects. In making this evaluation, the Board considered that Applicant, through Deutsche Bank Capital Corporation, New York, New York ("DBCC"), engages in securities activities in the United States that are not permissible for U.S. bank holding compa-

23. 76 *Federal Reserve Bulletin* at 161 (1990).

24. Consistent with the guidelines adopted in connection with the Report on Capital Equivalency, issued June 19, 1992, Applicant's capital was evaluated under the risk-based capital guidelines as administered by Applicant's home country, a signatory to the Basle Capital Accord. The Basle standard provides a common basis for evaluating the general equivalency of capital among banks from various countries. As noted in the Study, however, simply meeting the minimum capital standards does not automatically imply that the financial condition of a foreign bank applicant is consistent with approval of a particular application. The capital ratio necessary to obtain approval for full underwriting and dealing authority will be higher than the ratio required to conduct a low-risk activity. As noted, in this case, Applicant's ratios are well above the Basle minimum standards and are equivalent to those required of domestic applicants.

nies.[25] As a result, Applicant could conceivably gain an unfair competitive advantage over domestic bank holding companies by combining grandfathered securities and other activities with activities permissible under section 4(c)(8) of the BHC Act. This could occur if the grandfathered activities were used to support or enhance the section 4(c)(8) activities, or the 4(c)(8) activities were used to support or enhance the grandfathered activities, thus allowing Applicant to offer a wider array of services than is permissible for domestic bank holding companies. Moreover, the combination of the companies' underwriting, dealing, placement, and advisory activities could give rise to conflicts of interest.

Applicant has, however, committed that DBCC[26] and the Companies will remain completely separate and will not engage in any business with, or on behalf of, each other. Included within this commitment are a series of individual commitments, set forth as Appendix A to this order, designed to further the complete separation of DBCC from the U.S. operations of Morgan Grenfell.[27] These commitments are consistent with representations made in connection with prior Board decisions concerning the approval of section 4(c)(8) applications where the applicant also engaged in grandfathered activities under the IBA.[28] The commitments have been modified and expanded to reflect the nature of the activities of the U.S. operations of Morgan Grenfell. In light of these commitments, as well as the prudential framework governing Company as a section 20 subsidiary and the applicable legal restrictions under federal securities registration laws, the Board believes that Applicant would not gain an unfair competitive advantage in conducting the grandfathered activities, and that those activities would not give rise to conflicts of interest in connection with activities approved under section 4(c)(8) of the BHC Act.

The Board received a comment from Mr. Steven Mizel ("Protestant") alleging that Applicant's retention of the subsidiaries of Morgan Grenfell plc would not reasonably be expected to produce benefits to the public. Protestant bases his assertion on claims that Applicant and Morgan Grenfell breached their fiduciary duties and tortiously interfered with Protestant's business. Protestant alleges that he had entered into an agreement with Company whereby they would offer financial advisory services to third parties. Protestant asserts that Applicant and its subsidiaries breached the contract, breached fiduciary duties, made fraudulent statements or were negligent in making statements, maliciously and wrongfully interfered with present and prospective business relations, and that Applicant aided and abetted the breach of fiduciary duties. There is a continuing lawsuit between Applicant and its subsidiaries and Protestant contesting the claims. Protestant has raised issues that the Board is not permitted to consider under section 4(c)(8) of the BHC Act. The Board does not adjudicate private contractual claims between parties, and Protestant's assertions will be considered in a court of law. Thus, Protestant has not raised any issue which would require denial of the application.[29]

Protestant also alleges that the Board should not approve the application because competition in the finance industry would be diminished. While the acquisition does decrease the competition in the industry, there will continue to be a large number of competitors in the industry. Accordingly, the Board has determined that this comment does not require denial of the application.

Protestant also alleges that the application is incomplete because it does not reflect an agreement to provide financial advisory services with Eric Gleacher. The Board notes, however, that Applicant has submitted a separate and independent application to perform financial advisory services in cooperation with Eric Gleacher & Co. Protestant further asserts

25. DBCC is a registered broker-dealer that engages in underwriting and dealing in all types of securities and in various other financial activities. Applicant has owned DBCC and has indirectly engaged in such activities since prior to July 26, 1978. Section 8(c)(1) of the International Banking Act of 1978 ("IBA") provides that any foreign bank that became subject to the IBA on its enactment may continue to engage in the United States in any activities in which it or an affiliate was engaged on July 26, 1978. 12 U.S.C. § 3106(c)(1). Thus, Applicant is grandfathered under section 8(c)(1) of the IBA to retain its interest in DBCC and to continue to engage in securities activities, unless the Board, after notice and opportunity for a hearing, finds that the continuation of the activities would give rise to adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices in the United States.

26. For purposes of these commitments, "DBCC" refers to DBCC and any of its subsidiaries or affiliates operating in the United States under section 8(c)(1) of the IBA.

27. Applicant has proposed that a management official of its New York branch who is also a director of Company (as permitted pursuant to condition 13 of the *Canadian Imperial, et al.* order) also serve as a director of Deutsche Bank North American Holding Corp., the parent company of DBCC. The purpose of such interlock is to provide supervision and oversight in connection with Applicant's U.S. operations. The official would have no day-to-day responsibilities for the operations of DBCC or Company. The Board believes that such oversight is prudent and has determined that the proposal would not result in any adverse effects in light of the framework of conditions applicable to Company as a section 20 company and the further commitments made by Applicant to maintain the separation of all business of DBCC and Company.

28. *Dresdner Bank AG*, 75 *Federal Reserve Bulletin* 642 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

29. Protestant maintains that Company did not make disclosures required by the Board at the time Company was dealing with Protestant. At the time of the transactions, Company was not operating pursuant to section 4(c)(8) of the BHC Act, and thus not required to make the disclosures.

that the Applicant has not been candid in its representations concerning its control over Morgan Grenfell and its subsidiaries, has requested that the Board extend the time for comment and conduct a full hearing into the facts, and require Applicant to amend the application.[30] The Board believes that, because Applicant lawfully owns and controls the stock of Morgan Grenfell, having acquired such ownership pursuant to authorization from the Board, Applicant has the right to exercise control over its policies and procedures, provided that the control does not violate the law or commitments relied upon by the Board in permitting the acquisition.

Under the framework established in this and prior decisions, approval 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 interest, or unsound banking practices. Approval of the proposal would allow Applicant to continue to provide greater efficiencies and convenience to its customers by permitting the continuation of the provision of a wider range of services by a single entity. Based on the foregoing and other facts of record, and subject to the commitments made by Applicant, the Board has determined 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.[31]

Accordingly, and for the reasons set forth in the section 20 orders and in *Canadian Imperial, et al.*, the Board concludes that Applicant's proposal to engage through Company in the requested 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 Applicant limits Company's activities as provided in the section 20 orders and in *Canadian Imperial, et al.*

The application is hereby approved, subject to all the terms and conditions of those orders and this order. The Board's approval of this proposal extends only to activities conducted within the conditions 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 those orders is not within the scope of the Board's approval and is not authorized for Company.

Company has established policies and procedures to ensure compliance with the requirements of this order, including computer, audit and accounting systems, internal risk management controls and the necessary operational and managerial infrastructure to comply with the requirements of this order. Accordingly, Company may engage in the requested debt and equity underwriting and dealing activities.

The Board's determination is subject to all of the conditions set forth in the Board's 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.

By order of the Board of Governors, effective December 17, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

List of Commitments Separating the Operations of DBCC and CJL Deutsche Bank commits that DBCC[1]

30. Protestant has requested that the Board hold a public hearing to assess further facts surrounding the application, and Applicant's conduct. 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, the parties have had ample opportunity to present submissions, and Protestant has submitted substantial written comments, some received after the close of the comment period, that have been considered by the Board. In light of these facts, the Board has determined that a public meeting or hearing is not either 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 this application and the request to extend formally the time for public comment are hereby denied.

31. Company may also purchase and sell for its own account futures, forwards, options, and options on futures contracts on ineligible securities, as incidents to the proposed ineligible securities underwriting and dealing activities. Any activity conducted as a necessary incident to the ineligible securities underwriting and dealing activities must be treated as part of the ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be counted as ineligible revenue subject to the 10 percent gross revenue limitation set forth in the *Modification Order*.

1. For purpose of these commitments, "DBCC" is deemed to mean Deutsche Bank Capital Corporation and each of its subsidiaries and affiliates operating pursuant to section 8(c) of the International Banking Act of 1978, as amended.

and the Company[2] will remain completely separate and will not engage in any business with, or on behalf of, each other. In addition and without limiting the foregoing commitment, Deutsche Bank has made the following specific commitments:

(1) No director, officer or employee of DBCC will serve as an officer, director or employee of the Company, except that Deutsche Bank, for administrative and supervisory purposes, may authorize one person to serve as a director of CJL and the parent company of DBCC if the person is not involved in the day-to-day operations of the companies.

(2) DBCC will not enter into any joint marketing efforts with the Company and will not solicit customers for the Company in the United States, nor will the Company solicit customers for DBCC in the United States.

(3) The Company will not share fees, profits or customer information with, will not make customer referrals to, and will not engage in cross marketing with, DBCC, nor will the Company and DBCC share customer lists or nonpublic customer information.[3]

(4) The Company will not provide investment advice on any securities issued by DBCC.

(5) The Company will not provide investment advice to a customer with respect to securities being underwritten or privately placed by DBCC or in which DBCC makes a market, unless the Company:

(i) Has conducted an independent analysis of such securities in the same manner and to the same extent as if the securities were not underwritten, placed, or dealt in by DBCC;

(ii) Discloses the fact of the affiliation to its customer and the involvement of the affiliate with the securities, and;

(iii) Obtains the customer's prior consent to the purchase or sale of such securities, provided that in those cases where obtaining such prior consent is impractical (*e.g.*, if the customer is located outside the United States), the Company will obtain such consent as soon as practicable after the purchase or sale.

Further, DBCC will follow the above procedures with respect to securities which are being underwritten or privately placed by Company, or in which Company makes a market.

2. For purposes of these commitments, "Company" is deemed to mean each of the U.S. subsidiaries of Morgan Grenfell.

3. DBCC and Company may exchange confidential customer information upon the specific request of a client, provided that the customer is informed, either orally or in writing, that Company and DBCC may not engage in any joint undertakings on behalf of the client.

(6) The Company will not engage in promotional activities with respect to any distribution of securities being underwritten by DBCC. DBCC will not engage in promotional activities with respect to any distribution of securities being underwritten by Company.

(7) DBCC will not distribute, within the United States, shares of any investment company advised by the Company.

(8) DBCC will not sell or purchase securities or assets, either as a principal or a broker, to, from, or for any investment company advised by the Company, or otherwise perform for such an investment company any service that DBCC might have authority to provide under the IBA.

(9) No employee of DBCC will serve as a portfolio manager of any investment company advised by the Company.

(10) No officer, director or employee of DBCC will serve as a director of any open-end investment company advised by the Company.

(11) DBCC will not acquire, either for its own account or as a fiduciary, any shares of any investment company advised by the Company.

(12) Company, and its employees, officers, and directors, will abide by the commitments enumerated in numbers 7, 8, 9, 10, and 11, with respect to investment companies advised by DBCC.

(13) The Company will disclose its relationship with DBCC and Applicant's subsidiaries and affiliates to each of the Company's customers to the full extent required by the U.S. securities laws.

(14) The Company will have no arrangement with any person involved in distributing securities with regard to the Company's advice to its customers concerning such securities except, and only in the case of persons other than DBCC, to the extent such arrangements are permissible under U.S. securities laws and other applicable laws.

(15) The Company will disclose to its customers with discretionary accounts that its affiliates may make a market in securities that it will purchase and sell for those customers, account and will obtain a written consent from such customers to the purchase or sale of securities from time to time by it for the portfolios of such customers to the extent required by the U.S. securities laws and other applicable laws such as ERISA.

(16) Company will not participate in an underwriting or placement of securities if DBCC is participating in the underwriting or placement of the issuer's securities.

(17) Company will not act as a market-maker, specialist, or perform similar activities with respect to securities which are being underwritten or dealt in

by DBCC, and *vice versa*. Thus, Company will not underwrite the issuance of securities if DBCC is making a market in the securities, and *vice versa*. In addition, Company should not make a market in a security for which DBCC served as a market-maker within the preceding twelve months, and *vice versa*.

(18) Company will not offer any services relating to interest rate and currency swaps and derivative products if DBCC is a counterparty or agent, and *vice versa*. Company will not enter into swaps or derivative products with DBCC, nor would either company utilize the services of the other when providing services to third parties.

(19) Company will not provide any financial advisory services to a customer if DBCC is also advising the customer or a third party on the same or related manner.

(20) There will be no joint undertakings between DBCC and Company.

Huntington Bancshares Incorporated
Columbus, Ohio

Order Approving Application to Engage De novo *in Underwriting and Dealing in Certain Bank-Ineligible Securities on a Limited Basis, and Other Securities-Related Activities*

Huntington Bancshares Incorporated, Columbus, Ohio ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)), for approval to engage *de novo* through its wholly owned subsidiary, The Huntington Company, Columbus, Ohio ("Company"), in the following activities:

(1) Underwriting and dealing in municipal revenue bonds (including public ownership industrial development bonds), mortgage-related securities, consumer-receivable-related securities, and commercial paper (hereinafter "bank- ineligible securities");

(2) Acting as agent in the private placement of all types of securities, including providing related advisory services;

(3) Buying and selling securities on the order of investors as a "riskless principal";

(4) Providing securities brokerage services to institutional and retail customers, both separately and in combination with investment advisory services pursuant to section 225.25(b)(15) of the Board's Regulation Y (12 C.F.R. 225.25(b)(15)) (hereinafter "full-service brokerage");

(5) Providing investment advisory and financial advisory services pursuant to section 225.25(b)(4) of the Board's Regulation Y (12 C.F.R. 225.25(b)(4)); and

(6) Underwriting and dealing in government obligations and money market instruments pursuant to section 225.25(b)(16) of the Board's Regulation Y (12 C.F.R. 225.25(b)(16)) (hereinafter "bank-eligible securities").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 57,233 (1992)). 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 $13.5 billion, is the fourth largest commercial banking organization in Ohio.[1] It operates eight banking subsidiaries in Ohio, Michigan, Indiana, Kentucky, and West Virginia, and engages in various nonbanking activities through eight nonbanking subsidiaries.

The Board has previously determined by regulation that providing investment advisory and financial advisory services, full service brokerage services, and underwriting and dealing in government obligations and money market instruments are activities that are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[2] Applicant proposes to conduct these activities through Company in accordance with the Board's regulations.[3]

Underwriting and Dealing in Bank-Ineligible Securities

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 underwriting and dealing activities are so closely related to banking as to be proper

1. Data are as of September 30, 1992.
2. *See* 12 C.F.R. 225.25(b)(4), (b)(15), and (b)(16).
3. When providing full-service brokerage with respect to bank-ineligible securities that it holds as principal, Company will provide customers with disclosure statements as previously approved by the Board. *See PNC Financial Corporation*, 75 *Federal Reserve Bulletin* 396, 397 (1989). Specifically, Company will inform its customers at the commencement of the relationship that, as a general matter, Company may be a principal or may be engaged in underwriting with respect to, or may purchase from an affiliate, those securities for which brokerage and advisory services are provided. At the time any brokerage order is taken, the customer will be informed (usually orally) whether Company is acting as agent or principal with respect to a security. Confirmations sent to customers also will state whether Company is acting as agent or principal.

incidents thereto within the meaning of section 4(c)(8) of the BHC Act. 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, provided that the underwriting and dealing subsidiary 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] Applicant has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10 percent revenue test established by the Board in previous Orders.[5]

Private Placement and "Riskless Principal" Activities

Private placement involves the placement of new securities with a limited number of sophisticated purchasers in a nonpublic offering. A financial intermediary in a private placement transaction acts solely as an agent of the issuer in soliciting purchasers, and does not purchase the securities and attempt to resell them. Securities that are privately placed are not subject to the registration requirements of the Securities Act of 1933, and are offered only to financially sophisticated institutions and individuals and not the public. Applicant will not privately place registered securities and will only place securities with customers who qualify as accredited investors.

"Riskless principal" is the term used in the securities business to refer to a transaction in which a broker-dealer, after receiving an order to buy (or sell) a security from a customer, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the customer.[6] "Riskless principal" transactions are understood in the industry to include only transactions in the secondary market. Thus, Applicant proposes that Company would not act as a "riskless principal" in selling securities at the order of a customer that is the issuer of the securities to be sold or in any transaction where Company has a contractual agreement to place the securities as agent of the issuer. Company also would not act as a "riskless principal" in any transaction involving a security for which it makes a market.

The Board previously has determined by Order that, subject to certain prudential limitations that address the potential for conflicts of interests, unsound banking practices, or other adverse effects, the proposed private placement and riskless principal activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[7] The Board also has previously determined that acting as agent in the private placement of securities, and purchasing and selling securities on the order of investors as a "riskless principal" do not constitute underwriting and dealing in securities for purposes of section 20 of the Glass–Steagall Act, and that revenue derived from these activities is not subject to the 10 percent revenue limitation on bank-ineligible securities underwriting and dealing.[8] Applicant has committed that Company will conduct its private placement and "riskless principal" activities using the same methods and procedures, and subject to the same prudential limitations established by the Board in the *Bankers Trust II* Order and the *J.P. Morgan II* Order,[9] including the comprehensive

4. *See Citicorp, J.P. Morgan & Company Incorporated, and Bankers Trust New York Corporation*, 73 *Federal Reserve Bulletin* 473 (1987) ("*Citicorp/Morgan/Bankers Trust* Order"), *aff'd sub nom. Securities Industry Association v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir. 1988), *cert. denied*, 486 U.S. 1059 (1988), *as modified by* Order Approving Modifications to Section 20 Orders, 75 *Federal Reserve Bulletin* 751 (1989) ("*Modification* Order"). The 10 percent revenue limitation should be calculated in accordance with the method stated in *J.P. Morgan & Company Incorporated, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, and Security Pacific Corporation*, 75 *Federal Reserve Bulletin* 192, 196 (1989).

5. Company may also provide services that are necessary incidents to these approved activities. Any activity conducted as a necessary incident to the bank-ineligible securities activity must be treated as part of the bank-ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be counted as ineligible revenue subject to the 10 percent gross revenue limit set forth in the *Citicorp/Morgan/Bankers Trust* Order and the *Modification* Order.

6. *See* Securities and Exchange Commission Rule 10b-10, 17 C.F.R. 240.10b-10(a)(8)(i).

7. *See Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust II* Order"). Applicant has also proposed, consistent with *J.P. Morgan & Company Incorporated*, 76 *Federal Reserve Bulletin* 26 (1990) ("*J.P. Morgan II* Order"), and subject to the limitations contained in that Order, that:

(1) Applicant's nonbank subsidiaries be permitted to purchase securities privately placed by Company, and

(2) Applicant and its subsidiaries other than Company be permitted to lend to an issuer for the purpose of repaying securities placed by Company.

8. *See Bankers Trust II* Order.

9. *See J.P. Morgan II* Order, 76 *Federal Reserve Bulletin* at 26; *Bankers Trust II* Order, 75 *Federal Reserve Bulletin* at 829. Among the prudential limitations detailed more fully in those Orders are that Company will maintain specific records that will clearly identify all "riskless principal" transactions, and Company will not engage in any "riskless principal" transactions for any securities carried in its inventory. When acting as a "riskless principal," Company will only engage in transactions in the secondary market, and not at the order of a customer that is the issuer of the securities to be sold, will not act as "riskless principal" in any transaction involving a security for which it makes a market, nor hold itself out as making a market in the securities that it buys and sells as a "riskless principal." Moreover, Company will not engage in "riskless principal" transactions on behalf of its foreign affiliates that engage in securities dealing activities outside the United States and will not act as "riskless principal" for registered investment company securities. In addition, Company will not act as a "riskless principal" with respect to any securities of investment companies that are advised by Applicant or any of its

framework of restrictions designed to avoid potential conflicts of interest, unsound banking practices, and other adverse effects imposed by the Board in connection with underwriting and dealing in securities.

Financial Factors, Managerial Resources, and Other Considerations

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[10] Based on the facts of this case, the Board concludes that financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

In order to approve this application, the Board is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework established in this Order 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. Consummation of the proposal would provide added convenience to Company's customers. In addition, the Board expects that the *de novo* entry of Company into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by 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.

Based on all the facts of record, and subject to the commitments made by Applicant, as well as all of the terms and conditions set forth in this Order and in the above-noted Board Orders, the Board has determined that the application should be, and hereby is, approved. Approval of this proposal is specifically conditioned on compliance by Applicant and Company with the commitments made in connection with its application, as supplemented, and with the conditions referenced in this Order. The Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and Orders issued thereunder. In approving this transaction, the Board has relied upon all of the facts of record and all of the representations and commitments made by Applicant. The Board's action is expressly conditioned upon compliance with all of the commitments made by Applicant. For the purpose of this action, these commitments will be considered conditions imposed in writing and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 21, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

affiliates. With regard to private placement activities, Company will not privately place registered investment company securities. Further, Company will not privately place any securities of investment companies that are advised by Applicant or any of its affiliates.

10. *See* 12 C.F.R. 225.25. *See also The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155, 156 (1987).

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

TaipeiBank
Taipei City, Taiwan

Order Approving Establishment of a Branch

TaipeiBank, Taipei, Taiwan ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in Los Angeles, California. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in

Los Angeles, California (*Los Angeles Daily Journal*, May 11, 1992). The time for filing comments has expired and no public comments were received.

Bank was established in 1969 as a commercial bank owned by the Taipei Municipal Government ("Municipal Government").[1] Bank is the eighth largest bank in Taiwan in terms of total assets, which at year end 1991 were $19.6 billion. Bank owns 30 percent of the shares of one Taiwanese subsidiary which concentrates its activities in Taiwan, and has one office outside of Taiwan, a state-licensed agency in New York, New York. Bank does not engage, directly or indirectly, in any nonbanking activities in the United States. Bank will remain a qualifying foreign banking organization under Regulation K after establishing the proposed branch (12 C.F.R. 211.24(a)).

Under the IBA, in order to approve an application by a foreign bank to establish a branch in the United States, the Board must determine that the foreign bank:

(1) Engages directly in the business of banking outside of the United States;

(2) Has furnished to the Board the information it needs to assess adequately the application; and

(3) Is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2)).

The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.25(c)).

Bank engages directly in the business of banking outside of the United States through its extensive commercial banking operations in Taiwan. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Bank is supervised and regulated by both the Ministry of Finance of Taiwan ("Ministry") and the Central Bank of China ("Central Bank"), which share responsibility for the supervision of Taiwanese banks. The Banking Law of Taiwan authorizes the Ministry to regulate and supervise commercial banks in Taiwan, including Bank.[2] The Ministry has delegated the authority to the Central Bank to act as the primary examiner of banks in Taiwan, in which capacity the Central Bank conducts mandatory annual examinations.[3]

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of Bank, including the relationship of Bank to any affiliate, to assess the overall financial condition of Bank and its compliance with law and regulation (12 C.F.R. 211.25(c)(1)).[4] In making its determination under this standard on this application by Bank, the Board considered the following information.

The Ministry and the Central Bank obtain information on the condition of Bank, its subsidiary, and its foreign office through regular examinations and periodic financial reports. The Central Bank performs mandatory annual on-site head office examinations, periodic office examinations, and, if warranted, targeted examinations of Bank. The Ministry coordinates examinations and takes corrective measures based on the examination reports. The annual examination of the head office of Bank specifically includes a review of both the international department and the foreign operations or offices of Bank. The review of the activities of Bank's foreign office includes scrutiny of host country examination reports, internal control and audit reports, and annual outside audit reports. The Ministry has also implemented annual on-site examinations of Bank's foreign office to supplement this review.

The Ministry and Central Bank obtain information on the dealings and relationship between Bank and its subsidiary through reports to and examinations by the Central Bank and through the requirement that the Ministry approve investments in other companies. The Banking Law of Taiwan also imposes a prohibition on certain unsecured lending to companies in which a bank holds certain investments. Finally, if the Minis-

1. The Municipal Government owns 99.9 percent of Bank's shares.

2. With respect to banks, this authority permits the Ministry to, among other things, issue licenses, limit activities and expansion, conduct examinations, set minimum capital and liquidity ratios, limit credit extensions, restrict director interlocks, define qualifications for management, and take enforcement actions.

3. Bank receives additional oversight by its owner, the Municipal Government, and the Ministry of Audit of the Control Yuan, an auditor of government agencies. This oversight is secondary to supervision by the Ministry and the Central Bank.

4. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

try or Central Bank determines that the subsidiary poses an undue risk to Bank or is engaging in unsafe or improper activities, the Ministry may require Bank to divest its interest in the subsidiary. Bank has no parent or sister affiliates.

With respect to foreign offices, the Ministry must approve the establishment of such offices by Bank. The Ministry and the Central Bank have also required Bank to establish procedures under which an foreign office must obtain head office approval of certain transactions, undergo an annual internal audit, and document its transactions. The Central Bank evaluates the adequacy of these procedures and the records of approved transactions during the annual examination of Bank's head office.

The Ministry also requires approval of any investment in a company, including Bank's minority shareholding in its subsidiary. The Ministry and the Central Bank also review financial information on the subsidiary that is incorporated in Bank's financial reports. Finally, the Ministry and Central Bank may review the corporate records of the subsidiary.

The Ministry and the Central Bank evaluate prudential standards, such as capital adequacy and risk asset exposure, for Bank on a worldwide basis. The government of Taiwan incorporated the risk-based capital standards of the Basle Accord into its Banking Law in 1989, with variations that conform to local accounting practices and that apply to government-controlled banks.[5] The Ministry implemented these standards to restrict all dividends and other distributions by any Taiwanese bank that has a risk-weighted capital ratio of less than 8 percent.

Based on all the facts of record, which include the information described above, the Board concludes that Bank is subject to comprehensive supervision and regulation on a consolidated basis.

In considering this application, the Board has also taken into account the additional standards set forth in section 7 of the IBA (12 U.S.C. § 3105(d)(3)-(4)). As noted above, Bank has received the consent of its home country authorities to establish the proposed branch. In addition, the Ministry may share information on Bank's operations with other supervisors, including the Board.

As noted, under local regulation, Bank must comply with the capital standards of the Basle Accord, as implemented by Taiwan. Bank's capital exceeds the minimum standards and is equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval. The proposed branch is Bank's second office in the United States, and Bank appears to have the experience and capacity to support this additional office. In addition, Bank has established controls and procedures for its U.S. offices to ensure compliance with U.S. law. Under the IBA, the proposed state-licensed branch may not engage in any type of activity that is not permissible for a federally-licensed branch without the Board's approval.

Finally, Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed relevant provisions of Taiwanese law and has communicated with the appropriate government authorities concerning access to information. Bank also has committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information that may be requested by the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all of the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a branch should be, and hereby is, approved. The Board may revoke such approval should any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or the compliance by Bank or its affiliates with applicable Federal banking statutes. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this order.[6] The commitments and conditions referred to above are conditions imposed in writing by the Board

5. The Ministry has issued regulations that implement these standards. Generally, these regulations fall within the parameters of the Basle Accord, with the exception of one equity adjustment item that applies only to government-owned banks. This factor is not significant in this case, and Bank's capital can be considered equivalent to that required of a U.S. banking institution.

6. The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the State of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of California, and its agent, the California State Banking Department, to license the proposed branch of Bank in accordance with any terms or conditions that California State Banking Department may impose.

in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its office and its affiliates.

By order of the Board of Governors, effective December 18, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

United World Chinese Commercial Bank Taipei, Taiwan

Order Approving Establishment of an Agency

United World Chinese Commercial Bank, Taipei, Taiwan ("Bank"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed agency in Los Angeles, California. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Los Angeles, California (*Los Angeles Times*, April 18, 1992). The time for filing comments has expired and no public comments were received.

Bank is a privately owned commercial bank that was established in 1975.[1] Bank is the 11th largest bank in Taiwan, with assets of approximately $10 billion as of year end 1991. Upon establishment of the proposed agency, Bank will be a qualifying foreign banking organization under Regulation K (12 C.F.R. 211.24(a)). Bank owns three subsidiaries in Taiwan, and currently has no offices outside of Taiwan. Bank does not engage, directly or indirectly, in any banking or nonbanking activities in the United States.

Under the IBA, in order to approve an application by a foreign bank to establish an agency in the United States, the Board must determine that the foreign bank:

(1) Engages directly in the business of banking outside of the United States;

(2) Has furnished to the Board the information it needs to assess adequately the application; and

(3) Is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2)).

The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.25(c)).

Bank engages directly in the business of banking outside of the United States through its extensive commercial banking operations in Taiwan. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Bank is supervised and regulated by both the Ministry of Finance of Taiwan ("Ministry") and the Central Bank of China ("Central Bank"), which share responsibility for the supervision of Taiwanese banks. The Banking Law of Taiwan authorizes the Ministry to regulate and supervise banks in Taiwan, including Bank.[2] The Ministry has delegated to the Central Bank authority to act as the primary examiner of banks in Taiwan, in which capacity the Central Bank conducts mandatory annual examinations.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of Bank, including the relationship of Bank to any affiliate, to assess the overall financial condition of Bank and its compliance with law and regulation (12 C.F.R. 211.25(c)(1)).[3] In making its determination on this application, the Board considered the following information.

1. No one shareholder owns more than 10 percent of the shares of Bank, and each shareholder holds its interest in its separate capacity.

2. With respect to banks, under this authority the Ministry issues licenses, limits activities and expansion, conducts examinations, sets minimum capital and liquidity ratios, limits credit extensions, restricts director interlocks, defines qualifications for management, and takes enforcement actions.

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

The Ministry and the Central Bank obtain information on the condition of Bank and its subsidiaries and foreign offices through regular examinations and periodic financial reports. The Central Bank performs mandatory annual on-site head office examinations, biannual office examinations, and, if warranted, targeted examinations of Taiwanese banks, including Bank. The Ministry coordinates these examinations and takes corrective measures based on the examination reports.

The annual examination of the head office of Bank specifically includes a review of the international department and the foreign operations or offices of Bank. The review of foreign office activities of Bank includes scrutiny of host country examination reports, internal control and audit reports, and annual outside audit reports. The Ministry also is implementing annual on-site examinations of foreign offices to supplement this review.

The Ministry and Central Bank obtain information on the dealings and relationship between Bank and its subsidiaries through reports to and examinations by the Central Bank and through the requirement that the Ministry approve investments in other companies. The Banking Law of Taiwan also imposes a prohibition on certain unsecured lending to companies in which a bank holds certain investments. In addition, if the examination indicates that a subsidiary poses an undue risk to Bank or is engaging in unsafe or improper activities, the Ministry may compel divestiture of the subsidiary. Bank has no parent or sister affiliates.

With respect to foreign offices, the Ministry must approve the establishment of such offices by Bank. The Ministry and the Central Bank have also required Bank to establish procedures under which a foreign office must obtain head office approval of certain transactions and must undergo an annual internal audit. The Central Bank evaluates the adequacy of these procedures and the records of approved transactions during the annual examination of Bank's head office.

With respect to subsidiaries of Bank, the Ministry and the Central Bank ensure that Bank has adequate oversight procedures through the annual head office examination. Bank holds corporate records of its subsidiaries, which include financial information, at its head office. Examiners review these records during the annual examination.

The Ministry and the Central Bank evaluate prudential standards, such as capital adequacy and risk asset exposure, for Bank on a worldwide basis. The government of Taiwan incorporated the risk-based capital standards of the Basle Accord into its Banking Law in 1989. The Ministry implemented these standards to restrict all dividends and other distributions by any Taiwanese bank that has a risk-weighted capital ratio of less than 8 percent. Bank's accounting practices require consolidation of its majority-owned subsidiaries, which is reflected in its risk-weight calculations.

Based on all the facts of record, the Board concludes that Bank is subject to comprehensive supervision and regulation on a consolidated basis.

In considering this application, the Board has also taken into account the additional standards set forth in section 7 of the IBA (12 U.S.C. 3105(d)(3)-(4)). As noted above, Bank has received the consent of its home country authorities to establish the proposed agency. In addition, the Ministry may share information on Bank's operations with other supervisors, including the Board.

As noted, under local regulation, Bank must comply with the capital standards of the Basle Accord, as implemented by Taiwan. Bank's capital exceeds the minimum standards and is equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval. Although the proposed agency would be Bank's first office outside its home country, the purpose of the office is generally to serve the international banking needs of its customers, and Bank appears to have the experience and capacity to support this activity. Bank has established controls and procedures for the proposed agency to ensure compliance with U.S. law. Under the IBA, the proposed state-licensed branch may not engage in any type of activity that is not permissible for a federally-licensed branch without the Board's approval.

Finally, Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent permitted by law. The Board has reviewed relevant provisions of Taiwanese law and has communicated with the appropriate government authorities concerning access to information. Bank has committed to cooperate with the Board to obtain any approvals or consents that are needed to gain access to information that may be requested by the Board. In light these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all of the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish an agency should be, and hereby is, approved. The Board may revoke such approval should any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or the compliance by Bank or its affiliates with applicable federal banking statutes. Approval of this application is specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this order.[4] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its office and its affiliates.

By order of the Board of Governors, effective December 18, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

4. The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the State of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of California, and its agent, the California State Banking Department, to license the proposed agency of Bank in accordance with any terms or conditions that California State Banking Department may impose.

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

December 22, 1992

John H. Huffstutler, Esq.
Assistant General Counsel
BankAmerica Corporation
Bank of America Center, Box 37,000
San Francisco, California 94137

Dear Mr. Huffstutler:

BankAmerica Corporation, San Francisco, California, ("BankAmerica"), has proposed to purchase certain assets and assume certain liabilities of First Gibraltar Bank, FSB, Irving, Texas ("First Gibraltar"), through BankAmerica's wholly owned bank subsidiary, Bank of America Texas, N.A., Houston, Texas, ("Bank"). BankAmerica has requested 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. 102–242, § 501, 105 Stat. 2236, 2388-2392 (1991)). Section 5(d)(3) of the FDI Act requires the Board to follow the procedures and consider the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)). 12 U.S.C. § 1815(d)(3)(E).[1]

BankAmerica is the seventh largest commercial banking organization in Texas, controlling deposits of $4.2 billion, representing 2.9 percent of total deposits in commercial banking organizations in the state. First Gibraltar is the largest thrift organization in Texas, controlling deposits of $6.2 billion, representing 16.6 percent of total deposits in thrift institutions in the state. Upon consummation of the proposed transaction, BankAmerica would become the fourth largest commercial banking or thrift organization (together, "depository institutions") in Texas, controlling deposits of $10.6 billion, representing 6.9 percent of total deposits in depository institutions in the state.

BankAmerica and First Gibraltar compete in the Cooke, Corpus Christi, Dallas, Fort Worth, Houston, Killeen-Temple MSA, San Antonio, Sherman-Denison and Wichita banking markets, all in Texas. In the Cooke banking market,[2] BankAmerica is the third largest of ten depository institutions, controlling deposits of $55.3 million, representing approximately 12.9 percent of total deposits in depository institutions in the market ("market deposits").[3] First Gibraltar controls deposits of $89.0 million. With thrift deposits in the market weighted at 50 percent,[4] First Gibraltar is the fifth largest depository institution in the market, holding approximately 10.4 percent of market deposits. Upon consummation of this proposal, BankAmerica would control $144.3 million in deposits, representing approximately 30.5 percent of market deposits.[5]

1. 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).

2. The Cooke banking market is approximated by Cooke County and the northern portion of Denton County, including the towns of Aubrey, Pilot Point and Sanger, all in Texas.

3. Deposit data are as of June 30, 1991.

4. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52, 55 (1991); *First Union Corporation*, 76 *Federal Reserve Bulletin* 83, 85 (1990).

5. Because the deposits of First Gibraltar would be transferred to a commercial bank under BankAmerica's proposal, those deposits are included at 100 percent after Bank's assumption of these deposits. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

The Herfindahl–Hirschman Index ("HHI") for this market would increase by 432 points to 1947.[6]

Seven commercial banking organizations, including two other than Bank with market shares of over 20 percent, and two thrift institutions would continue to operate in the Cooke banking market following consummation of the proposal. In addition, Bank's branch in the Cooke banking market has suffered a substantial loss of deposits since Bank acquired the branch from a troubled thrift institution.[7] The Cooke banking market also has a number of features that make it attractive to entry,[8] and Texas allows interstate banking and intrastate branching, providing for a large number of potential entrants into the market. In light of the number and size of competitors remaining in the Cooke banking market, the market's attractiveness to entry, the number of potential entrants into the market, and other facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Cooke banking market. The Board also concludes that consummation of this proposal would not have a significantly adverse effect on competition in any of the other relevant banking markets.[9]

The Board is also 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. In considering the convenience and needs factor, the Board has considered all comments submitted to the Board in connection with this application, including comments submitted by the Association of Community Organizations for Reform Now ("ACORN"), Illinois chapter of ACORN, Michigan chapter of ACORN, City of West Hollywood, Communities for Accountable Reinvestment, Rainbow Bridge and California Reinvestment Committee (collectively, "Commenters"). Commenters generally allege that the proposed transaction is inconsistent with a finding that BankAmerica is satisfactorily meeting the convenience and needs of the communities it will serve because:

(1) BankAmerica's lead bank, Bank of America National Trust and Savings Association, San Francisco, California ("Bank of America"), controls Bank's lending decisions, originates many of its loans, and uses products that are not suited to low- and moderate-income communities outside of California;

(2) BankAmerica will not continue certain of First Gibraltar's lending programs;

(3) BankAmerica has not abided by certain commitments that it made to community groups in connection with its recent application to acquire Security Pacific Corporation, San Francisco, California ("Security Pacific");[10] and

(4) BankAmerica discriminates[11] on the basis of race in its lending in Arizona and California,[12] and has

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 deemed to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. However, 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. As of August 31, 1992, Bank's deposits in the Cooke banking market were $37.1 million, a decline of 18.7 percent since March 31, 1992.

8. Cooke County's population increased by 12.5 percent between 1980 and 1990 and is projected to grow 5.8 percent between 1990 and 1995. In addition, Denton County, the northern portion of which is in the Cooke banking market, had a population increase of 98.1 percent from 1980 to 1990 and is projected to grow 17.9 percent from 1990 to 1995.

9. In the Corpus Christi banking market, BankAmerica would become the third largest depository institution, holding 12.5 percent of market deposits, and the HHI would increase by 48 points to 954. BankAmerica would become the third largest depository institution in the Dallas banking market, holding 8.5 percent of market deposits, and the HHI would increase by 2 points to 1123. In the Fort Worth banking market, BankAmerica would become the second largest depository institution, holding 12.8 percent of market deposits, and the HHI would increase by 69 points to 774. BankAmerica would become the sixth largest depository institution in the Houston banking market, holding 6.3 percent of market deposits, and the HHI would decrease by 6 points to 762. In the Killeen-Temple MSA banking market, BankAmerica would become the tenth largest depository institution, holding 4.4 percent of market deposits, and the HHI would decrease by 11 points to 906. BankAmerica would become the third largest depository institution in the San Antonio banking market, holding 11.1 percent of market deposits, and the HHI would increase by 22 points to 1103. In the Sherman-Denison banking market, BankAmerica would become the largest depository institution, holding 21.5 percent of market deposits, and the HHI would increase by 205 points to 1130. BankAmerica would become the fourth largest depository institution in the Wichita banking market, holding 10.2 percent of market deposits, and the HHI would increase by 14 points to 1072.

10. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992).

11. One Commenter stated that BankAmerica had an inadequate record of hiring black executives. The Board believes that the adequacy of a group's representation at a bank is generally beyond the scope of factors that may be assessed by the Board under section 5(d)(3) of the FDI Act.

12. Commenters also allege that First Gibraltar discriminates on the basis of race in its lending in Texas and that BankAmerica has failed to provide data as required by the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 ("HMDA"). BankAmerica has provided its 1991 HMDA data and other relevant data to ACORN and other community groups in a form required by the Board's regulations, 12 C.F.R. Part 203. Bank was not required to submit HMDA data for 1991, the last year for which HMDA data is available, because Bank was formed in May, 1991 through the acquisition of deposit accounts of failed thrifts. BankAmerica's HMDA data for 1991 is now publicly available.

contributed to disinvestment in low- and moderate-income communities in these states.[13]

In assessing the impact of this proposal on the convenience and needs of communities in Texas, the Board has also considered the programs that BankAmerica has already put in place to serve community needs in Texas, and the programs that BankAmerica proposes to implement in Texas in connection with this acquisition. In addition, the Board has taken into account the past record of performance of the BankAmerica organization under the Community Reinvestment Act ("CRA") and its proposal to implement CRA programs at Bank. The Board notes that BankAmerica began operating in Texas in 1991 through the acquisition of the assets and liabilities of a failed bank and two failed savings associations.

As a result of discussions with the Texas chapter of ACORN and other community groups, Bank is offering, through Bank of America, a special version of its Neighborhood Advantage Program called the Neighborhood Advantage Texas Homebuyer Program.[14] To begin immediate implementation of the Neighborhood Advantage Texas Homebuyer Program, BankAmerica has funded this program through extensions of credit by Bank of America using loan officers in Texas who accept and review residential real estate applications in Texas. These local loan officers review the applications under credit policies and procedures that take into account the characteristics of the Texas market. Credit review for loans in Texas includes a three-tier process whereby any Neighborhood Advantage or BASIC loan application that is declined by the line underwriter is reviewed by the credit administrator at the loan center. If the credit administrator also determines not to grant the loan, the loan is reviewed by the real estate or consumer lending manager in Texas in consultation with Bank's chief credit officer. BankAmerica intends to transfer funding and full responsibility for the Neighborhood Advantage Program to Bank in mid-1993.[15]

Bank offers a low-cost checking account called Limited Checking Account.[16] Bank has also agreed, subject to satisfactory credit review, to deposit $100,000 in the credit union of Common Ground, Dallas, Texas, which serves low-income residents of West and South Dallas. Bank also makes grants, through BankAmerica Foundation, to nonprofit organizations in Texas working to improve housing and economic conditions in the communities Bank serves.

Bank has represented that its strategy following the proposed transaction will be to focus primarily on consumer and small business markets in Texas. In this regard, Bank would acquire approximately $700 million in Texas consumer loans from First Gibraltar. Following the proposed acquisition, BankAmerica will bring other resources to the communities that First Gibraltar currently serves. For example, Bank of America State Bank, Concord, California ("BA State Bank"), is planning to open an office in Texas to service referrals from Bank for special affordable housing, SBA and economic development financing.[17] Bank has announced that following the acquisition of First Gibraltar, Bank will have a 10-year, $1 billion goal in CRA-related lending.[18]

The Board has also taken into account its recent review of the CRA performance of BankAmerica and all of its subsidiary banks, including those banks in Texas, California and Arizona, in connection with BankAmerica's acquisition of Security Pacific, which was approved by the Board in March of this year. In that case, the Board's review of the record of performance of BankAmerica was supplemented by four public hearings that the Board held in California,

13. Commenters also state that the proposal is not in the public interest because BankAmerica will be taking advantage of prior federal subsidies that First Gibraltar has received. The Board notes that the terms of the proposed purchase and assumption transaction were negotiated on an arm's-length basis between two private parties and that BankAmerica is not receiving any federal assistance in connection with this proposal.

14. Under this program, special features are available to loan applicants who complete a mandatory 6 to 8 hours of homebuyer education, including expanded debt ratios; a waiver of the traditional two-month reserve for principal, interest, taxes and insurance; and acceptance of "fair" appraisal ratings for properties that might not otherwise qualify. Bank also offers a consumer loan program called BASIC that provides for direct extensions of credit for the purchase of used and new automobiles by low-income households. Bank has also indicated that it will provide a $5 million allocation for loans that do not meet Neighborhood Advantage guidelines, including requiring no private mortgage insurance on loans of up to 95 percent loan-to-value.

15. BankAmerica has indicated that it is providing mortgage loans to Bank's Texas community through its lead bank in California because Bank was only recently established in connection with the acquisition of deposits and branches of failed Texas financial institutions and does not yet have the infrastructure to make such loans. BankAmerica expects to transfer all of its mortgage lending in Texas to Bank soon.

16. The account provides for a monthly service fee of $3.00, offers 10 free checks a month, and may be opened with a minimum of $25.00.

17. Bank has also represented that under its Branch Consolidation, Relocation and Closure Policy, it will not close a branch in a low-income community if Bank is the only provider of financial services in the community. Customers of branches located in low-income neighborhoods will receive at least 90 days advance notice of branch consolidations and closures.

18. BankAmerica has indicated that Bank will not continue First Gibraltar's Community Homebuyer Program and Affordable Housing Program, which were offered in connection with First Gibraltar's membership in the Federal Home Loan Bank System ("FHLBS"). Following the acquisition, BankAmerica will not be a member of the FHLBS. However, BankAmerica has already begun implementing its own programs to provide mortgage lending to low- and moderate-income communities in Texas, including the Neighborhood Advantage Program, and has committed to implement that program fully in Texas through Bank.

Washington and Arizona. The Board notes that Bank of America has received an "outstanding" rating for CRA performance from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), in its most recent examination for CRA performance in October 1990. All of the other subsidiary banks of BankAmerica, including its subsidiary in Arizona, have received at least a "satisfactory" rating from their primary regulators in their most recent examinations for CRA performance.[19] First Gibraltar received an "outstanding" CRA rating from its primary regulatory, the Office of Thrift Supervision, in January 1991. In none of these examinations was any evidence of illegal discrimination found. BankAmerica has committed to implement its corporate CRA program at Bank following consummation of this proposal.[20]

Protestants have raised questions regarding whether BankAmerica has fully implemented commitments it made to the Board regarding its CRA performance in connection with the acquisition earlier this year of Security Pacific. BankAmerica has taken a number of significant steps to comply with those commitments. For example, in California, Bank of America has established $90 million in special allocations for credit-worthy Neighborhood Advantage and/or minority applicants who do not meet the Neighborhood Advantage guidelines for mortgage loans. In addition, Bank of America is now offering financial incentives for loan officers to originate loans to creditworthy minority and low-income applicants, and now requires a three-step review process for all declined minority and low-income census tract mortgage loan applications.[21] Bank of America has represented that as a result of these and other efforts,[22] its loans in low- and moderate-income areas have increased.[23]

BankAmerica's banks in other states also have taken steps to comply with their commitments. For example, Bank of America Arizona, Phoenix, Arizona ("BA Arizona"), has made 265 loans totaling approximately $10.6 million to low-income individuals during the first six months of 1992[24] and offers the Neighborhood Advantage Program in four different forms.[25] In Washington state, Seattle-First National Bank, Seattle, Washington ("Seafirst"), has continued to support the Washington Housing Finance Commission ("WHFC") for multi-family and special needs housing loans by investing directly in tax credits through the Low Income Housing Tax Credit Program.[26] In Nevada, Valley Bank of Nevada, Las Vegas, Nevada, has recently completed negotiations with Nevada community coalitions regarding the expansion of the Neighborhood Advantage Program in Nevada, and is continuing its efforts to establish a branch in West Las Vegas, Nevada.[27]

The Board believes that, during the eight months since its acquisition of Security Pacific, BankAmerica has demonstrated steady progress in fulfilling the commitments it made to the Board in connection with its application to acquire Security Pacific. The Board expects BankAmerica to fulfill all of the commitments it made to the Board including all of the steps and programs that BankAmerica committed to implement in connection with its acquisition of Security Pacific. The Federal Reserve System will continue to monitor carefully BankAmerica's efforts in this area.

19. The OCC is currently conducting the first CRA examination of Bank.

20. Under the program, Bank's CRA program would be coordinated by its Community Development Officer. The Community Development Officer supervises a team of six Neighborhood Development Officers ("NDOs") throughout Texas. Four of the NDOs are black, while two are Hispanic. With the guidance of the NDOs, district managers, branch managers and other branch personnel make monthly calls to identified census tracts and neighborhoods to identify credit needs. This information is compiled and presented monthly to senior management and quarterly to the board of directors.

21. Bank of America has also replaced Security Pacific's checking account aimed at government assistance recipients with its own Limited Checking Account, available to all customers for $3.50 per month, and has represented that it stands ready to invest $200,000 in a new South Central Los Angeles Federal Community Development Credit Union when it becomes operational. Bank of America has also increased its marketing to low- and moderate-income and minority communities through a radio, newspaper and billboard campaign. Approximately one-third of Bank of America's branches are in low-income census tracts.

22. Bank of America has replaced Security Pacific's small business lending program with a new product, Advantage Business Credit, which includes loans and lines of credit of up to $50,000. In addition, Bank of America established a pool of $25.0 million for unsecured loans of up to $100,000 to merchants who suffered damages in the Los Angeles disturbances of April 29 and 30, 1992. To date, 487 loans totaling $21.9 million have been committed.

23. During the first six months of 1992, Bank of America made $562 million in loans to all low-income census tracts in California, as compared to $586 million for all of 1991, $482 million for 1989, and $165 million for 1988.

24. BankAmerica has represented that this figure does not include loans made to middle- and upper-income loan applicants who reside in predominately low-income zip code areas. BA Arizona extended during the first six months of 1992 approximately $2.4 million in loans under the SBA and other special small business loan programs and approximately $8.2 million in conventional small business loans of under $50,000.

25. These are: a geographically-based 90 percent loan-to-value loan product, a geographically-based 95 percent loan-to-value loan product, an income-based product at both 90 percent and 95 percent loan-to-value, and a downpayment assistance program. In addition, BA Arizona has offered, as a special promotion of its Neighborhood Advantage Program, to waive fees associated with the application, including credit report and appraisal fees, for loan applicants in low-income census tracts.

26. Seafirst has purchased $1.2 million in tax credits to date and has also lent $4 million through the WHFC's House Key '92 program for first time home buyers. Seafirst has provided $1.1 million in funds through WHFC's Small Tax Exempt Purchase Program. Seafirst also earlier this year announced a $2 million loan program for nonprofit organizations in the city of Tacoma.

27. Valley Bank of Nevada has also expanded its Homeless Check Cashing Program.

Based on these and other facts of record, the Board concludes that convenience and needs considerations, including the record of BankAmerica and Bank under the CRA, are consistent with approval of this application.[28]

The Board also concludes that the financial and managerial resources and future prospects of BankAmerica and Bank 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) BankAmerica and Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) Since Bank is in Texas and is acquiring certain assets and assuming certain liabilities of a Texas federal savings bank, the proposed transaction would comply with the Douglas Amendment if First Gibraltar were a state bank that BankAmerica was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

28. One Commenter requested that the Board reopen the public comment period to permit the consideration of Commenter's appeal under the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, for certain portions of the application that were withheld from Commenter as confidential under the FOIA. In light of the fact that the comment period was previously extended two weeks in order to give Commenter an opportunity to submit comments, Commenter's delay in filing the appeal, and other facts of record, the Board has denied Commenter's request to reopen the public comment period.

Commenters have requested that the Board hold a public hearing or meeting in this case. Neither section 5(d)(3) of the FDI Act nor the Bank Merger Act provide for or require the Board to hold a public meeting or public hearing on applications presented to the Board pursuant to these provisions. In evaluating this request, the Board has considered that Commenters have been provided an opportunity to submit written comments to the Board, and have in fact submitted substantial written comments. In addition, as noted above, the Board recently held four public meetings in California, Washington and Arizona to assess the performance of BankAmerica under the CRA. In light of these facts and all the facts of record, including relevant examination information, the Board believes that a public hearing or meeting is not warranted in this case, and has denied this request.

Based on the foregoing and all of the facts of record, the Board has determined that this application should be, and hereby is, approved.[29] This approval is subject to Bank obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of this application also is conditioned upon BankAmerica's compliance with the commitments made in connection with this application. 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 BankAmerica, 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 letter, or later than three months after the effective date of this letter, unless such period is extended by the Board or the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority. In connection with this provision, advice of the fact of consummation should be given in writing to the Reserve Bank.

Very truly yours,

JENNIFER J. JOHNSON
Associate Secretary of the Board

cc: Federal Reserve Bank of San Francisco
Tom Hesselbrock, Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Department of Justice

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

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	Surviving Bank(s)	Approval Date
AmSouth Bancorporation, Birmingham, Alabama	Secor Bank, F.S.B., Birmingham, Alabama	AmSouth Bank, N.A., Birmingham, Alabama	December 17, 1992
Fifth Third Bancorp, Cincinnati, Ohio	Home Savings of America, F.S.B., Irwindale, California	Fifth Third Bank, Cincinnati, Ohio	December 8, 1992
First of America Bank Corporation, *Kalamazoo, Michigan*	Champion Federal Savings and Loan Association, Bloomington, Illinois	First of America Bank-McLean County, N.A., Bloomington, Illinois	December 4, 1992
First Union Corporation, Charlotte, North Carolina	Decatur Federal Savings and Loan Association, Decatur, Georgia	First Union National Bank of Georgia, Atlanta, Georgia	December 2, 1992
Fishback Insurance Agency, Inc., Brookings, South Dakota	Home Trust Savings and Loan Association, Vermillion, South Dakota	First National Bank in Brookings, Brookings, South Dakota	December 18, 1992
Stichting Prioriteit ABN AMRO Holding, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, The Netherlands ABN AMRO Holding, N.V., The Netherlands ABN AMRO Bank N.V., The Netherlands ABN AMRO North America, Inc., Chicago, Illinois LaSalle National Corporation, Chicago, Illinois	LaSalle Talman Bank, Chicago, Illinois	LaSalle Bank Northbrook, Northbrook, Illinois	December 22, 1992
Valley National Bancorp, Wayne, New Jersey	Mayflower Savings Bank, SLA, Livingston, New Jersey	Valley National Bank, Passaic, New Jersey	December 23, 1992

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
KeyCorp, Albany, New York	Puget Sound Bancorp, Tacoma, Washington	December 17, 1992

Section 4

Applicant(s)	Bank(s)	Effective Date
SouthTrust Corporation, Birmingham, Alabama	Prime Bancshares, Inc., Decatur, Georgia	December 18, 1992

Sections 3 and 4

Applicant(s)	Bank(s)	Effective Date
Integra Financial Corporation, Pittsburgh, Pennsylvania	Equimark Corporation, Pittsburgh, Pennsylvania	December 1, 1992

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
BancWest, Inc., Edmond, Oklahoma	Leedey Bancorporation, Inc., Leedey, Oklahoma Thomas Bancshares, Inc., Thomas, Oklahoma	Kansas City	December 4, 1992
BOI Financial Corp., Normal, Illinois	Bank of Illinois in Normal, Normal, Illinois	Chicago	December 18, 1992

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Button Gwinnett Bancorp, Inc., Snellville, Georgia	The Gwinnett Financial Corporation, Lawrenceville, Georgia	Atlanta	December 15, 1992
CBI-Kansas, Inc., Kansas City, Missouri	Union Financial Corporation, Manhattan, Kansas	Kansas City	November 27, 1992
Centennial Bank Holdings, Inc., Denver, Colorado	Eaton Capital Corporation, Eaton, Colorado Colorado Industrial Bank, Eaton, Colorado	Kansas City	December 21, 1992
CNB Financial Corp., Canajoharie, New York	Central National Bank, Canajoharie, Canajoharie, New York	New York	December 1, 1992
Comerica Incorporated, Detroit, Michigan	Sugar Creek National Bank, Sugar Land, Texas	Chicago	December 3, 1992
Commerce Bancshares, Inc., Kansas City, Missouri	Manufacturers Bancorp, Inc., Leavenworth, Kansas First National Bank of Bonner Springs, Bonner Springs, Kansas Lenexa Bancorporation, Inc., Lenexa, Kansas Union Financial Corporation, Manhattan, Kansas	Kansas City	November 27, 1992
El Paso Bancshares, Inc., Monument, Colorado	Western Bank, Taos, New Mexico	Kansas City	November 30, 1992
Farmers National Bancshares, Inc., Stafford, Kansas	The Farmers National Bank, Stafford, Kansas	Kansas City	December 1, 1992
First Busey Corporation, Urbana, Illinois	Empire Capital Corporation, LeRoy, Illinois	Chicago	December 24, 1992
First Fabens Bancorporation, Inc., Fabens, Texas	Bancshares of Ysleta, Inc., El Paso, Texas Bank of Ysleta, El Paso, Texas	Dallas	December 1, 1992
Fourth Financial Corporation, Wichita, Kansas	Southgate Banking Corporation, Prairie Village, Kansas	Kansas City	December 21, 1992
Franklin Bancorp, Inc., Minneapolis, Minnesota	Park Financial of St. Paul, Inc., St. Paul, Minnesota	Minneapolis	December 24, 1992
GAB Bancorp, Jasper, Indiana	Unibancorp, Loogootee, Indiana	St. Louis	December 24, 1992

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Harlingen Bancshares, Inc., Harlingen, Texas HN Bancshares of Delaware, Inc., Wilmington, Delaware	Harlingen National Bancshares, Inc., Harlingen, Texas Harlingen National Bank, Harlingen, Texas	Dallas	December 3, 1992
Norwest Corporation, Minneapolis, Minnesota	Merchants & Miners Bancshares, Inc., Hibbing, Minnesota	Minneapolis	December 17, 1992
Omnibank Corporation, River Rouge, Michigan	Omnibank, River Rouge, Michigan	Chicago	December 3, 1992
Peoples Mid-Illinois Corporation, Bloomington, Illinois	Lexington Bancshares, Inc., Lexington, Illinois	Chicago	December 21, 1992
PMI Acquisition Corporation, Bloomington, Illinois	Lexington Bancshares, Inc., Lexington, Illinois	Chicago	December 21, 1992
Random Lake Bancorp., Limited, Random Lake, Wisconsin	State Bank of Random Lake, Random Lake, Wisconsin	Chicago	December 18, 1992
U B & T Holding Co., Abilene, Texas	United Bank & Trust, Abilene, Texas	Dallas	December 15, 1992
Union Planters Corporation, Memphis, Tennessee	Bank of East Tennessee, Knoxville, Tennessee	St. Louis	December 1, 1992
VSB Bancorp, Inc., Closter, New Jersey	Valley Savings Bank, SLA, Closter, New Jersey	New York	December 1, 1992

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banc One Corporation, Columbus, Ohio PNC Financial Corp, Pittsburgh, Pennsylvania Society Corporation, Cleveland, Ohio	Electronic Payments Services, Inc., Wilmington, Delaware	Cleveland	November 30, 1992
Brooke Holdings, Inc., Jewell, Kansas Brooke Corporation, Jewell, Kansas	Mid Kansas Insurance Agency, Inc., Wichita, Kansas	Kansas City	December 23, 1992
Consolidated Holding Company, Oldham, South Dakota	Farmers Investment Company, Olkham, South Dakota	Minneapolis	December 22, 1992

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
CoreStates Financial Corp, Philadelphia, Pennsylvania	Electronic Payment Services, Inc., Wilmington, Delaware	Philadelphia	November 30, 1992
Credit Commercial de France, Paris, France Mellon Bank Corporation, Pittsburgh, Pennsylvania	CCF-Mellon Partners, Pittsburgh, Pennsylvania	New York	December 11, 1992
Credit Commercial de France S.A., Paris, France	Pilgrim Baxter Grieg Framlington & Associates Ltd., Wayne, Pennsylvania	New York	December 18, 1992
The First National Bank of Boston, Boston, Massachusetts	BancBoston Leasing Services, Inc., Boston, Massachusetts	Boston	December 24, 1992
First Tennessee National Corporation, Memphis, Tennessee	Home Financial Corporation, Johnson City, Tennessee	St. Louis	December 9, 1992
First Union Corporation, Charlotte, North Carolina	DFSoutheastern, Inc., Decatur, Georgia	Richmond	December 2, 1992
Mellon Bank Corporation, Pittsburgh, Pennsylvania	to engage in investment advisory activities	Cleveland	December 11, 1992
Norwest Corporation, Minneapolis, Minnesota	Comprehensive Computer Solutions, Inc., Spring Valley, New York	Minneapolis	December 17, 1992
Norwest Corporation, Minneapolis, Minnesota	to engage *de novo* in community activities through its investment in limited partnerships that qualify for low-income tax credits under the Internal Revenue Code	Minneapolis	December 17, 1992
Peoples Financial Services, Inc., Cookeville, Tennessee	Citizens Federal Savings Bank, Rockwood, Tennessee	Atlanta	December 17, 1992
Society Corporation, Cleveland, Ohio	First Federal Savings and Loan Association of Fort Myers, Fort Myers, Florida	Cleveland	November 25, 1992
Southern Bank Group, Inc., Roswell, Georgia	Eastside Bank and Trust Company, Snellville, Georgia	Atlanta	December 18, 1992
Union Planters Corporation, Memphis, Tennessee	SaveTrust Federal Savings Bank, Dyersburg, Tennessee	St. Louis	December 2, 1992

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Union Planters Corporation, Memphis, Tennessee	Security Trust Federal Savings and Loan Association, Knoxville, Tennessee	St. Louis	December 2, 1992
U.S. Trust Corporation, New York , New York	Campbell, Cowperthwaite & Co., Inc., New York , New York	New York	December 1, 1992
Wishek Bancorporation, Inc., Wishek, North Dakota	to engage in direct lending to nonshareholders and noninsiders up to an aggregate amount of $250,000	Minneapolis	November 25, 1992

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 Neosho, Neosho, Missouri	Anderson State Bank, Anderson, Missouri Citizens State Bank, Granby, Missouri	Kansas City	December 16, 1992
Belcaro Bank, Glendale, Colorado	Denver Tec Bank, Denver, Colorado The Professional Bank of Colorado, Englewood, Colorado	Kansas City	December 16, 1992
Community Bank and Trust Company, Forest City, Pennsylvania	First National Bank of Nicholson, Nicholson, Pennsylvania	Philadelphia	December 17, 1992
First United Bank, Aurora, Colorado	The Bank of Parker, Parker, Colorado	Kansas City	December 23, 1992
Granby Bancshares, Inc., Neosho, Missouri	Anderson Bancshares, Inc., Neosho, Missouri Neosho Bancshares, Inc., Neosho, Missouri	Kansas City	December 16, 1992

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.

CBC, Inc. v. Board of Governors, No. 92-9572 (10th Cir., filed December 2, 1992). Petition for review of civil money penalty assessment against a bank holding company and its officers, directors, and shareholders, for failure to comply with reporting requirements.

DLG Financial Corporation v. Board of Governors, No. 392 Civ. 2086-G (N.D. Texas, filed October 9, 1992). Action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and seeking money damages on a variety of tort and contract theories. On October 9, 1992, the court denied plaintiffs' motion for a temporary restraining order. On November 20, 1992, the Board filed a motion to dismiss. On December 17, 1992, plaintiffs filed an amended complaint.

Castro v. Board of Governors, No. 92–1764 (D. District of Columbia, filed July 29, 1992). Freedom of Information Act case. On November 30, 1992, the action was dismissed on plaintiff's motion.

Board of Governors v. bin Mahfouz, No. 92-CIV-5096 (S.D. New York, filed July 8, 1992). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On July 8, 1992, the court issued a temporary restraining order restraining the transfer or disposition of the individual's assets. On October 30, the parties filed a stipulation of dismissal without prejudice.

Zemel v. Board of Governors, No. 92–1057 (D. District of Columbia, filed May 4, 1992). Age Discrimination in Employment Act case.

Fields v. Board of Governors, No. 92–3920 (6th Cir., filed September 14, 1992). Federal Tort Claims Act complaint alleging misrepresentation during application process. The district court for the Northern District of Ohio granted the Board's motion to dismiss on August 10, 1992. On September 14, 1992, the plaintiff filed a notice of appeal. The action was voluntarily dismissed by plaintiff/appellant on December 18, 1992.

State of Idaho, Department of Finance v. Board of Governors, No. 92–70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho. The Board's brief was filed on June 29, 1992. Oral argument was held October 6, 1992.

In re Subpoena Served on the Board of Governors, Nos. 91–5427, 91–5428 (D.C. Cir., filed December 27, 1991). Appeal of order of district court, dated December 3, 1991, requiring the Board and the Office of the Comptroller of the Currency to produce confidential examination material to a private litigant. On June 26, 1992, the court of appeals affirmed the district court order in part, but held that the bank examination privilege was not waived by the agencies' provision of examination materials to the examined institution, and remanded for further consideration of the privilege issue.

First Interstate BancSystem of Montana, Inc. v. Board of Governors, No. 91–1525 (D.C. Cir., filed November 1, 1991). Petition for review of Board's order denying on Community Reinvestment Act grounds the petitioner's application under section 3 of the Bank Holding Company Act to merge with Commerce BancShares of Wyoming, Inc. On December 14, 1992, the court granted the parties' joint motion to dismiss the case.

Board of Governors v. Kemal Shoaib, No. CV 91–5152 (C.D. California, filed September 24, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On October 15, 1991, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets.

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.

Fields v. Board of Governors, No. 3:91CV069 (N.D. Ohio, filed February 5, 1991). Appeal of denial of request for information under the Freedom of Information Act. The Board's motion for summary judgment was granted in part and its motion to dismiss was denied on June 23, 1992.

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

United States of America

Before the Board of Governors of the Federal Reserve System

Washington, D.C.

In the Matter of	)	
	)	
VIC SATHER & ASSOCIATES, INC.	)	
and	)	Docket Nos. 91-017-CMP-HC 91-017-CMP-I
PAUL C. HUFNAGLE,	)	
Respondents.	)	

Final Decision and Order

This is an administrative civil money penalty action brought by the Board of Governors of the Federal Reserve System (the "Board") against Respondents Vic Sather & Associates, Inc. ("VSA"), a bank holding company in Bloomington, Minnesota, and its sole officer, sole director, and principal shareholder, Paul C. Hufnagle. On May 31, 1991, under the authority of 12 U.S.C. § 1847, the Board issued Notices of Assessment of Civil Money Penalties in the amounts of $50,000 against Hufnagle and $25,000 against VSA, alleging that the Respondents had repeatedly failed to file with the Board timely or accurate regulatory reports required by statute and regulation.

The Respondents requested a hearing, which was held before Administrative Law Judge Paul J. Clerman (the "ALJ") on December 3, 1991, in Minneapolis. Following the hearing and the filing of post-hearing briefs by Respondents and by the Board's Enforcement Counsel, the ALJ issued a Recommended Decision finding that the allegations in the Notices had been established and that Respondents had in fact failed to file timely and accurate reports, that the failures were not excused, and that the failures constituted violations of the Bank Holding Company Act and Regulation Y. The ALJ recommended, however, that the penalties be assessed, not in the amounts sought by Enforcement Counsel, but at the lower amounts of $5,000 against VSA and $15,000 against Hufnagle. The ALJ based the lower recommended penalties upon his findings that VSA was in "extreme financial distress" and was being sold for the benefit of a creditor, that Respondents had not received pecuniary benefit from the violations, and that Hufnagle is unlikely to return to banking "soon", and therefore does not require a higher penalty to deter him from future violations. Recommended Decision ("RD") 15.

Respondents have filed no exceptions to the Recommended Decision, and are therefore deemed to have waived objection to the Recommended Decision, Findings and Conclusions. Enforcement Counsel, on the other hand, has excepted to the lower recommended penalty amounts, arguing that the initial higher penalty assessments were fully justified by the evidence produced at the hearing.[1]

Statutory and Regulatory Framework

The Bank Holding Company Act of 1956 (the "BHC Act") charges the Board with exclusive authority to administer the BHC Act and to issue such orders and regulations as may be necessary to enable the Board to carry out the purposes of the Act and to prevent evasions thereof. 12 U.S.C. § 1844(b). The BHC Act also specifically authorizes the Board to require reports under oath from time to time to monitor compliance with the provisions of the BHC Act and its implementing regulations and orders. 12 U.S.C. § 1844(c). The Board's Regulation Y implements this authorization by requiring that each bank holding company furnish, in the manner and form prescribed by the Board, an annual report of the company's operations, and additional information and reports as required by the Board. 12 C.F.R. 225.5(b).

The instructions on Federal Reserve Form FR Y-6 require each bank holding company to submit an annual report within 90 days of the end of the company's fiscal year (the "Y-6 Report"). The instructions for Federal Reserve Form FR Y-9SP require that any bank holding company with only one subsidiary bank and consolidated assets of less than $150 million file reports for the parent company on a semiannual basis, within 45 days of the last day of June and December each year (the "Y-9 Report"). Exhibit 10 at 1, 6. The instructions also require that the bank holding company's financial records be maintained in such a manner and scope so as to ensure that the reports can be prepared and filed in accordance with the instructions and "reflect a fair presentation of the bank holding company's financial condition and results of operations." Exhibit 10 at 4.

1. Enforcement Counsel also excepts on technical grounds to several details in the ALJ's recommended conclusions of law unrelated to the issue of the penalty amount. The Board adopts each of these exceptions as technical corrections.

The BHC Act provides for civil money penalties of up to $25,000 per day against any company which violates, and any individual who participates in a violation of any provision of the Act or of any regulation or order implementing the Act. 12 U.S.C. § 1847(b)(1). The term "violates" is defined to include "any action, (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding and abetting a violation." 12 U.S.C. § 1847(b)(5). The BHC Act also prescribes a separate schedule of penalties, ranging from $2,000 to $1 million per day or one percent of the assets of the company (depending on the seriousness of the violation), for any company that fails to make, submit, or publish timely reports or information required by the Board, or which submits or publishes any false or misleading report or information. 12 U.S.C. § 1847(d)(1)-(3).[2]

In determining the amount of any civil money penalty, the Board takes into account the appropriateness of the penalty with respect to any of the statutorily-specified mitigating factors established by the record: the size of financial resources and good faith of the company or person charged, the gravity of the violation, the history of previous violations, and such other matters as justice may require. 12 U.S.C. §§ 1847(b)(2), (d)(4); 1818(i)(2)(G).

Findings of Fact and Conclusions of Law

Upon review of the administrative record, the Board hereby adopts such of the recommended findings and conclusions of the ALJ as are not specifically modified herein as the final findings and conclusions of the Board, together with the ALJ's reasoning and citations to the record. For the reasons stated below, the Board adopts the ALJ's recommendations on the appropriate amount of the penalties, and assesses penalties in the amount of $15,000 against Hufnagle, and $5,000 against VSA.

VSA is a bank holding company, registered with the Board under the BHC Act, that owns 90 percent of the stock of one subsidiary bank, Franklin State Bank of Franklin, Minnesota ("the Bank"). The consolidated asset size of VSA and the Bank totals about $8 million. At all times relevant to the proceeding, Hufnagle has been the sole officer and director and the principal shareholder of VSA, and an officer and director of the Bank.

Violations of Reporting Requirements

The facts related to the violations are straightforward and for the most part not in dispute. It is uncontested that Hufnagle was responsible for VSA's compliance with reporting obligations and that, from 1986 until the initiation of this proceeding in 1991, VSA repeatedly failed to file required reports on time.[3] As a predicate for the penalties charged here, Enforcement Counsel emphasized the late filing of the Y-9 report for year-end 1989 and both the Y-6 and the Y-9 reports for year-end 1990.[4]

Besides being late, VSA's Y-6 and Y-9 reports for 1989 contained a number of mutually contradictory entries that could not be reconciled, indicating that one or both reports were inaccurate. RD Appendix E at 1. For example, short-term borrowing for the period, which should have been an identical entry on both forms, was stated to be $395,000 on the Y-9 and zero on the Y-6. Exhibits 5, 6; Transcript ("Tr"). 1–65.[5] At the hearing, Hufnagle conceded the inconsistencies, and could not identify which, if either, of the reports was accurate. Tr. 1–125.[6]

This pattern of reporting violations was the subject of repeated criticisms by the Federal Reserve. The May 15, 1986 Report of Inspection of VSA, which was sent to VSA and to Hufnagle, stated that VSA's recordkeeping was poor and that its FR Y-6 Reports were consistently incomplete or inaccurate and noted this as a violation of Regulation Y. Exhibit 1 at 2–3. The Federal Reserve also sent a letter to Hufnagle on August 21, 1987, warning him that his habitual tardiness in submitting required reports, together with other deficiencies, could result in the assessment of civil money penalties. Exhibit 2. A 1988 Report of Inspection also criticized VSA's recordkeeping and

2. The ceiling for such violations is set at $2,000 per day for any company which violates reporting requirements if the company can establish that it "maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error" commits the violation, or that the company "inadvertently transmits or publishes any report which is minimally late." 12 U.S.C. § 1847(d)(1). The company bears the burden of proving that an error was inadvertent or that a report was inadvertently transmitted or published late. *Id.*

3. The Y-6 reports were filed late in each year from 1986 to 1990, and the Y-9 reports were filed late for year-end 1986 through 1990 as well as for mid-year 1987. RD 3–4.

4. The Y-9 report for the period ending December 31, 1989, due February 14, 1990, was filed on March 12, 1990, 26 days past due. Exhibit 5. Neither the Y-6 report nor the Y-9 report for year-end 1990 had been filed at the time that this case was initiated on May 31, 1991; subsequently, the Y-6, due March 31, 1991, was filed on June 13, 1991, and the Y-9, due February 14, 1991, was filed on July 2, 1991. RD Appendix E at 2.

5. Other examples include the entry for "cash" held by VSA as of 12-31-89, listed as $1,000 on the Y-9 Report and $22,600 on the Y-6. Tr. 1–64. The Y-9 listed 447,000 in liabilities as long-term, while the FR Y-6 stated that all of the borrowings were short-term. Tr. 1–65. There was no way for the Federal Reserve analysts to determine which, if either, of these figures was accurate. Tr. 1–65.

6. "Your Honor, we will not attempt to persuade the Court that these Y-9s and Y-6s mesh, because they don't." Counsel for Respondents, Tr. 1–125.

failure to comply with reporting requirements. Exhibit 3. Finally, a Federal Reserve letter of February 28, 1991, after the deadline for filing the 1990 Y-9 report had passed, again warned Hufnagle that his continued failure to file timely and accurate regulatory reports could result in the assessment of civil money penalties. Exhibit 7.

The record shows that, during this period, Hufnagle on occasion "refused" to file reports under the terms required by the Board, including the use of accrual-based accounting, and the exclusion of estimated data. *See, e.g.*, Exhibit 1 at 3; Exhibit 7.

Hufnagle's Defenses[7]

The ALJ correctly rejected Hufnagle's argument that no penalty could be assessed against him as an individual on the ground that the BHC Act does not authorize penalties for reporting violations against individuals, but only against companies. Hufnagle's argument was based on the disparate wording of two BHC Act penalty provisions: the general penalty provision, which expressly covers violations by individuals, and a separate provision specifically for reporting violations, which does not expressly address individuals. The general civil money penalty provision authorizes a penalty of $25,000 per day against "[a]ny company which violates, and *any individual who participates in a violation of*, any provision of [the Act], or any regulation or order issued pursuant thereto." 12 U.S.C. § 1847(b)(1) (emphasis added). A separate provision of the BHC Act added by 1989 legislation,[8] entitled "Penalty for failure to make reports", establishes a schedule of penalties specifically for different degrees of reporting violations by *companies*, but, unlike the general penalty provision cited above, does not specifically address violations by individuals. 12 U.S.C. § 1847(d). Hufnagle argued that the more specific reporting penalty provision provides the exclusive penalty mechanism for reporting violations, so that he, as an individual, is immune from penalty for participation in VSA's reporting violations. Hufnagle Brief 6–8. Under Hufnagle's theory, VSA bore the sole responsibility for filing reports and Hufnagle's responsibility for compliance runs only to VSA, and not to the Board.

The Board adopts the ALJ's rejection of this argument and finds that individuals may be penalized under section 1847(b)(1) for their participation in reporting violations for which the companies are assessed under Section 1847(d). The plain meaning of the text of section 1847(b) authorizes penalties for any individual who "participates in" a statutory or regulatory violation,[9] and nothing in the text of section 1847(d) conflicts with or restricts that general authority. While it is not apparent why Congress established a separate schedule of penalties applicable only to reporting violations by companies, it *is* clear that Congress did not expressly withdraw the Board's section 1847(b) authority to penalize individuals for violations, including reporting violations. "[L]egislative repeals by implication will not be recognized insofar as two statutes are capable of co-existence 'absent a clearly expressed congressional intention to the contrary.' " *Astoria Federal Sav. & Loan Ass'n v. Solimino*, 111 S.Ct. 2166, 2170 (1991) (*quoting Morton v. Moncari*, 417 U.S. 535, 551 (1974)). Hufnagle has adduced no legislative history to support his restrictive interpretation. Accordingly, there is no basis for interpreting the BHC Act as establishing a safe harbor for individuals responsible for reporting violations.

The ALJ also properly rejected Hufnagle's arguments that the lateness and inaccuracy of VSA's reports should be excused because they were not "intentional", because the Respondents did not profit from the violations, and because the reporting violations did not deceive the Board or otherwise hinder the Board's regulatory function. Hufnagle Brief 3–6; RD 13. The ALJ correctly concluded that none of these arguments stated a cognizable legal defense to the existence of violations. RD 13. Reporting requirements are an affirmative obligation for bank holding companies and affiliated individuals and a fundamental aspect of the Board's responsibility for supervising bank holding companies. A failure to comply with those requirements constitutes a violation of law, irrespective of the individual's state of mind, pecuniary motive, or the relative harm caused to the Board.[10]

The ALJ also properly rejected Hufnagle's argument that Federal Reserve staff had led him to believe that his reporting obligations would be satisfied by "good faith best efforts" to comply. The ALJ correctly ruled that the issue was immaterial, since the reporting requirements are not subject to informal

7. While these defenses are technically not before the Board due to the Respondents' failure to file exceptions, the Board has reviewed the ALJ's rulings as to these arguments, and finds that the ALJ correctly rejected each of them.

8. The "Financial Institutions Reform, Recovery, and Enforcement Act of 1989" ("FIRREA"), Pub. L. 101–73, 103 Stat. 183 (1989).

9. The reporting requirements are authorized by the BHC Act and implemented through Regulation Y and the Y-6 and Y-9 Forms and instructions that are adopted by Board order. Hufnagle controlled VSA's actions as the sole shareholder, officer, and director of VSA, and the person who signed, and in some cases, prepared, VSA's reports. Accordingly, Hufnagle plainly "participated in" a violation of statute, regulation, and order.

10. The ALJ also correctly noted, however, that these issues might be relevant to mitigating the size of the penalty. RD 13.

waiver by Federal Reserve staff. RD 14. Furthermore, the ALJ found that no evidence supported Hufnagle's version of his interaction with Federal Reserve staff and that the Federal Reserve had repeatedly insisted in official communications that the reporting requirements must be satisfied. RD 14.[11]

Amount of the Penalties

The primary issue before the Board is Enforcement Counsel's exception to the amount of the penalties recommended by the ALJ, a reduction from $50,000 to $15,000 against Hufnagle and from $25,000 to $5,000 against VSA. Enforcement Counsel has identified no specific flaws in the Recommended Decision that contributed to what Enforcement Counsel views as unduly low recommended penalty amounts. Upon review, the Board denies Enforcement Counsel's exceptions and adopts the amounts recommended by the ALJ. In so finding, however, the Board notes that the pattern of violations established in this case might, in a case presenting a different record as to mitigating factors, justify a significantly higher penalty.

It is clear that the Board has statutory authority to assess penalties that exceed either the amounts set forth in the Notices of Assessment or the amounts recommended by the ALJ. The BHC Act provides for maximum penalties of $25,000 per day against Hufnagle, and of $20,000 per day against VSA, for reporting violations of this degree.[12] Here, the number of days that the violations were outstanding runs into the hundreds,[13] so that the total amount that could be assessed under the law far exceeds the amounts in contention here.

The extremely large sums authorized by the BHC Act, however, may be ameliorated by the Act's requirement that the Board consider the appropriateness of the penalty with respect to mitigating factors:

(1) The size of the financial resources and good faith of the respondent;
(2) The gravity of the violation;
(3) The history of previous violations; and
(4) Such other matters as justice may require.

12 U.S.C. § 1818(i)(2)(G); § 1847(b)(2), (d)(4). A weighing of these factors persuades the Board that the penalty amounts recommended by the ALJ are reasonable.

Financial Resources

The evidence produced at the hearing as to VSA's and Hufnagle's financial resources forms a reasonable basis for a downward adjustment of the original assessments against VSA and Hufnagle. The ALJ found that the financial evidence of record "leaves much to be desired but there is enough to convince this Judge that as a corporate entity [VSA] is in extreme financial distress, and that Hufnagle's financial posture, vis-à-vis his ownership of and interest in the holding company, is in a negative position." RD 15. The ALJ also found that Hufnagle severed his relationships with the Bank and with VSA shortly before the hearing and had executed an agreement and power of attorney empowering a creditor to sell VSA for the creditor's benefit. The ALJ found that VSA's sale "will likely yield no dollars at all to Hufnagle." RD 15.[14]

As evidence of Hufnagle's overall financial resources, Enforcement Counsel introduced a financial statement for Hufnagle as of December 21, 1988 that showed Hufnagle to have a net worth of $804,000. Exhibit 8. In response, Hufnagle produced at the hearing another financial statement, prepared for the hearing as of December 3, 1991, that purported to show that Hufnagle had a negative net worth of $607,000. Exhibit 15. The ALJ found Hufnagle's statement unworthy of credence in several respects, finding that the status of Hufnagle's financial relationships with his father, and the valuation of his residence were "far from clear".[15] RD 10–11, 15. Accordingly, the ALJ found that Hufnagle's overall financial condition could not be accurately determined from the record. *Id.*[16]

11. The ALJ also correctly dismissed as "meritless" Hufnagle's argument that the Board is precluded from assessing penalties now because it did not do so earlier, and properly rejected the argument that Hufnagle's service in the Minnesota legislature excused him from reporting requirements. RD 14.

12. There is no question that VSA did not establish its entitlement to the lower $2000 per day penalty applicable to companies that commit inadvertent errors notwithstanding the maintenance of "procedures reasonably adapted to avoid any inadvertent error" or that is "minimally late" due to inadvertence. 12 U.S.C. § 1847(d)(1)(A),(B). Neither element is present here: The nonexistence of proper procedures was implicitly conceded by Hufnagle's argument that VSA lacked the resources to maintain proper reporting procedures; the reporting delinquencies at issue here, extending into weeks and months, do not qualify as "minimally late".

13. The Y-9 for year-end 1989 was filed 26 days late, and the Y-6 and Y-9 for year-end 1990 were each not filed until after the initiation of this proceeding, each month after deadline. Furthermore, the inconsistencies in the Y-6 and Y-9 filed in 1990 have never been corrected and remain outstanding.

14. Indeed, since Hufnagle personally guaranteed VSA's loan, the creditor might be able to recover from Hufnagle any deficiency from the sale of VSA. Exhibit 12 at 1.

15. The ALJ noted that much of that negative net worth consisted of Hufnagle's debt to his father, which was never to be repaid but instead was to be deducted from Hufnagle's expected inheritance. RD 11. With that amount negated, and accepting Hufnagle's appraisal of his house as worth $380,000, Hufnagle submitted that his negative net worth was $77,000. RD 10–11.

16. Since financial resources are a mitigating factor under the statute, and since the evidence as to those resources is for the most

On this admittedly incomplete record,[17] the Board finds that the evidence tends to demonstrate that the Respondents' financial resources have declined so as to mitigate the original penalty amounts. While the ALJ was appropriately skeptical as to some of Hufnagle's claimed financial reverses, the ALJ reasonably credited other aspects of Hufnagle's straitened circumstances. The Board accordingly believes that the size of Respondents' financial resources warrants a lowering of the penalty amounts from those originally assessed.

Good Faith

The ALJ concluded, even though he found the violations unintentional and not a source of profit to respondents (*see* RD 13, 15), that ultimately the continuation of the violations displayed a lack of good faith. Recommended Conclusions of Law, RD Appendix E at 4–5. There is support for this conclusion in Hufnagle's pattern of resistance to compliance with the reporting requirements.

Gravity of the Violations/Record of Previous Violations

Reporting requirements are a fundamental component of the Board's responsibility for supervising bank holding companies. The filing of a late or inaccurate regulatory report impairs and delays the Federal Reserve's ability to assess accurately the condition of the bank holding company involved, and may affect the Board's ability to monitor the banking system generally.

The pattern of violations in this case includes relatively minor violations that grew into a more serious pattern of repeated and longer reporting delinquencies. The Respondents' violations also include more severe violations such as inaccurate reports and the failure to maintain a recordkeeping system on which accurate reports could be based. The gravity and repetitive nature of these violations weigh in favor of significant penalties.

Other Factors Required by Justice

The ALJ observed that an assessment of a penalty under the BHC Act serves the purposes of deterring repeat violations by the Respondents (specific deterrence) and acting as a warning to other similar bank holding companies and individuals (general deterrence). RD 15. Since the ALJ found that Hufnagle's negative experience with VSA made it unlikely that he would "soon" involve himself with another bank holding company, the ALJ found that even the lower recommended penalty amounts would suffice to deter him from similar violations in the future. RD 15.

The Board believes that the ALJ erred in finding that Hufnagle did not gain any pecuniary advantage from his past violations. RD 15. That finding overlooks Hufnagle's argument that it was financially infeasible for VSA to employ the personnel necessary to achieve compliance with the reporting requirements. Hufnagle Brief at 4. It is therefore clear that, by failing to devote the necessary resources to compliance, the Respondents saved expenses and therefore realized a pecuniary benefit. In part because the amount of that benefit cannot be determined on this record, the Board declines to revise the recommended penalty amounts.[18] The Board expects, however, that where the record shows that reporting violations have resulted from avoidance of the costs of filing timely reports, the amount of saved costs will be an important factor is assessing an appropriate penalty. *See, e.g., In re CBC, Inc.*, No. 90-033-CMP, 79 *Federal Reserve Bulletin* ___, slip op. at 5–6 (Nov. 18, 1992).

Upon consideration of all of the circumstances, especially including the Respondents' financial resources, and the ALJ's findings as to penalty amounts sufficient to achieve the goals of deterrence, the Board adopts the penalty amounts recommended by the ALJ.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(b) and (d) of the Bank Holding Company Act, as amended (12 U.S.C. § 1847(b),(d)), that the below-named respondents are hereby assessed, and shall forfeit and pay as hereinafter provided, civil money penalties in the amounts specified below:

1. VIC SATHER & ASSOCIATES is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Five Thousand Dollars ($5,000); and
2. PAUL C. HUFNAGLE is hereby assessed and shall forfeit and pay a civil money penalty in the amount of Fifteen Thousand Dollars ($15,000).

IT IS FURTHER ORDERED that payment of the assessed penalties set forth herein shall be made on or before the sixtieth day following the effective date of this Order, payable in full to the order of the Board of Governors of the Federal Reserve System, who shall make remittance of the same to the Treasury of the

part within the control of the respondent, the weakness of the record in this regard is properly chargeable to the Respondents. *See Stanley v. Board of Governors*, 940 F.2d 267, 274 (7th Cir. 1991) (Board does not bear full burden of proving financial resources).

17. The Board declines to remand the case for supplementation of the record in light of the difficulty of achieving precision on this issue, the absence of exceptions from the Respondents, and the absence of any suggestion of the utility of a remand by Enforcement Counsel.

18. As explained above, the Board does not find that a remand for supplementation of the record would be useful in this case.

United States as required by statute. Payment of the assessed penalty shall be transmitted to:

William W. Wiles, Secretary
Board of Governors of the Federal
Reserve System
20th and C Streets, N.W.
Washington, D.C. 20551

By order of the Board of Governors, effective this 14th day of December, 1992.

WILLIAM W. WILES
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

The Blackshear Bank
Blackshear, Georgia

The Federal Reserve Board announced on December 29, 1992, the joint issuance of a Cease and Desist Order against the Blackshear Bank, Blackshear, Georgia, with the Department of Banking and Finance of the State of Georgia.

The Farmers and Merchants Bank of Long Beach
Long Beach, California

The Federal Reserve Board announced on December 29, 1992, the issuance of an Order of Assessment of a Civil Money Penalty against the Farmers and Merchants Bank of Long Beach, Long Beach, California.

Greater Ohio River Company
Columbus, Ohio

The Federal Reserve Board announced on December 23, 1992, the issuance of an Order of Assessment of a Civil Money Penalty against Greater Ohio River Company, Columbus, Ohio.

Industrial Bancshares, Inc.
Kansas City, Kansas

The Federal Reserve Board announced on December 21, 1992, the issuance of a Cease and Desist Order against Industrial Bancshares, Inc., Kansas City, Kansas.

Mission Bancshares, Inc.
Mission, Kansas

The Federal Reserve Board announced on December 21, 1992, the issuance of a Cease and Desist Order against Mission Bancshares, Inc., Mission, Kansas.

One Security, Inc.
Kansas City, Kansas

The Federal Reserve Board announced on December 21, 1992, the issuance of a Cease and Desist Order against One Security, Inc., Kansas City, Kansas.

Sandquist Corporation
Deer Lodge, Montana

The Federal Reserve Board announced on December 8, 1992, the issuance of Orders of Assessment of a Civil Money Penalty against Sandquist Corporation, Deer Lodge, Montana, and Kirk Sandquist, an institution-affiliated party of Sandquist Corporation.

Valley View Bancshares, Inc.
Overland Park, Kansas

The Federal Reserve Board announced on December 21, 1992, the issuance of a Cease and Desist Order against Valley View Bancshares, Inc., Overland Park, Kansas.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

First Bank of Berne
Berne, Indiana

The Federal Reserve Board announced on December 8, 1992, the execution of a Written Agreement between the Federal Reserve Bank of Chicago and the First Bank of Berne, Berne, Indiana.

Pitcairn Bancorp, Inc.
Jenkintown, Pennsylvania

The Federal Reserve Board announced on December 17, 1992, the execution of a Written Agreement between the Federal Reserve Bank of Philadelphia and Pitcairn Bancorp, Inc., and Pitcairn Private Bank, Jenkintown, Pennsylvania.

United Bank Corporation of New York
Downsville, New York

The Federal Reserve Board announced on December 8, 1992, the execution of a Written Agreement between the Federal Reserve Bank of New York and United Bank Corporation of New York, Downsville, New York.

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics—Continued

Guide to Tabular Presentation

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
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
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
SMSA	Standard metropolitan statistical area
VA	Veterans Administration

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 and credit aggregate	1991	1992			1992				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.	Oct.	Nov.
Reserves of depository institutions[2]									
1 Total	15.2	23.4	14.9	9.3	6.2	20.2	24.4	42.0	20.8
2 Required	15.4	23.5	15.4	9.9	5.0	21.3	23.4	40.9	22.0
3 Nonborrowed	20.0	24.0	14.8	8.4	4.9	21.1	23.7	45.6	21.8
4 Monetary base[3]	8.2	9.2	7.1	10.5	9.5	16.6	16.7	14.3	8.7
Concepts of money, liquid assets, and debt[4]									
5 M1	11.1	16.5	9.8	10.3	11.1	15.7	19.1	22.6	14.1
6 M2	2.4	4.2	.4	.2[r]	−.9[r]	3.3	3.7[r]	5.2[r]	3.5
7 M3	1.0	2.2	−1.3[r]	−.1[r]	−1.1	3.9[r]	2.0[r]	.4[r]	1.8
8 L	.2	1.5	.5	1.2	−1.8[r]	4.5[r]	4.5[r]	1.9	n.a.
9 Debt	3.9	4.3[r]	5.4[r]	4.2[r]	3.9[r]	3.9[r]	3.3[r]	2.7	n.a.
Nontransaction components									
10 In M2[5]	−.6	−.1	−3.0	−3.6[r]	−5.4[r]	−1.4[r]	−2.3[r]	−1.7[r]	−.8
11 In M3 only[6]	−5.4	−7.4	−9.3	−1.6[r]	−2.2[r]	6.5[r]	−6.6[r]	−23.6[r]	−6.6
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	16.0	19.1	12.0	10.0	9.5	13.4	16.7	14.7[r]	10.3
13 Small time[7]	−8.4	−18.9	−13.3	−16.7[r]	−17.2[r]	−19.4[r]	−16.8[r]	−18.0[r]	−18.0
14 Large time[8,9]	−14.4	−18.2	−14.8	−16.0	−23.6	−10.2	−16.7	−25.4	−9.4
Thrift institutions									
15 Savings, including MMDAs	10.2	22.4	18.8	8.4	5.5	9.2	10.8	8.8	10.1
16 Small time[7]	−22.5	−24.3	−29.4	−17.7[r]	−17.2[r]	−17.2[r]	−15.9[r]	−26.6[r]	−20.2
17 Large time[8,9]	−36.5	−29.7	−36.7	−17.1	−5.2	−22.4	−3.5	−1.8[r]	−24.7
Money market mutual funds									
18 General purpose and broker-dealer	−4.0	−.3	−4.0[r]	−8.2[r]	−12.2[r]	−6.8[r]	−17.2[r]	10.1[r]	3.8
19 Institution-only	37.2	26.9	20.0	40.0	48.1	54.9	.0	−64.1[r]	−12.3
Debt components[4]									
20 Federal	11.5	10.0	14.4[r]	10.8[r]	10.0[r]	9.7[r]	5.0	−1.4	n.a.
21 Nonfederal	1.5	2.5[r]	2.5[r]	1.9[r]	1.7[r]	1.9[r]	2.7[r]	4.1	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. 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 Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float; and (4) other checkable deposits (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 repurchase agreements (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) MMDAs, and (4) savings and 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, 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						
	1992			1992						
	Sept.	Oct.	Nov.	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	325,915	321,292[r]	327,922	323,092	321,295	320,855	323,446	326,698	327,866	329,972
U.S. government securities[2]										
2 Bought outright—System account	280,746	282,073	288,434	282,037	282,160	281,906	285,693	285,068	286,364	291,828
3 Held under repurchase agreements	6,452	858	2,640	1,924	361	1,147	0	4,306	4,402	2,092
Federal agency obligations										
4 Bought outright	5,538	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534
5 Held under repurchase agreements	293	69	145	153	29	78	0	288	177	122
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	94	29	81	58	9	37	21	5	49	153
8 Seasonal credit	192	115	39	127	103	86	63	43	39	34
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	541	572	574	994	948	2	935	295	624	333
11 Other Federal Reserve assets	32,059	32,041	30,475	32,265	32,152	32,066	31,200	31,160	30,677	29,876
12 Gold stock	11,059	11,059	11,059	11,060	11,059	11,059	11,060	11,059	11,059	11,059
13 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
14 Treasury currency outstanding	21,324	21,380	21,441	21,370	21,384	21,398	21,412	21,426	21,440	21,454
ABSORBING RESERVE FUNDS										
15 Currency in circulation	318,628	320,241	324,550	321,085	321,007	319,968	320,860	323,149	324,972	325,634
16 Treasury cash holdings	530	518	504	525	516	509	505	501	500	495
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	11,390	4,946	5,617	4,555	4,675	5,191	5,622	5,250	5,184	5,787
18 Foreign	309	330	284	293	271	402	457	382	247	199
19 Service-related balances and adjustments	5,773	5,782	5,898	5,703	5,742	5,832	6,039	5,729	6,006	5,756
20 Other	290	286	293	276	269	265	304	294	301	284
21 Other Federal Reserve liabilities and capital	8,507	8,108	7,834	8,180	8,132	8,242	7,435	7,533	7,887	8,177
22 Reserve balances with Federal Reserve Banks[3]	22,890	23,540[r]	25,460	24,922	23,145	22,921	24,714	26,364	25,286	26,169
	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	336,583	320,055[r]	331,111	332,569	319,138	318,942	326,097	328,452	321,990	329,480
U.S. government securities[2]										
2 Bought outright—System account	279,712	282,877	292,696	281,313	281,314	282,004	288,095	285,564	286,719	292,340
3 Held under repurchase agreements	16,685	0	3,256	9,831	0	521	0	4,688	150	343
Federal agency obligations										
4 Bought outright	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534
5 Held under repurchase agreements	1,475	0	254	1,044	0	130	0	533	0	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	425	11	10	190	20	28	7	6	155	834
8 Seasonal credit	184	70	25	119	96	75	48	41	39	30
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	-227	500[r]	-24	1,485	335	-1,505	1,108	605	100	707
11 Other Federal Reserve assets	32,796	31,064[r]	29,360	33,054	31,838	32,155	31,307	31,482	29,293	29,692
12 Gold stock	11,058	11,060	11,059	11,059	11,059	11,059	11,059	11,060	11,059	11,059
13 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
14 Treasury currency outstanding	21,342	21,412	21,468	21,370	21,384	21,398	21,412	21,426	21,440	21,454
ABSORBING RESERVE FUNDS										
15 Currency in circulation	317,923	320,398	327,315	321,611	320,503	320,237	321,861	324,384	325,155	327,020
16 Treasury cash holdings	527	505	525	517	510	505	501	501	490	525
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	24,586	4,413	6,985	4,342	5,692	5,028	6,940	5,388	6,504	6,074
18 Foreign	546	415	229	279	393	585	542	264	162	185
19 Service-related balances and adjustments	5,963	6,039[r]	6,066	5,703	5,742	5,832	6,039	5,729	6,006	5,756
20 Other	296	317	296	300	254	298	280	304	288	278
21 Other Federal Reserve liabilities and capital	8,024	7,271	7,759	8,097	7,916	8,081	7,329	7,645	7,903	8,088
22 Reserve balances with Federal Reserve Banks[3]	21,138	23,186[r]	24,479	34,168	20,590	20,851	25,094	26,738	17,998	24,084

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 any 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									
	1989	1990	1991	1992						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 Reserve balances with Reserve Banks[2]	35,436	30,237	26,659	21,071	21,223	21,206	21,272	22,627	23,626	25,459
2 Total vault cash[3]	29,828	31,786	32,513	31,197	31,729	32,145	32,457	32,343	32,991	32,626
3 Applied vault cash[4]	27,374	28,884	28,872	27,754	28,273	28,617	28,890	28,894	29,510	29,205
4 Surplus vault cash[5]	2,454	2,903	3,641	3,442	3,456	3,528	3,567	3,448	3,481	3,422
5 Total reserves[6]	62,810	59,120	55,532	48,825	49,496	49,823	50,162	51,521	53,136	54,664
6 Required reserves	61,887	57,456	54,553	47,825	48,584	48,857	49,227	50,527	52,062	53,620
7 Excess reserve balances at Reserve Banks[7]	923	1,664	979	1,000	913	965	935	994	1,074	1,043
8 Total borrowings at Reserve Banks[8]	265	326	192	155	229	284	251	287	143	104
9 Seasonal borrowings	84	76	38	98	149	203	223	193	114	40
10 Extended credit[9]	20	23	1	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending									
	1992									
	Aug. 5	Aug. 19	Sept. 2	Sept. 16	Sept. 30	Oct. 14	Oct. 28	Nov. 11[r]	Nov. 25	Dec. 9
1 Reserve balances with Reserve Banks[2]	21,264	21,515	20,991	23,439	22,048	23,810	23,031	25,535	25,730	24,533
2 Total vault cash[3]	31,613	32,687	32,541	31,625	33,033	32,929	33,333[r]	31,688	33,446	32,397
3 Applied vault cash[4]	28,105	29,166	28,896	28,438	29,351	29,438	29,790	28,539	29,117	30,917
4 Surplus vault cash[5]	3,508	3,521	3,645	3,187	3,682	3,491	3,543[r]	3,150	4,329	1,480
5 Total reserves[6]	49,369	50,681	49,887	51,876	51,399	53,248	52,821	54,074	54,846	55,450
6 Required reserves	48,447	49,856	48,820	51,081	50,217	52,099	51,750	53,346	53,485	54,604
7 Excess reserve balances at Reserve Banks[7]	922	825	1,067	795	1,182	1,149	1,071	728	1,361	845
8 Total borrowings at Reserve Banks[8]	241	249	258	321	259	185	118	66	138	95
9 Seasonal borrowings	222	221	226	187	196	146	95	53	37	22
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. Under contemporaneous reserve requirements, maintenance periods end thirty days after the lagged computation periods during which the balances are held.
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 there is 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	1992, week ending Monday								
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	69,674	77,011	74,385	69,601r	64,186r	76,088	73,095	74,222	67,637
2 For all other maturities	15,512	14,365	14,605	13,869	13,912r	13,207	14,234	14,254	14,797
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	17,874	19,902	17,075	16,170r	18,852r	17,985	16,750	22,663	23,327
4 For all other maturities	19,493	20,735	21,184	20,791	21,305	19,541	18,368	17,428	18,688
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	15,305	14,459	14,299	12,182r	11,499r	11,433	11,333	14,483	13,088
6 For all other maturities	16,977	15,956	17,202	16,960	17,490	17,827	18,663	18,780	20,594
All other customers									
7 For one day or under continuing contract	25,113	25,117	23,355	23,515r	23,437r	25,848	24,517	23,481	23,164
8 For all other maturities	12,483	12,542	12,198	12,972r	13,256r	12,250	12,631	12,159	12,719
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	41,511	42,828	41,225	44,476r	40,128r	47,192	40,377	41,392	37,812
10 To all other specified customers[2]	17,663	19,705	20,430	22,495r	21,141r	26,564	22,468	19,175	20,103

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 12/31/92	Effective date	Previous rate	On 12/31/92	Effective date	Previous rate	On 12/31/92	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.20	12/24/92	3.40	3.70	12/24/92	3.90
New York		7/2/92			12/24/92			12/24/92	
Philadelphia		7/2/92			12/24/92			12/24/92	
Cleveland		7/6/92			12/24/92			12/24/92	
Richmond		7/2/92			12/24/92			12/24/92	
Atlanta		7/2/92			12/24/92			12/24/92	
Chicago		7/2/92			12/24/92			12/24/92	
St. Louis		7/7/92			12/24/92			12/24/92	
Minneapolis		7/2/92			12/24/92			12/24/92	
Kansas City		7/2/92			12/24/92			12/24/92	
Dallas		7/2/92			12/24/92			12/24/92	
San Francisco	3	7/2/92	3.5	3.20	12/24/92	3.40	3.70	12/24/92	3.90

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1981—May 5	13–14	14	1986—Aug. 21	5.5–6	5.5
			8	14	14	22	5.5	5.5
1978—Jan. 9	6–6.5	6.5	Nov. 2	13–14	13			
20	6.5	6.5	6	13	13	1987—Sept. 4	5.5–6	6
May 11	6.5–7	7	Dec. 4	12	12	11	6	6
12	7	7						
July 3	7–7.25	7.25	1982—July 20	11.5–12	11.5	1988—Aug. 9	6–6.5	6.5
10	7.25	7.25	23	11.5	11.5	11		
Aug. 21	7.75	7.75	Aug. 2	11–11.5	11			
Sept. 22	8	8	3	11	11	1989—Feb. 24	6.5–7	7
Oct. 16	8–8.5	8.5	16	10.5	10.5	27	7	7
20	8.5	8.5	27	10–10.5	10			
Nov. 1	8.5–9.5	9.5	30	10	10	1990—Dec. 19	6.5	6.5
3	9.5	9.5	Oct. 12	9.5–10	9.5			
			13	9.5	9.5	1991—Feb. 1	6.65	6
1979—July 20	10	10	Nov. 22	9–9.5	9	4	6	6
Aug. 17	10–10.5	10.5	26	9	9	Apr. 30	5.5–6	5.5
20	10.5	10.5	Dec. 14	8.5–9	9	May 2	5.5	5.5
Sept. 19	10.5–11	11	15	8.5–9	8.5	Sept. 13	5–5.5	5
21	11	11	17	8.5	8.5	Sept. 17	5	5
Oct. 8	11–12	12				Nov. 6	4.5–5	4.5
10	12	12	1984—Apr. 9	8.5–9	9	7	4.5	4.5
			13	9	9	Dec. 20	3.5–4.5	3.5
1980—Feb. 15	12–13	13	Nov. 21	8.5–9	8.5	24	3.5	3.5
19	13	13	26	8.5	8.5			
May 29	12–13	13	Dec. 24	8	8	1992—July 2	3–3.5	3
30	12	12				7	3	3
June 13	11–12	11	1985—May 20	7.5–8	7.5			
16	11	11	24	7.5	7.5			
29	10	10				In effect Dec. 31, 1992	3	3
July 28	10–11	10	1986—Mar. 7	7–7.5	7			
Sept. 26	11	11	10	7	7			
Nov. 17	12	12	Apr. 21	6.5–7	6.5			
Dec. 5	12–13	13	July 11	6	6			

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]	Requirements	
	Percent of deposits	Effective date
Net transaction accounts[3]		
1 $0 million–$46.8 million	3	12/15/92
2 More than $46.8 million[4]	10	12/15/92
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 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. 15, 1992, the exemption was raised from $3.6 million to $3.8 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. Include 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 in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts 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. 15, 1992, for institutions reporting quarterly, and Dec. 24, 1992, for institutions reporting weekly, the amount was increased from $42.2 million to $46.8 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 were the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1989	1990	1991	1992						
				Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,284	24,739	20,158	0	4,110	306	0	271	595	4,072
2 Gross sales	12,818	7,291	120	0	0	0	0	0	0	0
3 Exchanges	231,211	241,086	277,314	27,526	24,275	22,392	27,755	25,041	22,268	28,907
4 Redemptions	12,730	4,400	1,000	0	0	0	0	0	0	0
Others within one year										
5 Gross purchases	327	425	3,043	0	0	0	0	0	550	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	28,848	25,638	24,454	1,100	3,754	2,152	687	5,415	0	0
8 Exchanges	−25,783	−27,424	−28,090	−1,863	−5,225	−1,854	−1,669	−4,617	0	0
9 Redemptions	500	0	1,000	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	1,436	250	6,583	0	200	2,278	0	400	3,325	200
11 Gross sales	490	200	0	0	0	0	0	0	0	0
12 Maturity shifts	−25,534	−21,770	−21,211	−877	−2,113	−3,447	−216	−4,036	0	0
13 Exchanges	23,250	25,410	24,594	1,484	4,311	1,854	1,478	3,567	0	0
Five to ten years										
14 Gross purchases	287	0	1,280	0	0	597	0	0	725	0
15 Gross sales	29	100	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,231	−2,186	−2,037	−223	−346	0	−471	−412	0	0
17 Exchanges	1,934	789	2,894	379	614	0	191	700	0	0
More than ten years										
18 Gross purchases	284	0	375	0	0	655	0	195	731	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,086	−1,681	−1,209	0	0	0	0	0	0	0
21 Exchanges	600	1,226	600	0	300	0	0	350	0	0
All maturities										
22 Gross purchases	16,617	25,414	31,439	0	4,310	3,836	0	866	5,927	4,272
23 Gross sales	13,337	7,591	120	0	0	0	0	0	0	0
24 Redemptions	13,230	4,400	1,000	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	1,323,480	1,369,052	1,570,456	125,999	118,972	126,977	127,051	104,873	116,331	116,024
26 Gross purchases	1,326,542	1,363,434	1,571,534	128,149	117,524	129,216	126,137	102,575	115,579	114,917
Repurchase agreements[2]										
27 Gross purchases	129,518	219,632	310,084	18,432	38,777	10,792	12,224	39,484	68,697	18,698
28 Gross sales	132,688	202,551	311,752	20,237	38,533	11,036	12,224	31,868	59,628	35,383
29 Net change in U.S. government securities	−10,055	24,886	29,729	345	3,107	5,831	−914	6,184	14,244	−13,520
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	5	0	0	0	0	0	0	0
32 Redemptions	442	183	292	49	160	40	85	54	37	0
Repurchase agreements[2]										
33 Gross purchases	38,835	41,836	22,807	224	1,281	402	94	601	3,222	1,778
34 Gross sales	40,411	40,461	23,595	224	1,281	402	94	548	1,800	3,253
35 Net change in federal agency obligations	−2,018	1,192	−1,085	−49	−160	−40	−85	−1	1,385	−1,475
36 Total net change in System Open Market Account	**−12,073**	**26,078**	**28,644**	**295**	**2,946**	**5,791**	**−1,000**	**6,183**	**15,629**	**−14,995**

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

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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

Millions of dollars

Account	Wednesday					End of month		
	1992					1992		
	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,059	11,059	11,060	11,059	11,059	11,058	11,060	11,059
2 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
3 Coin	517	515	511	517	495	501	519	491
Loans								
4 To depository institutions	103	54	46	194	865	609	80	35
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	5,534	5,534	5,534	5,534	5,534	5,534	5,534	5,534
8 Held under repurchase agreements	130	0	533	0	0	1,475	0	254
9 **Total U.S. Treasury securities**	**282,525**	**288,095**	**290,252**	**286,869**	**292,683**	**296,397**	**282,877**	**295,952**
10 Bought outright[2]	282,004	288,095	285,564	286,719	292,340	279,712	282,877	292,696
11 Bills	135,843	141,935	139,154	139,709	139,423	133,752	136,716	139,780
12 Notes	112,576	112,576	112,826	113,026	117,879	112,376	112,576	117,879
13 Bonds	33,584	33,584	33,584	33,984	35,037	33,584	33,584	35,037
14 Held under repurchase agreements	521	0	4,688	150	343	16,685	0	3,256
15 **Total loans and securities**	**288,292**	**293,683**	**296,365**	**292,597**	**299,081**	**304,015**	**288,491**	**301,775**
16 Items in process of collection	4,791	6,852	7,485	5,741	6,198	5,125	5,136	1,912
17 Bank premises	1,025	1,024	1,026	1,028	1,029	1,019	1,024	1,029
Other assets								
18 Denominated in foreign currencies[3]	24,065	23,078	23,109	23,133	22,739	24,432	23,067	22,150
19 All other[4]	6,949	7,288	7,464	5,235	6,063	7,423	7,020	6,245
20 **Total assets**	**346,715**	**353,517**	**357,039**	**349,328**	**356,682**	**363,591**	**346,334**	**354,679**
LIABILITIES								
21 Federal Reserve notes	299,861	301,466	303,970	304,722	306,586	297,609	300,010	306,863
22 **Total deposits**	**34,084**	**38,839**	**38,591**	**31,267**	**36,746**	**53,094**	**34,484**	**37,840**
23 Depository institutions	28,161	31,077	32,634	24,312	30,208	27,665	29,339	30,348
24 U.S. Treasury—General account	5,028	6,940	5,388	6,504	6,074	24,586	4,413	6,985
25 Foreign—Official accounts	585	542	264	162	185	546	415	229
26 Other	298	280	304	288	278	296	317	296
27 Deferred credit items	4,689	5,883	6,832	5,436	5,263	4,865	4,568	2,216
28 Other liabilities and accrued dividends[5]	1,752	1,763	1,788	1,776	1,860	1,840	1,805	1,894
29 **Total liabilities**	**340,386**	**347,950**	**351,182**	**343,201**	**350,455**	**357,408**	**340,868**	**348,814**
CAPITAL ACCOUNTS								
30 Capital paid in	3,006	3,040	3,021	3,022	3,028	2,977	3,040	3,028
31 Surplus	2,652	2,500	2,586	2,626	2,629	2,652	2,419	2,546
32 Other capital accounts	671	26	250	478	571	555	8	291
33 **Total liabilities and capital accounts**	**346,715**	**353,517**	**357,039**	**349,328**	**356,682**	**363,591**	**346,334**	**354,679**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	284,546	292,965	297,628	292,312	285,278	283,556	293,014	285,765
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	357,787	357,439	357,775	358,494	359,211	357,496	357,540	359,274
36 LESS: Held by Federal Reserve Bank	57,926	55,974	53,805	53,772	52,626	59,887	57,530	52,410
37 Federal Reserve notes, net	299,861	301,466	303,970	304,722	306,586	297,609	300,010	306,863
Collateral held against notes, net:								
38 Gold certificate account	11,059	11,059	11,060	11,059	11,059	11,058	11,060	11,059
39 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	278,784	280,389	282,893	283,645	285,509	276,532	278,933	285,787
42 **Total collateral**	**299,861**	**301,466**	**303,970**	**304,722**	**306,586**	**297,609**	**300,010**	**306,863**

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[1]

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1992					1992		
	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Sept. 30	Oct. 30	Nov. 30
1 **Total loans**	**103**	**54**	**46**	**194**	**865**	**609**	**80**	**35**
2 Within fifteen days	87	17	19	194	864	506	35	23
3 Sixteen days to ninety days	16	38	28	1	1	103	46	12
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	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**	**282,525**	**288,095**	**290,252**	**286,869**	**292,683**	**296,397**	**282,877[r]**	**295,952**
10 Within fifteen days[2]	11,667	20,224	16,936	14,311	10,493	24,468	3,203[r]	8,620
11 Sixteen days to ninety days	67,250	61,392	66,809	69,135	69,694	67,062	73,197[r]	75,398
12 Ninety-one days to one year	90,336	93,864	93,643	91,877	95,504	91,423	93,205[r]	95,569
13 One year to five years	69,627	68,970	69,220	67,062	70,383	69,648	69,627[r]	69,757
14 Five years to ten years	17,014	17,014	17,014	17,627	18,803	17,165	17,014	18,803
15 More than ten years	26,631	26,631	26,631	26,858	27,805	26,631	26,631	27,805
16 **Total federal agency obligations**	**5,664**	**5,534**	**6,067**	**5,534**	**5,534**	**7,009**	**5,534**	**5,788**
17 Within fifteen days[2]	244	0	653	458	393	1,685	114	647
18 Sixteen days to ninety days	843	951	831	568	513	747	843	548
19 Ninety-one days to one year	1,198	1,204	1,204	1,129	1,129	1,221	1,198	1,109
20 One year to five years	2,503	2,503	2,503	2,503	2,622	2,465	2,503	2,608
21 Five years to ten years	722	722	722	722	723	737	722	722
22 More than ten years	154	154	154	154	154	154	154	154

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	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	40.47	40.56	41.83	45.60	49.00	49.49	49.23	49.49	50.32	51.35	53.14	54.07
2 Nonborrowed reserves[4]	38.75	40.29	41.51	45.41	48.91	49.34	49.01	49.21	50.07	51.06	53.00	53.96
3 Nonborrowed reserves plus extended credit[5]	40.00	40.31	41.53	45.41	48.91	49.34	49.01	49.21	50.07	51.06	53.00	53.96
4 Required reserves	39.42	39.64	40.17	44.62	47.86	48.49	48.32	48.52	49.39	50.35	52.07	53.02
5 Monetary base[6]	256.97	267.77	293.29	317.25	326.50	328.58	329.64	332.26	336.87	341.55	345.61[r]	348.11
	Not seasonally adjusted											
6 Total reserves[7]	41.65	41.77	43.07	46.98	50.02	48.62	49.25	49.52	49.81	51.11	52.66	54.13
7 Nonborrowed reserves	39.93	41.51	42.74	46.78	49.93	48.47	49.02	49.24	49.56	50.83	52.52	54.03
8 Nonborrowed reserves plus extended credit[5]	41.17	41.53	42.77	46.78	49.93	48.47	49.02	49.24	49.56	50.83	52.52	54.03
9 Required reserves[8]	40.60	40.85	41.40	46.00	48.88	47.62	48.33	48.56	48.88	50.12	51.59	53.09
10 Monetary base[9]	260.41	271.18	296.68	321.07	327.45	328.37	330.94	334.09	336.59	340.11	343.66[r]	347.93
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	63.75	62.81	59.12	55.53	50.46	48.83	49.50	49.82	50.16	51.52	53.14	54.66
12 Nonborrowed reserves	62.03	62.54	58.80	55.34	50.37	48.67	49.27	49.54	49.91	51.23	52.99	54.56
13 Nonborrowed reserves plus extended credit[5]	63.28	62.56	58.82	55.34	50.37	48.67	49.27	49.54	49.91	51.23	52.99	54.56
14 Required reserves	62.70	61.89	57.46	54.55	49.32	47.83	48.58	48.86	49.23	50.53	52.06	53.62
15 Monetary base[12]	283.00	292.55	313.70	333.61	332.69	333.79	336.43	339.87	342.49	346.21	349.81[r]	354.26
16 Excess reserves[13]	1.05	.92	1.66	.98	1.14	1.00	.91	.97	.94	.99	1.07	1.04
17 Borrowings from the Federal Reserve	1.72	.27	.33	.19	.09	.16	.23	.28	.25	.29	.14	.10

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 there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

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

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

8. To adjust required reserves for discontinuities 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 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	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1992 Aug.[r]	1992 Sept.	1992 Oct.[r]	1992 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	786.9	794.1	826.1	898.1	973.1	988.6	1,007.2	1,019.0
2 M2	3,071.1	3,227.3	3,339.0	3,439.8	3,471.2	3,481.9	3,497.0	3,507.1
3 M3	3,923.1	4,059.8	4,114.6	4,171.0	4,176.3	4,183.1[r]	4,184.4	4,190.7
4 L	4,677.1	4,890.6	4,965.2	4,988.1	5,024.8	5,043.8[r]	5,051.7	n.a.
5 Debt	9,326.3	10,076.7	10,751.3	11,201.3[r]	11,564.7	11,596.5[r]	11,622.4	n.a.
M1 components								
6 Currency[3]	212.3	222.6	246.8	267.3	282.3	286.4	288.4	289.9
7 Travelers checks[4]	7.5	7.4	8.3	8.2	7.9	8.3	8.6	8.6
8 Demand deposits[5]	286.5	279.0	277.1	289.5	320.6	327.8	336.2	339.2
9 Other checkable deposits[6]	280.6	285.1	293.9	333.2	362.2	366.1	374.0	381.2
Nontransaction components								
10 In M2[7]	2,284.2	2,433.2	2,512.9	2,541.7	2,498.1	2,493.3[r]	2,489.8	2,488.2
11 In M3[8]	852.0	832.5	775.6	731.2	705.1	701.2[r]	687.4	683.6
Commercial banks								
12 Savings deposits, including MMDAs	542.7	541.5	581.9	664.9	724.3	734.4	743.4	749.8
13 Small time deposits[9]	447.0	531.0	606.4	598.5	534.8	527.3[r]	519.4	511.6
14 Large time deposits[10, 11]	366.9	398.2	374.0	354.0	316.4	312.0	305.4	303.0
Thrift institutions								
15 Savings deposits, including MMDAs	383.5	349.7	338.8	377.7	421.3	425.1	428.2	431.8
16 Small time deposits[9]	585.9	617.5	562.3	464.5	393.1	387.9[r]	379.3	372.9
17 Large time deposits[10]	174.3	161.1	120.9	83.1	68.2	68.0	67.9	66.5
Money market mutual funds								
18 General purpose and broker–dealer	241.9	316.3	348.9	360.5	349.7	344.7[r]	347.6	348.7
19 Institution-only	91.0	107.2	133.7	179.1	217.2	217.2	205.6	203.5
Debt components								
20 Federal debt	2,101.5	2,249.5	2,493.4	2,764.8	2,992.4	3,004.8[r]	3,001.4	n.a.
21 Nonfederal debt	7,224.8	7,827.2	8,258.0	8,436.5[r]	8,572.3	8,591.7[r]	8,621.0	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	804.1	811.9	844.1	917.3	970.6	983.0	1,001.2	1,021.9
23 M2	3,083.8	3,240.0	3,351.9	3,453.6	3,470.2	3,473.3	3,492.3	3,510.5
24 M3	3,934.7	4,070.3	4,124.7	4,181.7	4,179.0	4,174.2[r]	4,174.9	4,192.8
25 L	4,694.2	4,909.9	4,984.9	5,008.3	5,018.4	5,033.5[r]	5,040.5	n.a.
26 Debt	9,312.5	10,063.6	10,739.9	11,191.4[r]	11,526.6	11,569.0[r]	11,600.5	n.a.
M1 components								
27 Currency[3]	214.8	225.3	249.5	270.0	282.9	284.7	287.0	290.1
28 Travelers checks[4]	6.9	6.9	7.8	7.7	8.8	8.9	8.7	8.3
29 Demand deposits[5]	298.9	291.5	289.9	303.0	319.2	325.4	336.0	343.4
30 Other checkable deposits[6]	283.5	288.1	296.9	336.5	359.7	364.0[r]	369.5	380.1
Nontransaction components								
31 In M2[7]	2,279.7	2,428.1	2,507.8	2,536.3	2,499.6	2,490.3	2,491.1	2,488.6
32 In M3[8]	850.8	830.3	772.8	728.0	708.8	700.9[r]	682.7	682.3
Commercial banks								
33 Savings deposits, including MMDAs	543.8	543.0	580.0	662.4	726.2	733.4	742.1	749.4
34 Small time deposits[9]	446.0	529.5	606.3	598.7	534.5	527.0[r]	520.4	512.1
35 Large time deposits[10, 11]	365.9	397.1	373.0	352.8	318.0	313.2	305.4	302.6
Thrift institutions								
36 Savings deposits, including MMDAs	381.1	347.6	337.7	376.3	422.4	424.6[r]	427.5	431.6
37 Small time deposits[9]	584.9	616.0	562.2	464.6	392.9	387.6[r]	380.1	373.2
38 Large time deposits[10]	175.2	162.0	120.6	82.8	68.6	68.3	67.9	66.4
Money market mutual funds								
39 General purpose and broker–dealer	240.8	314.6	346.8	358.1	348.0	343.5[r]	345.9	347.6
40 Institution-only	91.4	107.8	134.4	180.3	213.8	210.0	199.8	202.2
Repurchase agreements and eurodollars								
41 Overnight	83.2	77.5	74.7	76.2	75.8	74.2	75.0	74.6
42 Term	227.4	178.5	158.3	127.7	124.1	123.7[r]	125.3	127.9
Debt components								
43 Federal debt	2,098.9	2,247.5	2,491.3	2,765.0	2,970.3	2,993.9	2,998.1	n.a.
44 Nonfederal debt	7,213.5	7,816.2	8,248.6	8,426.4[r]	8,556.3	8,575.0[r]	8,602.4	n.a.

For notes see following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) 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 Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float; and (4), other checkable deposits (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 due to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS 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) MMDAs, and (4) savings and 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 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, and foreign banks and official institutions.

1.22 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	1989[2]	1990[2]	1991[2]	1992 Apr.	May	June	July	Aug.	Sept.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	256,150.4	277,916.3	281,050.1	315,651.2	292,177.4	302,259.2	336,868.4	298,612.4	340,723.8
2 Major New York City banks	129,319.9	131,784.0	140,905.5	167,177.5	154,225.3	149,743.3	179,593.4	154,231.2	184,557.7
3 Other banks	126,830.5	146,132.3	140,144.6	148,473.7	137,952.1	152,515.9	157,275.0	144,381.2	156,166.1
4 ATS-NOW accounts[4]	2,910.5	3,349.6	3,624.6	3,957.0	3,552.6	4,070.7	4,024.0	3,594.2	3,940.5
5 Savings deposits[5]	547.5	558.8	1,377.4	3,356.5	3,241.4	3,838.9	3,724.9	2,995.9	3,274.9
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	735.1	800.6	817.6	857.4	771.2	814.2	910.5	779.4	880.7
7 Major New York City banks	3,421.5	3,804.1	4,391.9	5,029.1	4,438.0	4,470.1	5,425.1	4,445.7	5,350.4
8 Other banks	408.3	467.7	449.6	443.3	400.9	451.6	466.9	414.4	443.2
9 ATS-NOW accounts[4]	15.2	16.5	16.1	15.6	13.7	15.6	15.3	13.5	14.7
10 Savings deposits[5]	3.0	2.9	3.3	4.7	4.4	5.1	5.0	4.1	4.6
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	256,133.2	277,400.0	280,922.8	314,388.6	290,950.2	311,175.8	336,160.9	310,646.4	329,854.7
12 Major New York City banks	129,400.1	131,784.7	140,563.0	164,994.4	153,163.7	154,953.8	178,555.6	162,973.4	178,998.2
13 Other banks	126,733.0	145,615.3	140,359.7	149,394.3	137,786.5	156,222.0	157,605.3	147,673.1	150,856.4
14 ATS-NOW accounts[4]	2,910.7	3,342.2	3,622.4	4,104.5	3,515.5	4,032.5	3,925.6	3,669.6	3,938.9
15 MMDAs[6]	2,677.1	2,923.8	n.a	n.a	n.a	n.a	n.a	n.a	n.a
16 Savings deposits[5]	546.9	557.9	1,408.3	3,459.2	3,031.2	3,472.9	3,461.5	3,110.6	3,317.2
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	735.4	799.6	817.5	849.3	785.8	842.5	903.0	824.6	852.6
18 Major New York City banks	3,426.2	3,810.0	4,370.1	5,042.4	4,551.3	4,668.3	5,312.2	4,867.0	5,205.2
19 Other banks	408.0	466.3	450.6	442.7	409.3	464.7	465.4	430.2	428.0
20 ATS-NOW accounts[4]	15.2	16.4	16.1	15.7	13.7	15.6	15.2	14.0	14.9
21 MMDAs[6]	7.9	8.0	n.a	n.a	n.a	n.a	n.a	n.a	n.a
22 Savings deposits[5]	2.9	2.9	3.4	4.9	4.3	4.9	4.8	4.3	4.6

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Data in this table also appear on 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. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).

5. Excludes ATS and NOW accounts.

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1991	1992										
	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
	Seasonally adjusted											
1 **Total loans and securities[1]**	**2,838.7[r]**	**2,852.0**	**2,854.8**	**2,863.1**	**2,877.5**	**2,877.6**	**2,883.7**	**2,884.4**	**2,897.2**	**2,913.3**	**2,924.9**	**2,936.6**
2 U.S. government securities	562.6	566.2	571.2	579.5	592.3	601.7	611.7	619.5	634.1	639.1	646.2	653.6
3 Other securities	179.4[r]	179.7	180.5	178.1	178.5	177.1	175.5	177.8	178.1	178.0	178.9	177.9
4 Total loans and leases[1]	2,096.6[r]	2,106.1	2,103.1	2,105.5	2,106.7	2,098.8	2,096.5	2,087.1	2,085.1	2,096.2	2,099.8	2,105.0
5 Commercial and industrial	618.0[r]	617.3	613.2	610.9	609.2	607.3	604.7	603.1	600.7	602.9	603.3	606.0
6 Bankers acceptances held[2]	7.3	7.2	7.2	6.9	6.5	6.6	6.1	6.7	6.5	6.3	7.3	7.7
7 Other commercial and industrial	610.7[r]	610.1	606.0	603.9	602.7	600.7	598.6	596.4	594.2	596.6	596.0	598.3
8 U.S. addressees[3]	603.3[r]	603.7	599.5	597.3	595.8	593.5	591.7	588.8	586.8	588.9	588.0	590.3
9 Non-U.S. addressees[3]	7.4	6.5	6.5	6.7	6.9	7.1	7.0	7.6	7.4	7.6	8.1	8.0
10 Real estate	873.1	873.5	877.5	879.4	881.4	882.6	881.2	878.9	878.4	882.6	887.1	889.5
11 Individual	363.5	363.1	363.6	362.2	360.7	358.9	359.0	358.6	357.2	356.5	355.2	354.6
12 Security	54.5	59.4	57.1	60.4	64.9	61.6	63.9	60.7	62.5	66.2	65.7	64.4
13 Nonbank financial institutions	40.6	40.8	42.6	43.7	42.7	43.0	42.0	40.7	41.8	44.3	44.3	45.1
14 Agricultural	34.0	33.7	33.5	34.3	34.4	34.3	34.8	34.8	35.3	35.3	35.0	34.7
15 State and political subdivisions	29.1	28.0	28.1	28.0	27.7	27.2	26.8	26.4	26.0	26.0	25.5	25.2
16 Foreign banks	7.4	7.2	6.7	6.5	6.5	6.9	7.5	7.8	7.1	7.9	7.2	6.8
17 Foreign official institutions	2.4	2.3	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.5
18 Lease-financing receivables	31.7	31.5	31.6	31.5	31.6	31.7	32.0	31.0	30.7	30.8	30.6	30.5
19 All other loans	42.4	49.2	47.1	46.5	45.6	43.3	42.4	43.1	43.3	41.6	43.8	45.8
	Not seasonally adjusted											
20 **Total loans and securities[1]**	**2,845.1[r]**	**2,848.8**	**2,857.4**	**2,864.0**	**2,876.6**	**2,873.1**	**2,884.6**	**2,876.7**	**2,893.7**	**2,912.5**	**2,927.4**	**2,942.2**
21 U.S. government securities	558.6[r]	565.7	575.1	584.9	594.5	601.8	610.7	616.7	631.8	636.9	644.8	654.8
22 Other securities	179.7[r]	180.3	180.5	178.2	178.1	176.8	175.5	176.8	178.2	177.9	179.1	178.1
23 Total loans and leases[1]	2,106.8[r]	2,102.8	2,101.8	2,100.8	2,104.0	2,094.6	2,098.4	2,083.2	2,083.7	2,097.7	2,103.4	2,109.3
24 Commercial and industrial	619.3[r]	614.2	612.4	613.5	612.1	609.6	606.7	602.9	599.0	600.1	601.8	604.7
25 Bankers acceptances held[2]	7.6	7.2	7.4	6.9	6.3	6.6	6.2	6.3	6.3	6.3	7.3	7.9
26 Other commercial and industrial	611.7[r]	606.9	605.0	606.7	605.8	603.0	600.5	596.6	592.7	593.9	594.5	596.8
27 U.S. addressees[3]	604.7[r]	600.0	598.1	599.8	598.6	595.9	593.2	589.0	585.3	586.4	587.0	589.4
28 Non-U.S. addressees[3]	7.0	6.9	6.9	6.9	7.2	7.1	7.4	7.6	7.3	7.5	7.5	7.4
29 Real estate	873.4	872.9	874.5	875.9	880.2	883.2	881.6	880.1	880.4	883.5	888.5	890.9
30 Individual	368.1	367.4	363.6	359.7	358.1	357.3	356.9	355.9	356.2	357.9	356.1	356.1
31 Security	55.1	59.0	61.7	62.2	66.4	58.2	63.8	58.7	60.7	64.1	65.9	65.0
32 Nonbank financial institutions	41.9	41.3	42.3	43.1	42.3	42.3	42.3	41.0	42.0	43.6	43.8	45.3
33 Agricultural	34.0	33.2	32.7	33.0	33.4	33.9	35.0	35.6	36.2	36.3	35.8	35.0
34 State and political subdivisions	29.0	28.4	28.2	28.0	27.6	27.3	26.8	26.2	25.9	25.9	25.5	25.2
35 Foreign banks	7.9	7.0	6.6	6.4	6.4	6.8	7.2	7.7	6.9	8.0	7.4	7.2
36 Foreign official institutions	2.4	2.3	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.5
37 Lease-financing receivables	31.7	31.8	31.7	31.7	31.6	31.7	31.7	30.8	30.6	30.7	30.7	30.6
38 All other loans	44.1	45.4	46.0	45.2	44.0	42.3	44.2	42.4	43.6	45.3	45.6	46.7

1. Adjusted to exclude loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. United States includes the fifty states and the District of Columbia.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1991 Dec.	1992 Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.	Sept.[r]	Oct.[r]	Nov.
	Seasonally adjusted											
1 Total nondeposit funds[2]	281.4[r]	283.1[r]	286.8[r]	287.0[r]	290.0[r]	289.6[r]	292.0	292.4	297.8[r]	304.7	304.2	308.2
2 Net balances due to related foreign offices[3]	39.2	43.4	42.0	45.1	49.3	54.2	60.2	61.8	59.0[r]	61.9	65.4	68.7
3 Borrowings from other than commercial banks in United States[4]	242.3[r]	239.6[r]	244.8[r]	241.9[r]	240.7[r]	235.4[r]	231.9	230.6	238.9	242.8	238.7	239.5
4 Domestically chartered banks	154.7[r]	156.5[r]	159.8[r]	155.8[r]	152.8[r]	147.6[r]	144.3	142.8	149.1	150.8	151.9	150.7
5 Foreign-related banks	87.5	83.1	84.9	86.1	87.9	87.8	87.5	87.7	89.8	91.9	86.8	88.7
	Not seasonally adjusted											
6 Total nondeposit funds[2]	279.7[r]	279.0[r]	287.4[r]	290.9[r]	287.2[r]	295.4[r]	293.5	288.9	294.9[r]	302.0	305.5	312.9
7 Net balances due to related foreign offices[3]	42.7	44.1	42.2	45.5	47.8	56.7	59.8	58.3	57.4[r]	61.2	64.7	69.8
8 Domestically chartered banks	−3.8	−4.6	−.7	−.7	−5.0	−4.3	−6.4	−7.0	−9.3	−11.0	−12.8	−11.7
9 Foreign-related banks	46.5	48.7	42.9	46.3	52.9	60.9	66.2	65.3	66.6[r]	72.3	77.5	81.4
10 Borrowings from other than commercial banks in United States[4]	236.9[r]	234.9[r]	245.2[r]	245.4[r]	239.4[r]	238.8[r]	233.7	230.6	237.5[r]	240.8	240.8	243.1
11 Domestically chartered banks	153.4[r]	152.2[r]	160.3[r]	158.9[r]	150.8[r]	150.2[r]	144.5	141.4	147.4	149.8	152.9	155.2
12 Federal funds and security RP borrowings[5]	150.3[r]	148.8[r]	156.8[r]	155.7[r]	147.4[r]	146.4[r]	140.4	137.2	143.5	146.0	149.4	151.1
13 Other[6]	3.1	3.4	3.5	3.3	3.4	3.9	4.1	4.2	3.9	3.8	3.6	4.1
14 Foreign-related banks[6]	83.5	82.7	84.9	86.5	88.5	88.5	89.2	89.2	90.2	91.0	87.9	87.9
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	423.9	416.0	413.7	406.9	399.9	396.7	392.4	386.1	384.6	381.2	373.3	370.0
16 Not seasonally adjusted	422.6	413.6	412.6	407.4	398.8	398.0	393.7	385.9	386.2	382.4	373.4	369.7
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	26.4	27.8	19.5	21.8	19.9	17.0	25.8	21.9	32.6	25.4	22.4	19.2
18 Not seasonally adjusted	25.4	33.1	25.2	20.1	17.7	21.0	25.2	19.7	22.4	28.7	21.9	16.3

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.
2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.
3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own International Banking Facilities (IBFs).
4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.
5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.
6. Figures are partly averages of daily data and partly averages of Wednesday data.
7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.
8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures

Millions of dollars

Account	1992								
	Sept. 30r	Oct. 7r	Oct. 14r	Oct. 21r	Oct. 28r	Nov. 4	Nov. 11	Nov. 18	Nov. 25
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,082,431	3,085,254	3,095,321	3,079,500	3,083,140	3,103,254	3,111,423	3,105,865	3,114,204
2 Investment securities	779,171	781,427	785,062	784,038	781,244	787,271	790,010	787,732	788,803
3 U.S. government securities	616,169	617,554	621,621	620,875	618,179	624,152	627,609	625,523	626,442
4 Other	163,001	163,873	163,442	163,163	163,065	163,118	162,401	162,209	162,361
5 Trading account assets	36,801	40,669	40,051	40,023	41,140	42,073	41,533	45,636	42,819
6 U.S. government securities	22,704	25,291	24,217	24,689	24,924	25,489	25,550	28,974	27,775
7 Other securities	2,823	3,205	3,394	3,292	3,592	3,375	3,299	3,097	2,727
8 Other trading account assets	11,274	12,174	12,441	12,043	12,624	13,209	12,683	13,566	12,317
9 Total loans	2,266,460	2,263,158	2,270,208	2,255,439	2,260,756	2,273,910	2,279,880	2,272,497	2,282,582
10 Interbank loans	162,545	161,551	167,425	151,975	157,129	165,527	172,922	166,106	171,587
11 Loans excluding interbank	2,103,915	2,101,607	2,102,783	2,103,464	2,103,627	2,108,383	2,106,959	2,106,391	2,110,995
12 Commercial and industrial	602,370	602,275	602,023	601,066	601,072	603,766	603,223	604,184	606,197
13 Real estate	883,465	888,104	888,400	887,285	889,267	891,468	893,176	890,308	889,600
14 Revolving home equity	73,082	73,791	73,811	73,817	73,770	73,677	73,778	73,777	73,725
15 Other	810,383	814,313	814,589	813,469	815,496	817,792	819,398	816,531	815,875
16 Individual	357,296	355,288	355,432	356,727	356,737	356,376	355,066	355,879	356,134
17 All other	260,784	255,940	256,928	258,385	256,551	256,773	255,495	256,020	259,065
18 Total cash assets	210,743	198,246	241,223	199,319	203,675	211,216	223,869	207,948	221,399
19 Balances with Federal Reserve Banks	23,568	24,353	36,036	23,330	24,519	27,764	28,813	20,818	26,321
20 Cash in vault	31,069	29,551	31,915	31,326	31,658	28,919	30,963	32,578	31,198
21 Demand balances at U.S. depository institutions	27,387	28,111	33,801	29,036	29,978	30,220	32,517	29,314	32,291
22 Cash items	84,280	71,798	95,372	71,849	73,334	80,059	87,193	79,980	86,893
23 Other cash assets	44,440	44,433	44,099	43,779	44,186	44,232	44,361	45,257	44,723
24 Other assets	285,895	289,218	291,071	286,597	287,048	300,123	297,892	291,631	286,843
25 **Total assets**	**3,579,069**	**3,572,718**	**3,627,615**	**3,565,416**	**3,573,863**	**3,614,593**	**3,633,184**	**3,605,444**	**3,622,446**
Liabilities									
26 Total deposits	2,488,529	2,497,439	2,529,188	2,474,466	2,478,780	2,517,869	2,523,261	2,495,559	2,515,270
27 Transaction accounts	728,450	719,539	752,067	708,411	718,235	747,585	752,638	734,583	754,848
28 Demand, U.S. government	3,933	2,560	3,003	2,400	2,502	3,394	2,445	2,821	4,288
29 Demand, depository institutions	39,739	37,827	44,696	38,174	39,037	40,103	42,239	38,682	43,536
30 Other demand and all checkable deposits	684,778	679,153	704,368	667,838	676,696	704,088	707,954	693,079	707,025
31 Savings deposits (excluding checkable)	729,024	740,630	743,210	738,886	738,839	747,952	751,315	744,349	743,563
32 Small time deposits	650,217	651,618	649,609	647,297	645,007	643,982	642,109	640,038	638,816
33 Time deposits over $100,000	380,838	385,652	384,302	379,872	376,699	378,349	377,199	376,590	378,044
34 Borrowings	498,834	484,893	508,243	496,316	491,593	499,145	513,754	500,918	491,657
35 Treasury tax and loan notes	34,143	19,423	14,469	15,880	16,221	8,097	18,701	6,924	6,964
36 Other	464,691	465,470	493,774	480,436	475,372	491,048	495,053	493,994	484,693
37 Other liabilities	329,238	326,467	325,993	331,072	339,965	332,668	331,197	344,768	350,016
38 **Total liabilities**	**3,316,600**	**3,308,799**	**3,363,423**	**3,301,855**	**3,310,337**	**3,349,682**	**3,368,211**	**3,341,245**	**3,356,943**
39 Residual (assets less liabilities)[3]	262,469	263,919	264,192	263,561	263,526	264,911	264,973	264,199	265,503

Footnotes appear on the following page.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures—Continued

Millions of dollars

Account	1992								
	Sept. 30[r]	Oct. 7[r]	Oct. 14[r]	Oct. 21[r]	Oct. 28[r]	Nov. 4	Nov. 11	Nov. 18	Nov. 25
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,731,481	2,743,145	2,746,792	2,728,854	2,733,532	2,754,932	2,756,749	2,750,033	2,754,546
41 Investment securities	718,699	720,952	723,802	722,834	721,480	726,237	727,887	726,243	726,755
42 U.S. government securities	577,310	579,060	582,118	581,117	580,034	584,583	586,516	584,664	585,404
43 Other	141,388	141,891	141,684	141,718	141,446	141,654	141,371	141,579	141,351
44 Trading account assets	36,801	40,669	40,051	40,023	41,140	42,073	41,533	45,636	42,819
45 U.S. government securities	22,704	25,291	24,217	24,689	24,924	25,489	25,550	28,974	27,775
46 Other securities	2,823	3,205	3,394	3,292	3,592	3,375	3,299	3,097	2,727
47 Other trading account assets	11,274	12,174	12,441	12,043	12,624	13,209	12,683	13,566	12,317
48 Total loans	1,975,981	1,981,524	1,982,939	1,965,997	1,970,912	1,986,623	1,987,329	1,978,154	1,984,972
49 Interbank loans	137,808	140,924	141,840	129,415	133,381	144,322	146,729	139,071	143,686
50 Loans excluding interbank	1,838,174	1,840,600	1,841,099	1,836,582	1,837,532	1,842,301	1,840,601	1,839,083	1,841,286
51 Commercial and industrial	441,132	440,666	440,356	439,367	439,259	441,480	440,761	440,321	441,699
52 Real estate	831,015	835,657	835,849	834,727	836,866	838,852	840,540	837,678	836,941
53 Revolving home equity	73,082	73,791	73,811	73,817	73,770	73,677	73,778	73,777	73,725
54 Other	757,933	761,866	762,038	760,910	763,096	765,176	766,762	763,901	763,216
55 Individual	357,296	355,288	355,432	356,727	356,737	356,376	355,066	355,879	356,134
56 All other	208,730	208,990	209,462	205,760	204,669	205,593	204,234	205,205	206,512
57 Total cash assets	180,119	168,781	211,380	170,971	175,091	183,804	196,393	179,712	193,261
58 Balances with Federal Reserve Banks	22,501	23,946	35,060	22,900	23,783	27,364	28,021	20,345	25,643
59 Cash in vault	31,037	29,516	31,879	31,291	31,622	28,885	30,926	32,542	31,162
60 Demand balances at U.S. depository institutions	25,820	26,691	32,168	27,546	28,511	28,755	30,991	27,956	30,935
61 Cash items	81,901	69,402	92,883	69,487	70,801	77,884	84,884	77,686	84,582
62 Other cash assets	18,861	19,225	19,391	19,746	20,373	20,894	21,548	21,182	20,966
63 Other assets	176,162	171,221	175,588	168,941	171,364	177,747	177,004	169,115	168,802
64 Total assets	**3,087,762**	**3,083,146**	**3,133,760**	**3,068,765**	**3,079,988**	**3,116,483**	**3,130,146**	**3,098,860**	**3,116,610**
Liabilities									
65 Total deposits	2,330,548	2,339,989	2,371,981	2,318,252	2,319,916	2,358,732	2,363,986	2,336,475	2,353,837
66 Transaction accounts	717,040	708,472	740,945	697,728	707,324	736,827	742,098	724,219	744,300
67 Demand, U.S. government	3,932	2,559	3,002	2,399	2,502	3,393	2,443	2,821	4,287
68 Demand, depository institutions	36,974	35,278	42,161	35,723	36,568	37,407	39,837	36,323	41,115
69 Other demand and all checkable deposits	676,135	670,635	695,782	659,606	668,254	696,027	699,817	685,075	698,898
70 Savings deposits (excluding checkable)	724,163	735,868	738,355	733,960	734,117	743,133	746,441	739,619	738,783
71 Small time deposits	647,564	648,968	646,956	644,656	642,382	641,368	639,499	637,451	636,225
72 Time deposits over $100,000	241,781	246,681	245,725	241,908	236,093	237,405	235,949	235,186	234,528
73 Borrowings	363,159	352,190	370,917	360,725	364,954	363,333	373,398	366,520	364,650
74 Treasury tax and loan notes	34,143	19,423	14,469	15,880	16,221	8,097	18,701	6,924	6,964
75 Other	329,016	332,767	356,448	344,845	348,733	355,236	354,697	359,596	357,686
76 Other liabilities	135,159	130,621	130,244	129,800	135,166	133,080	131,362	135,239	136,193
77 Total liabilities	**2,828,866**	**2,822,801**	**2,873,142**	**2,808,777**	**2,820,035**	**2,855,145**	**2,868,747**	**2,838,234**	**2,854,680**
78 Residual (assets less liabilities)[3]	258,895	260,346	260,619	259,988	259,953	261,338	261,399	260,626	261,929

1. Excludes assets and liabilities of International Banking Facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1992								
	Sept. 30	Oct. 7[r]	Oct. 14[r]	Oct. 21[r]	Oct. 28[r]	Nov. 4	Nov. 11	Nov. 18	Nov. 25
ASSETS									
1 Cash and balances due from depository institutions	105,578[r]	97,992	130,352	99,768	103,566	108,701	115,382	105,484	114,899
2 U.S. Treasury and government securities	268,067[r]	267,039	266,938	267,738	267,627	271,276	272,236	274,025	273,052
3 Trading account	20,484	20,632	20,951	22,406	22,236	22,714	23,108	26,016	25,096
4 Investment account	247,582[r]	246,408	245,987	245,332	245,390	248,562	249,128	248,008	247,955
5 Mortgage-backed securities[1]	79,193	78,910	78,787	79,957	80,587	81,130	81,048	79,697	82,286
All others, by maturity									
6 One year or less	26,686	26,823	26,818	26,661	27,730	27,639	28,115	28,954	29,349
7 One year through five years	77,306[r]	77,130	79,491	78,587	77,608	76,981	77,436	78,006	76,134
8 More than five years	64,398[r]	63,546	60,891	60,127	59,466	62,811	62,528	61,351	60,186
9 Other securities	55,009	55,589	55,583	55,452	55,255	55,607	55,465	55,281	54,861
10 Trading account	2,717	3,097	3,287	3,185	3,485	3,270	3,196	2,993	2,624
11 Investment account	52,292	52,492	52,296	52,267	51,770	52,337	52,270	52,288	52,237
12 State and political subdivisions, by maturity	20,986	20,860	20,759	20,763	20,754	20,634	20,621	20,613	20,586
13 One year or less	3,411	3,377	3,255	3,253	3,252	3,220	3,217	3,213	3,223
14 More than one year	17,576	17,483	17,504	17,510	17,503	17,414	17,405	17,399	17,364
15 Other bonds, corporate stocks, and securities	31,306	31,632	31,537	31,504	31,016	31,703	31,649	31,675	31,651
16 Other trading account assets	11,039	11,936	12,204	11,808	12,389	12,974	12,449	13,334	12,086
17 Federal funds sold[2]	83,827	87,255	89,053	78,155	80,197	82,011	84,964	79,924	82,073
18 To commercial banks in the United States	56,245	54,951	59,267	48,863	51,969	54,221	56,981	49,537	53,874
19 To nonbank brokers and dealers	24,064	26,651	24,323	24,679	23,394	22,699	22,805	25,468	23,919
20 To others[3]	3,518	5,653	5,462	4,613	4,833	5,091	5,179	4,919	4,281
21 Other loans and leases, gross	976,851[r]	974,798	978,595	973,352	976,168	980,088	979,441	977,720	982,278
22 Commercial and industrial	277,980[r]	278,089	278,397	277,390	277,627	279,677	278,933	279,156	280,827
23 Bankers acceptances and commercial paper	1,591[r]	1,586	1,778	1,885	1,895	2,146	2,328	2,349	2,649
24 All other	276,390[r]	276,503	276,619	275,505	275,732	277,530	276,605	276,807	278,178
25 U.S. addressees	274,521[r]	274,787	274,646	273,575	274,004	275,760	274,931	275,157	276,427
26 Non-U.S. addressees	1,869	1,716	1,973	1,930	1,728	1,771	1,673	1,650	1,751
27 Real estate loans	396,795[r]	400,006	399,303	397,838	399,505	400,995	402,766	400,746	399,698
28 Revolving, home equity	42,529[r]	43,056	43,081	43,015	43,020	42,975	43,144	43,118	43,061
29 All other	354,265[r]	356,950	356,222	354,822	356,486	358,020	359,622	357,628	356,636
30 To individuals for personal expenditures	176,826[r]	176,088	176,160	176,978	176,937	176,742	175,966	176,346	176,774
31 To financial institutions	38,281[r]	37,302	38,116	37,256	37,704	39,385	39,154	39,384	39,929
32 Commercial banks in the United States	13,600[r]	13,642	13,960	13,232	13,776	14,542	14,828	15,453	15,236
33 Banks in foreign countries	2,996[r]	2,031	2,272	2,721	2,384	1,976	1,927	1,758	2,459
34 Nonbank financial institutions	21,685	21,629	21,884	21,302	21,544	22,866	22,399	22,173	22,234
35 For purchasing and carrying securities	15,937	14,602	17,369	15,677	16,228	14,492	14,818	14,056	16,323
36 To finance agricultural production	6,262	6,194	6,196	6,152	6,121	6,116	6,015	5,957	5,901
37 To states and political subdivisions	15,616[r]	15,420	15,293	15,227	15,159	15,080	15,070	15,000	15,000
38 To foreign governments and official institutions	907	923	861	853	836	1,426	1,337	1,397	1,326
39 All other loans[4]	23,950[r]	21,844	22,622	21,709	21,845	21,820	21,166	21,511	22,354
40 Lease-financing receivables	24,298[r]	24,332	24,280	24,273	24,205	24,355	24,217	24,168	24,148
41 LESS: Unearned income	2,668	2,693	2,685	2,686	2,685	2,647	2,638	2,363	2,329
42 Loan and lease reserve[5]	36,985[r]	36,940	36,951	36,997	37,033	37,399	37,449	37,507	37,401
43 Other loans and leases, net	937,199[r]	935,165	938,959	933,669	936,449	940,042	939,354	937,851	942,548
44 Other assets	162,321[r]	157,466	160,098	155,735	157,676	163,695	163,139	157,612	157,347
45 Total assets	**1,623,040[r]**	**1,612,442**	**1,653,186**	**1,602,325**	**1,613,159**	**1,634,305**	**1,642,990**	**1,623,511**	**1,636,867**

Footnotes appear on the following page.

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

Millions of dollars, Wednesday figures

Account	1992								
	Sept. 30	Oct. 7r	Oct. 14r	Oct. 21r	Oct. 28r	Nov. 4	Nov. 11	Nov. 18	Nov. 25
LIABILITIES									
46 Deposits	1,111,323r	1,116,133	1,139,363	1,100,247	1,102,562	1,123,989	1,126,347	1,109,473	1,123,883
47 Demand deposits	265,697r	254,295	279,313	249,898	255,454	264,307	268,261	260,881	275,826
48 Individuals, partnerships, and corporations	215,279r	208,837	226,091	203,142	206,645	214,955	219,426	212,106	221,763
49 Other holders	50,418	45,458	53,223	46,757	48,809	49,352	48,835	48,775	54,063
50 States and political subdivisions	8,484	7,786	8,215	8,320	8,245	9,032	8,406	8,481	9,867
51 U.S. government	2,359	1,564	1,801	1,439	1,471	2,070	1,471	1,703	2,677
52 Depository institutions in the United States	21,854	21,388	26,725	22,028	22,579	22,800	24,533	22,130	25,783
53 Banks in foreign countries	6,524	5,210	5,423	4,825	5,488	5,144	5,127	5,000	5,714
54 Foreign governments and official institutions	934	652	576	671	699	882	718	698	682
55 Certified and officers' checks	10,263	8,857	10,483	9,473	10,328	9,424	8,580	10,763	9,339
56 Transaction balances other than demand deposits[4]	106,683	108,737	107,208	106,781	110,515	116,118	114,698	113,443	113,745
57 Nontransaction balances	738,943r	753,101	752,841	743,567	736,594	743,564	743,389	735,149	734,312
58 Individuals, partnerships, and corporations	713,306r	726,715	726,144	716,930	710,087	716,627	716,508	708,176	707,490
59 Other holders	25,637r	26,386	26,698	26,637	26,507	26,936	26,880	26,973	26,822
60 States and political subdivisions	21,721r	22,139	22,373	22,282	22,189	22,236	22,136	22,279	22,065
61 U.S. government	1,787	2,135	2,137	2,139	2,133	2,355	2,363	2,385	2,354
62 Depository institutions in the United States	1,826	1,809	1,883	1,903	1,868	2,036	2,069	1,993	2,088
63 Foreign governments, official institutions, and banks	304	303	304	314	318	310	312	316	316
64 Liabilities for borrowed money[5]	271,049r	260,794	278,714	267,409	271,319	271,436	278,776	272,522	271,604
65 Borrowings from Federal Reserve Banks	380	0	166	0	0	0	0	125	783
66 Treasury tax and loan notes	28,973	15,211	11,437	12,340	13,195	6,605	15,769	5,187	5,149
67 Other liabilities for borrowed money[6]	241,696r	245,583	267,111	255,069	258,124	264,830	263,007	267,210	265,672
68 Other liabilities (including subordinated notes and debentures)	106,831r	101,784	101,021	100,537	105,684	104,173	102,714	106,564	107,309
69 **Total liabilities**	**1,489,203r**	**1,478,711**	**1,519,097**	**1,468,193**	**1,479,565**	**1,499,597**	**1,507,837**	**1,488,559**	**1,502,796**
70 Residual (total assets less total liabilities)[7]	133,837r	133,731	134,088	134,131	133,594	134,708	135,152	134,952	134,071
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,324,948r	1,328,023	1,329,144	1,324,409	1,325,890	1,333,193	1,332,746	1,335,294	1,335,241
72 Time deposits in amounts of $100,000 or more	126,501	131,101	130,302	126,954	121,524	123,005	121,893	121,532	121,719
73 Loans sold outright to affiliates[9]	1,056	1,060	1,034	1,031	1,023	1,061	1,060	1,040	1,014
74 Commercial and industrial	515	516	492	490	484	476	477	476	465
75 Other	541	544	542	541	539	585	583	563	549
76 Foreign branch credit extended to U.S. residents[10]	24,834	24,815	24,683	24,945	25,033	24,887	24,919	24,670	25,001
77 Net due to related institutions abroad	−11,331r	−11,404	−14,370	−13,428	−9,651	−15,530	−14,202	−13,777	−10,893

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.

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

Millions of dollars, Wednesday figures

Account	1992								
	Sept. 30[r]	Oct. 7[r]	Oct. 14[r]	Oct. 21[r]	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
1 Cash and balances due from depository institutions	20,738	19,919	20,186	19,129	19,296	18,468	18,513	19,050	18,980
2 U.S. Treasury and government agency securities	24,494	24,261	24,904	25,067	24,040[r]	24,947	25,916	25,767	25,882
3 Other securities	8,385	8,530	8,437	8,309	8,383[r]	8,307	8,130	7,967	8,122
4 Federal funds sold[1]	22,132	17,517	19,843	22,614	20,966	20,230	22,959	22,560	24,260
5 To commercial banks in the United States	6,828	4,557	7,197	5,419	5,632	4,647	7,089	7,484	7,962
6 To others[2]	15,303	12,960	12,646	17,195	15,333	15,582	15,870	15,076	16,298
7 Other loans and leases, gross	161,434	160,177	161,588	160,338	162,213[r]	161,280	162,078	163,627	164,107
8 Commercial and industrial	97,032	97,264	97,299	97,318	97,390[r]	97,682	97,792	98,646	99,033
9 Bankers acceptances and commercial paper	2,666	3,230	3,068	2,904	2,813	2,650	2,749	2,837	2,695
10 All other	94,366	94,034	94,231	94,415	94,577[r]	95,032	95,043	95,808	96,338
11 U.S. addressees	91,372	91,099	91,321	91,521	91,643[r]	92,057	92,147	92,858	93,410
12 Non-U.S. addressees	2,994	2,934	2,910	2,894	2,934	2,975	2,896	2,951	2,927
13 Loans secured by real estate	34,725	34,730	34,799	34,804	34,699[r]	34,882	34,895	34,891	34,910
14 To financial institutions	22,797	22,469	22,198	22,587	23,424[r]	22,880	23,358	23,686	23,877
15 Commercial banks in the United States	5,649	5,920	6,034	5,849	6,508[r]	6,046	6,276	6,435	6,320
16 Banks in foreign countries	2,604	2,262	2,178	2,174	2,216	2,225	2,122	2,079	2,266
17 Nonbank financial institutions	14,544	14,287	13,985	14,565	14,700[r]	14,609	14,960	15,172	15,291
18 For purchasing and carrying securities	4,629	3,405	4,952	3,387	4,409	3,355	3,509	3,816	3,829
19 To foreign governments and official institutions	377	371	374	378	374	363	353	354	356
20 All other	1,875	1,939	1,966	1,863	1,917[r]	2,118	2,171	2,234	2,102
21 Other assets (claims on nonrelated parties)	30,113	29,965	28,530	28,964	29,736[r]	31,908	31,852	30,885	30,505
22 **Total assets**[3]	**304,501**	**303,387**	**306,117**	**307,930**	**306,147**[r]	**308,838**	**311,999**	**314,273**	**313,793**
23 Deposits or credit balances due to other than directly related institutions	99,172	99,222	99,393	99,992	102,346	102,280	102,228	102,670	104,805
24 Demand deposits[4]	4,397	3,928	3,741	3,606	3,705	3,614	3,689	3,658	3,817
25 Individuals, partnerships, and corporations	3,428	3,144	2,993	2,894	2,879	2,898	2,976	2,976	3,074
26 Other	969	784	748	712	826	716	713	681	743
27 Nontransaction accounts	94,775	95,294	95,652	96,386	98,641	98,666	98,539	99,012	100,988
28 Individuals, partnerships, and corporations	68,638	69,191	69,982	68,973	70,551	71,297	70,462	70,502	72,072
29 Other	26,136	26,103	25,670	27,413	28,090	27,370	28,077	28,511	28,916
30 Borrowings from other than directly related institutions	94,626	92,541	95,784	94,567	88,288	94,723	97,909	93,730	88,545
31 Federal funds purchased[5]	48,022	49,771	52,039	45,579	41,264	46,807	48,966	44,681	41,874
32 From commercial banks in the United States	17,050	17,072	16,079	11,498	11,898	13,640	15,198	12,870	14,521
33 From others	30,972	32,699	35,960	34,081	29,366	33,167	33,768	31,811	27,353
34 Other liabilities for borrowed money	46,604	42,770	43,745	48,988	47,024	47,915	48,943	49,049	46,672
35 To commercial banks in the United States	9,811	9,327	10,106	9,958	10,671[r]	9,537	9,552	10,683	10,272
36 To others	36,793	33,444	33,640	39,030	36,353[r]	38,378	39,391	38,367	36,399
37 Other liabilities to nonrelated parties	30,368	29,837	28,810	28,938	30,222[r]	30,917	32,258	30,303	30,874
38 **Total liabilities**[6]	**304,501**	**303,387**	**306,117**	**307,930**	**306,147**[r]	**308,838**	**311,999**	**314,273**	**313,793**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	203,968	200,009	201,541	205,061	203,462[r]	204,071	205,718	206,002	208,088
40 Net due to related institutions abroad	43,131	38,769	39,502	40,925	43,778[r]	37,220	37,053	43,153	47,631

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 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					1992					
	1987	1988	1989	1990	1991	May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**358,997**	**458,464**	**525,831**	**561,142**	**530,300**	**533,719**	**542,205**	**547,242**	**545,801**	**549,731**	**558,468**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	102,742	159,777	183,622	215,123	214,445	226,552	234,212	226,943	231,586	233,977	231,132
3 Bank-related (not seasonally adjusted)[3]	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	174,332	194,931	210,930	199,835	183,195	168,914	171,321	179,725	173,772	179,731	182,059
5 Bank-related (not seasonally adjusted)[3]	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	81,923	103,756	131,279	146,184	132,660	138,253	136,672	140,574	140,443	136,023	145,277
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**70,565**	**66,631**	**62,972**	**54,771**	**43,770**	**38,384**	**37,767**	**37,733**	**37,090**	**37,814**	**37,599**
Holder											
8 Accepting banks	10,943	9,086	9,433	9,017	11,017	9,255	9,680	9,225	9,372	10,436	10,236
9 Own bills	9,464	8,022	8,510	7,930	9,347	7,954	8,129	7,808	7,927	9,073	8,764
10 Bills bought	1,479	1,064	924	1,087	1,670	1,301	1,551	1,417	1,446	1,363	1,472
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	965	1,493	1,066	918	1,739	1,477	1,338	1,269	1,851	1,803	1,204
13 Others	58,658	56,052	52,473	44,836	31,014	27,653	26,749	27,239	25,866	25,575	26,159
Basis											
14 Imports into United States	16,483	14,984	15,651	13,095	12,843	11,893	11,569	11,825	11,600	12,227	12,116
15 Exports from United States	15,227	14,410	13,683	12,703	10,351	8,702	9,062	9,015	7,861	8,051	7,849
16 All other	38,854	37,237	33,638	28,973	20,577	17,790	17,135	16,893	17,628	17,536	17,633

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. Bank-related 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 acceptances are gathered from institutions whose acceptances total $100 million or more annually. The reporting group is revised every January. In January 1988, the group was reduced from 155 to 111 institutions. The current group, totaling approximately 100 institutions, accounts for more than 90 percent of total acceptances activity.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1990— Jan. 1	10.50	1990	10.01	1991— Jan.	9.52	1992— Jan.	6.50
8	10.00	1991	8.46	Feb.	9.05	Feb.	6.50
		1992	6.25	Mar.	9.00	Mar.	6.50
1991— Jan. 2	9.50			Apr.	9.00	Apr.	6.50
Feb. 4	9.00	1990— Jan.	10.11	May	8.50	May	6.50
May 1	8.50	Feb.	10.00	June	8.50	June	6.50
Sept. 13	8.00	Mar.	10.00	July	8.50	July	6.02
Nov. 6	7.50	Apr.	10.00	Aug.	8.50	Aug.	6.00
Dec. 23	6.50	May	10.00	Sept.	8.20	Sept.	6.00
		June	10.00	Oct.	8.00	Oct.	6.00
1992— July 2	6.00	July	10.00	Nov.	7.58	Nov.	6.00
		Aug.	10.00	Dec.	7.21	Dec.	6.00
		Sept.	10.00				
		Oct.	10.00				
		Nov.	10.00				
		Dec.	10.00				

1. 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; weekly, monthly, and annual figures are averages of business day data unless otherwise noted

Item	1989	1990	1991	1992				1992, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	9.21	8.10	5.69	3.30	3.22	3.10	3.09	2.96	3.07	2.91	2.97	3.10
2 Discount window borrowing[2,4]	6.93	6.98	5.45	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	9.11	8.15	5.89	3.38	3.25	3.22	3.25	3.26	3.25	3.28	3.25	3.22
4 3-month	8.99	8.06	5.87	3.38	3.24	3.33	3.66	3.47	3.48	3.59	3.76	3.79
5 6-month	8.80	7.95	5.85	3.44	3.26	3.33	3.67	3.48	3.49	3.60	3.76	3.79
Finance paper, directly placed[3,5,7]												
6 1-month	8.99	8.00	5.73	3.28	3.13	3.14	3.20	3.21	3.20	3.21	3.20	3.19
7 3-month	8.72	7.87	5.71	3.27	3.08	3.24	3.59	3.38	3.44	3.54	3.67	3.70
8 6-month	8.16	7.53	5.60	3.29	3.11	3.23	3.56	3.35	3.43	3.53	3.63	3.64
Bankers acceptances[3,5,8]												
9 3-month	8.87	7.93	5.70	3.28	3.10	3.19	3.51	3.32	3.35	3.47	3.60	3.60
10 6-month	8.67	7.80	5.67	3.35	3.13	3.19	3.51	3.32	3.35	3.47	3.60	3.60
Certificates of deposit, secondary market[3,9]												
11 1-month	9.11	8.15	5.82	3.29	3.14	3.11	3.23	3.16	3.15	3.15	3.15	3.33
12 3-month	9.09	8.15	5.83	3.31	3.13	3.26	3.58	3.39	3.42	3.52	3.68	3.67
13 6-month	9.08	8.17	5.91	3.40	3.17	3.27	3.60	3.41	3.44	3.53	3.69	3.69
14 Eurodollar deposits, 3-month[3,10]	9.16	8.16	5.86	3.33	3.15	3.30	3.67	3.46	3.46	3.61	3.79	3.78
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	8.11	7.50	5.38	3.13	2.91	2.86	3.13	2.94	3.03	3.08	3.16	3.24
16 6-month	8.03	7.46	5.44	3.21	2.96	3.04	3.34	3.19	3.23	3.30	3.37	3.43
17 1-year	7.92	7.35	5.52	3.33	3.06	3.17	3.52	3.36	3.42	3.47	3.56	3.60
Auction average[3,5,11]												
18 3-month	8.12	7.51	5.42	3.14	2.97	2.84	3.14	2.97	3.05	3.10	3.13	3.27
19 6-month	8.04	7.47	5.49	3.23	3.01	2.98	3.35	3.22	3.27	3.31	3.37	3.45
20 1-year	7.91	7.36	5.54	3.28	3.02	3.12	3.61	n.a.	n.a.	n.a.	3.61	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	8.53	7.89	5.86	3.47	3.18	3.30	3.68	3.50	3.58	3.64	3.73	3.76
22 2-year	8.57	8.16	6.49	4.19	3.89	4.08	4.58	4.35	4.44	4.51	4.64	4.69
23 3-year	8.55	8.26	6.82	4.72	4.42	4.64	5.14	4.93	5.03	5.09	5.17	5.24
24 5-year	8.50	8.37	7.37	5.60	5.38	5.60	6.04	5.85	5.96	6.00	6.05	6.12
25 7-year	8.52	8.52	7.68	6.12	5.96	6.15	6.49	6.34	6.47	6.48	6.48	6.52
26 10-year	8.49	8.55	7.86	6.59	6.42	6.59	6.87	6.78	6.90	6.88	6.84	6.86
27 30-year	8.45	8.61	8.14	7.39	7.34	7.53	7.61	7.63	7.69	7.64	7.54	7.56
Composite												
28 More than 10 years (long-term)	8.58	8.74	8.16	7.19	7.08	7.26	7.43	7.39	7.47	7.44	7.39	7.41
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
29 Aaa	7.00	6.96	6.56	5.67	5.92	6.10	6.05	6.21	6.13	6.08	6.05	6.05
30 Baa	7.40	7.29	6.99	6.03	6.27	6.51	6.46	6.64	6.56	6.49	6.46	6.46
31 *Bond Buyer* series[14]	7.23	7.27	6.92	6.16	6.25	6.41	6.36	6.62	6.51	6.38	6.28	6.26
CORPORATE BONDS												
32 Seasoned issues, all industries[15]	9.66	9.77	9.23	8.29	8.26	8.41	8.51	8.51	8.56	8.55	8.46	8.47
Rating group												
33 Aaa	9.26	9.32	8.77	7.95	7.92	7.99	8.10	8.07	8.11	8.14	8.07	8.06
34 Aa	9.46	9.56	9.05	8.21	8.17	8.32	8.40	8.41	8.46	8.44	8.35	8.36
35 A	9.74	9.82	9.30	8.34	8.31	8.49	8.58	8.58	8.64	8.62	8.52	8.54
36 Baa	10.18	10.36	9.80	8.65	8.62	8.84	8.96	8.96	9.02	9.00	8.91	8.91
37 A-rated, recently offered utility bonds[16]	9.79	10.01	9.32	8.16	8.11	8.40	8.51	8.52	8.65	8.49	8.40	8.48
MEMO: Dividend–price ratio[17]												
38 Preferred stocks	9.05	8.96	8.17	7.21	7.14	7.22	7.43	7.31	7.40	7.44	7.41	7.45
39 Common stocks	3.45	3.61	3.25	2.97	3.00	3.07	2.98	3.01	3.02	2.98	2.98	2.94

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 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 and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1989	1990	1991	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.	1992 Nov.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	180.13	183.66	206.35	225.21	224.55	228.55	224.68	228.17	230.07	230.13	226.97	232.84
2 Industrial	228.04	226.06	258.16	282.36	281.60	285.17	279.54	281.90	284.44	285.76	279.70	287.80
3 Transportation	174.90	158.80	173.97	204.09	201.28	207.88	202.02	198.36	191.31	191.61	192.30	204.63
4 Utility	94.33	90.72	92.64	94.15	94.92	98.24	97.23	101.18	103.41	102.26	101.62	101.13
5 Finance	162.01	133.21	150.84	173.49	171.05	175.89	174.82	180.96	180.47	178.27	181.36	189.27
6 *Standard & Poor's Corporation* (1941–43 = 10)[1]	323.05	335.01	376.20	407.36	407.41	414.81	408.27	415.05	417.93	418.48	412.50	422.84
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	356.67	338.32	360.32	404.09	388.06	392.63	385.56	384.07	385.80	382.67	371.27	387.75
Volume of trading (thousands of shares)												
8 New York Stock Exchange	165,568	156,359	179,411	185,581	206,251	182,027	195,089	194,138	174,003	191,774	204,787	208,221
9 American Stock Exchange	13,124	13,155	12,486	15,654	14,096	13,455	11,216	10,722	11,875	11,198	11,966	n.a.
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker-dealers[3]	**34,320**	**28,210**	**36,660**	**39,090**	**38,750**	**39,890**	**39,690**	**39,640**	**39,940**	**41,250**	**41,590**	**43,630**
Free credit balances at brokers[4]												
11 Margin accounts[5]	7,040	8,050	8,290	7,350	8,780	7,700	7,780	7,920	8,060	8,060	8,355	8,500
12 Cash accounts	18,505	19,285	19,255	19,305	16,400	18,695	19,610	18,775	18,305	19,650	18,700	19,310

	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).

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1989	1990	1991	1992								
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.
	SAIF-insured institutions											
1 **Assets**	**1,249,055**	**1,084,821**	**919,979**	**909,014**	**906,142**	**883,407**	**872,026**	**870,334**	**862,511**	**856,376**	**856,151**	**847,470**
2 Mortgages	733,729	633,385	551,322	545,728	541,734	529,158	524,954[r]	521,911[r]	516,617	512,254	512,066	508,829
3 Mortgage-backed securities	170,532	155,228	129,461	127,371	127,766	125,272	124,763	124,225	123,454	123,363	120,421	120,204
4 Contra-assets to mortgage assets[1]	25,457	16,897	12,307	11,917	11,608	10,979	10,959[r]	11,120[r]	11,270	12,044	11,164	11,053
5 Commercial loans	32,150	24,125	17,139	16,827	16,050	15,400	15,073	14,607	14,017	13,930	13,520	n.a.
6 Consumer loans	58,685	48,753	41,775	40,857	39,908	38,717	37,999[r]	38,869[r]	37,403	37,241	37,114	36,742
7 Contra-assets to nonmortgage loans[1]	3,592	1,939	1,239	1,314	1,115	−1,008	980[r]	949	946	912	912	970
8 Cash and investment securities	166,053	146,644	120,077	118,610	121,969	119,543	116,462	120,763	119,384	120,220	124,140	120,249
9 Other[2]	116,955	95,522	73,751	72,653	71,637	67,387	64,711	63,030	62,845	62,319	60,960	60,044
10 **Liabilities and net worth**	**1,249,055**	**1,084,821**	**919,979**	**909,014**	**906,142**	**883,407**	**872,026**	**870,334**	**862,511**	**856,376**	**856,151**	**847,470**
11 Savings capital	945,656	835,496	731,937	721,099	717,026	703,811	689,777	688,199	682,535	676,140	672,354	667,009
12 Borrowed money	252,230	197,353	121,923	119,915	118,554	110,031	111,262	110,126	108,943	109,036	110,109	110,014
13 FHLBB	124,577	100,391	65,842	62,642	63,138	62,628	62,268	61,439	62,760	62,359	62,225	64,105
14 Other	127,653	96,962	56,081	57,273	55,416	47,403	48,994	48,687	46,183	46,677	47,884	45,909
15 Other	27,556	21,332	17,560	18,941	21,329	18,295	18,883	19,626	17,751	18,569	20,522	18,083
16 Net worth	23,612	30,640	48,559	49,009	49,233	51,271	52,103[r]	52,383[r]	52,283	52,630	53,166	52,365

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage assets, mortgage loans, contracts, and pass-through securities—include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
2. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE. Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE. *Savings Association Insurance Fund (SAIF)-insured institutions:* Estimates by the Office of Thrift Supervision (OTS) for all institutions insured by the SAIF and based on the OTS thrift institution Financial Report.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1992					
	1990	1991	1992	June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	1,031,308	1,054,265	1,091,692	120,920	79,080	78,218	118,344	76,833	74,635
2 On-budget	749,654	760,382	789,266	91,438	55,977	55,434	92,813	55,057	51,221
3 Off-budget	281,654	293,883	302,426	29,482	23,103	22,784	25,531	21,776	23,414
4 Outlays, total	1,251,766	1,323,757	1,381,895	117,137	122,226	102,920	112,943	125,698	107,365
5 On-budget	1,026,701	1,082,072	1,129,337	102,329	99,935	79,128	86,709	103,858	83,446
6 Off-budget	225,064	241,685	252,559	14,808	22,291	23,792	26,235	21,841	23,919
7 Surplus or deficit (−), total	−220,458	−269,492	−290,204	3,783	−43,146	−24,702	5,400	−48,865	−32,730
8 On-budget	−277,047	−321,690	−340,071	−10,891	−43,958	−23,694	6,104	−48,801	−32,225
9 Off-budget	56,590	52,198	49,867	14,674	812	−1,008	−704	−65	−505
Source of financing (total)									
10 Borrowing from the public	220,101	276,802	310,918	22,318	26,839	38,841	9,853	−1,552	61,969
11 Operating cash (decrease, or increase (−))	818	−1,329	−17,305	−26,919	9,542	1,523	−22,807	39,420	−7,346
12 Other[2]	−461	−5,981	−3,409	818	6,765	−15,662	7,554	10,997	−21,893
MEMO									
13 Treasury operating balance (level, end of period)	40,155	41,484	58,789	47,047	37,505	35,982	58,789	19,369	26,715
14 Federal Reserve Banks	7,638	7,928	24,586	13,630	6,923	6,232	24,586	4,413	6,985
15 Tax and loan accounts	32,517	33,556	34,203	33,417	30,581	29,749	34,203	14,956	19,729

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 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. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* (MTS) and the *Budget of the U.S. Government.*

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

Millions of dollars

Source or type	Fiscal year 1991	Fiscal year 1992	Calendar year 1990 H2	Calendar year 1991 H1	Calendar year 1991 H2	Calendar year 1992 H1	1992 Sept.	1992 Oct.	1992 Nov.
RECEIPTS									
1 **All sources**	**1,054,265**	**1,091,692**	**503,123**	**540,504**	**519,293**	**561,125**	**118,344**	**76,833**	**74,635**
2 Individual income taxes, net	467,827	476,465	230,745	232,389	234,949	237,052	55,496	37,288	33,099
3 Withheld	404,152	408,352	207,469	193,440	210,552	198,868	33,184	34,515	33,085
4 Presidential Election Campaign Fund	32	30	3	31	1	19	1	0	0
5 Nonwithheld	142,693	149,342	31,728	109,405	32,775r	112,328	24,161	3,583	1,775
6 Refunds	79,050	81,259	8,455	70,487	8,379r	74,163	1,850	809	1,760
Corporation income taxes									
7 Gross receipts	113,599	117,951	54,044	58,903	54,016	61,681	21,365	4,291	2,312
8 Refunds	15,513	17,680	7,603	7,904	8,649	9,402	1,469	2,194	833
9 Social insurance taxes and contributions, net	396,011	413,689	178,468	214,303	186,839	224,569	33,322	29,594	32,900
10 Employment taxes and contributions[2]	370,526	385,491	167,224	199,727	175,802	208,110	32,597	28,135	30,264
11 Self-employment taxes and contributions[3]	25,457	24,421	2,638	22,150	3,306	20,433	3,988	0	0
12 Unemployment insurance	20,922	23,410	8,996	12,296	8,721	14,070	316	1,034	2,270
13 Other net receipts[4]	4,563	4,788	2,249	2,279	2,317	2,389	409	426	366
14 Excise taxes	42,430	45,570	17,535	20,703	24,428	22,389	4,093	3,670	4,082
15 Customs deposits	15,921	17,359	8,568	7,488	8,694	8,145	1,552	1,666	1,503
16 Estate and gift taxes	11,138	11,143	5,333	5,631	5,507	5,701	1,004	1,027	954
17 Miscellaneous receipts[5]	22,852	27,195	16,032	8,991	13,508	10,992	2,980	1,491	618
OUTLAYS									
18 **All types**	**1,323,757**	**1,381,895**	**647,461**	**632,153**	**694,474**	**705,068**	**112,943**	**125,698**	**107,365**
19 National defense	272,514	298,188	149,497	122,089	147,620r	146,963	25,842	27,412	20,819
20 International affairs	16,167	16,100	8,943	7,592	7,660r	8,464	1,727	2,126	4,018
21 General science, space, and technology	15,946	16,234	8,081	7,496	8,472r	7,952	1,159	1,410	1,612
22 Energy	2,511	4,519	1,222	1,235	1,593r	1,442	665	607	529
23 Natural resources and environment	18,708	19,870	9,933	8,324	11,167r	8,625	1,742	3,341	1,801
24 Agriculture	14,864	14,968	6,878	7,684	7,388r	7,514	195	2,270	2,139
25 Commerce and housing credit	75,639	9,752	37,491	17,992	36,595r	15,583	585	−2,262	−2,417
26 Transportation	31,531	33,747	16,218	14,748	17,093r	15,681	3,618	2,933	2,981
27 Community and regional development	7,432	7,924	3,939	3,552	3,783r	3,901	764	1,028	728
28 Education, training, employment, and social services	41,479	43,586	18,988	21,234	21,113r	23,224	2,233	3,797	3,882
29 Health	71,183	89,571	31,424	35,608	41,459r	43,698	8,834	8,021	7,420
30 Social security and medicare	373,495	406,570	176,353	190,247	193,156	205,443	34,460	35,320	33,346
31 Income security	171,618	199,395	75,948	88,778	87,948r	105,911	15,173	18,300	14,188
32 Veterans benefits and services	31,344	33,973	15,479	14,326	17,425	15,597	3,213	4,078	1,743
33 Administration of justice	12,295	14,481	5,265	6,187	6,578r	7,438	1,277	1,121	1,277
34 General government	11,358	12,874	6,976	5,212	6,822r	5,538	1,869	2,529	106
35 Net interest[6]	195,012	199,422	94,650	98,556	99,144r	100,324	15,435	16,463	16,148
36 Undistributed offsetting receipts[7]	−39,356	−39,280	−19,829	−18,702	−20,435	−18,229	−5,847	−2,796	−2,954

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 and U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1993*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1990		1991				1992		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**3,266**	**3,397**	**3,492**	**3,563**	**3,683**	**3,820**	**3,897**	n.a.	n.a.
2 Public debt securities	3,233	3,365	3,465	3,538	3,665	3,802	3,881	3,985	4,065
3 Held by public	2,438	2,537	2,598	2,643	2,746	2,833	2,918	n.a.	n.a.
4 Held by agencies	796	828	867	895	920	969	964	n.a.	n.a.
5 Agency securities	33	33	27	25	18	19	16	n.a.	n.a.
6 Held by public	33	32	26	25	18	19	16	n.a.	n.a.
7 Held by agencies	0	0	0	0	0	0	0	n.a.	n.a.
8 **Debt subject to statutory limit**	**3,161**	**3,282**	**3,377**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**
9 Public debt securities	3,161	3,281	3,377	3,450	3,569	3,706	3,783	3,890	3,972
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	3,195	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,145

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

SOURCES. U.S. Treasury Department, *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	1988	1989	1990	1991	1991	1992		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**2,684.4**	**2,953.0**	**3,364.8**	**3,801.7**	**3,801.7**	**3,881.3**	**3,984.7**	**4,064.6**
By type								
2 Interest-bearing	2,663.1	2,931.8	3,362.0	3,798.9	3,798.9	3,878.5	3,981.8	4,061.8
3 Marketable	1,821.3	1,945.4	2,195.8	2,471.6	2,471.6	2,552.3	2,605.1	2,677.5
4 Bills	414.0	430.6	527.4	590.4	590.4	615.8	618.2	634.3
5 Notes	1,083.6	1,151.5	1,265.2	1,430.8	1,430.8	1,477.7	1,517.6	1,566.4
6 Bonds	308.9	348.2	388.2	435.5	435.5	443.8	454.3	461.8
7 Nonmarketable[1]	841.8	986.4	1,166.2	1,327.2	1,327.2	1,326.2	1,376.7	1,384.3
8 State and local government series	151.5	163.3	160.8	159.7	159.7	157.8	161.9	157.6
9 Foreign issues[2]	6.6	6.8	43.5	41.9	41.9	42.0	38.7	37.0
10 Government	6.6	6.8	43.5	41.9	41.9	42.0	38.7	37.0
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	107.6	115.7	124.1	135.9	135.9	139.9	143.2	148.3
13 Government account series[3]	575.6	695.6	813.8	959.2	959.2	956.1	1,002.5	1,011.0
14 Non-interest-bearing	21.3	21.2	2.8	2.8	2.8	2.8	2.9	2.8
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	589.2	707.8	828.3	968.7	968.7	963.7	n.a.	n.a.
16 Federal Reserve Banks	238.4	228.4	259.8	281.8	281.8	267.6	n.a.	n.a.
17 Private investors	1,858.5	2,015.8	2,288.3	2,563.2	2,563.2	2,664.0	n.a.	n.a.
18 Commercial banks	184.9	164.9	171.5	233.9	233.9	240.0	n.a.	n.a.
19 Money market funds	11.8	14.9	45.4	80.0	80.0	84.8	n.a.	n.a.
20 Insurance companies	118.6	125.1	142.0	172.9	172.9	175.0	n.a.	n.a.
21 Other companies	87.1	93.4	108.9	150.8	150.8	166.0	n.a.	n.a.
22 State and local treasuries	471.6	487.5	490.4	498.8	498.8	500.0	n.a.	n.a.
Individuals								
23 Savings bonds	109.6	117.7	126.2	138.1	138.1	142.0	n.a.	n.a.
24 Other securities	79.2	98.7	107.6	125.8	125.8	126.1	n.a.	n.a.
25 Foreign and international[5]	362.2	392.9	421.7	453.4	453.4	468.0	n.a.	n.a.
26 Other miscellaneous investors[6]	433.0	520.7	674.5	709.5	709.5	762.1	n.a.	n.a.

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable 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, the *Treasury Bulletin.*

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

Millions of dollars, daily averages

Item	1992			1992, week ending								
	Aug.	Sept.	Oct.	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	35,523	41,374	46,771[r]	44,531	53,581	43,627	51,994	40,457	38,757	43,157	48,055	45,226
Coupon securities, by maturity												
2 Less than 3.5 years	45,248[r]	41,727	49,532	41,634	46,668	45,459	51,612	54,712	46,690	55,239	58,383	52,940
3 3.5 to 7.5 years	36,672	37,760	45,749	40,488	49,037	44,527	45,359	46,134	39,983	32,844	44,604	43,507
4 7.5 to 15 years	22,295[r]	20,476	20,425	20,177	22,875	20,041	22,779	17,469	16,570	21,160	21,250	14,912
5 15 years or more	16,539	14,240	14,672	13,329	15,904	14,548	16,667	12,291	12,805	14,747	19,200	9,967
Federal agency securities												
Debt, maturing in												
6 Less than 3.5 years	4,343	4,979	4,824[r]	6,471	4,534	3,566	5,528	5,194	5,378	4,642	5,850	5,941
7 3.5 to 7.5 years	684	588	718	654	1,067	532	598	679	619	562	444	412
8 7.5 years or more	536	803	1,040	1,069	950	695	1,330	1,267	661	862	818	683
Mortgage-backed												
9 Pass-throughs	12,787	13,673[r]	15,889[r]	11,374[r]	15,482	20,075	15,480	13,935	14,440	21,283	20,025	14,719
10 All others[3]	3,951	4,218[r]	3,232	5,014[r]	3,906	4,020	2,373	3,222	2,143	2,076	3,095	4,845
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	99,904	98,684	115,212	101,875	118,979	109,286	126,365	111,066	100,125	104,753	119,618	106,005
Federal agency securities												
12 Debt	1,016	1,371	1,697	1,732	1,856	1,026	2,094	1,877	1,201	1,057	1,415	1,037
13 Mortgage-backed	7,240	7,552	8,254[r]	5,568	7,611	9,511	7,850	8,370	8,069	11,515	10,563	8,920
Customers												
14 U.S. Treasury securities	56,374[r]	56,893	61,936[r]	58,284	69,085	58,917	62,046	59,997	54,679	62,394	71,874	60,547
Federal agency securities												
15 Debt	4,548	4,999	4,885[r]	6,463	4,696	3,767	5,362	5,263	5,457	5,009	5,696	5,999
16 Mortgage-backed	9,498	10,339	10,867[r]	10,820	11,777	14,585	10,004	8,787	8,513	11,845	12,557	10,644
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	2,354	2,969	3,689	2,271	4,431	3,766	3,673	3,444	2,332	4,354	3,306	3,148
Coupon securities, by maturity												
18 Less than 3.5 years	2,216	1,915	2,253	1,418	2,240	2,060	2,440	2,293	2,106	2,493	2,444	2,120
19 3.5 to 7.5 years	1,329	1,853	1,307	1,545	1,151	1,501	865	1,511	1,906	1,250	2,019	2,323
20 7.5 to 15 years	2,713	2,950	3,050	2,336	2,949	3,380	3,283	2,585	3,219	3,202	3,818	3,683
21 15 years or more	10,152	10,091	10,612	7,712	11,297	11,165	11,234	9,690	8,545	8,963	10,917	7,232
Federal agency securities												
Debt, maturing in												
22 Less than 3.5 years	81	67	67	59	52	151	50	32	65	201	185	202
23 3.5 to 7.5 years	147	88	66[r]	11	84	11	NA	68	127	102	50	144
24 7.5 years or more	44	13	20	6	7	19	21	32	20	23	11	12
Mortgage-backed												
25 Pass-throughs[3]	15,902	16,571	17,846[r]	17,327	18,013	22,966	16,206	15,725	16,596	19,744	19,000	10,842
26 Others	2,832	2,476	1,772	2,920	2,218	1,862	1,754	1,363	1,541	691	1,899	748
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,431	1,084	1,317	1,287	1,259	1,569	1,388	1,047	1,452	2,582	1,549	1,041
28 3.5 to 7.5 years	433	618	837[r]	568	654	1,180	730	706	1,201	1,389	450	727
29 7.5 to 15 years	1,054	825	742[r]	436	787	515	834	751	827	664	561	1,320
30 15 years or more	2,795	2,009	1,623[r]	1,174	1,392	1,743	1,590	1,726	1,786	1,331	1,409	2,172
Federal agency, mortgage-backed securities												
31 Pass-throughs	343	452	299	155	402	371	211	212	331	377	250	458

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages for transactions are based on the number of trading days in the period. Immediate, forward, and 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 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 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 formerly shown under options transactions for U.S. Treasury securities, bills; Federal agency securities, debt; and mortgage-backed securities, other than pass-throughs are no longer available because of insufficient activity.

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

Millions of dollars

Item	1992			1992, week ending							
	Aug.	Sept.	Oct.	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	8,264	14,539	11,475	14,507	13,176	13,663	12,162	8,814	7,010	18,995	16,273
Coupon securities, by maturity											
2 Less than 3.5 years	−2,799	−1,572	804	2,004	4,193	−303	−1,491	2,610	−3,377	1,837	−36
3 3.5 to 7.5 years	−10,045	−13,702[r]	−13,685[r]	−14,355	−15,049	−14,011	−15,442	−11,986	−9,605	−12,851	−15,583
4 7.5 to 15 years	−6,464	−10,785	−13,207	−13,701	−14,535	−12,729	−11,429	−13,742	−14,128	−7,500	−9,597
5 15 years or more	5,204	5,795	6,617	6,647	6,963	8,356	5,902	5,985	4,893	3,918	5,642
Federal agency securities											
Debt, maturing in											
6 Less than 3.5 years	6,256	6,040	6,685	4,688	6,027	7,372	6,727	6,575	6,778	6,657	6,963
7 3.5 to 7.5 years	3,194	3,033	2,955	3,102	3,074	3,069	2,865	2,858	2,850	3,115	3,262
8 7.5 years or more	4,233	4,284[r]	4,190	3,806[r]	4,361	4,305	4,191	4,071	3,795	3,363	3,406
Mortgage-backed											
9 Pass-throughs	30,749	29,518	32,278	18,616	28,245	39,763	32,132	33,058	22,742	32,924	35,699
10 All others[4]	23,366	27,455	26,559	31,859	26,362	26,100	25,901	27,055	28,469	27,048	24,480
Other money market instruments											
11 Certificates of deposit	3,734	3,852	3,501[r]	3,943	4,216	3,530	2,924	3,582	2,922	3,309	2,883
12 Commercial paper	5,542	6,389	6,374	6,509	6,663	7,379	4,842	6,517	6,598	6,182	6,155
13 Bankers acceptances	978	1,053	790	1,338	708	640	685	1,055	955	1,036	825
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−6,189	−5,557	−2,336[r]	−2,894	−7,586	−4,607	1,221	259	861	1,760	3,670
Coupon securities, by maturity											
15 Less than 3.5 years	1,543	1,448	731	309	711	291	261	1,140	1,950	2,894	1,683
16 3.5 to 7.5 years	3,030	2,078[r]	2,286	2,129	3,074	1,814	2,455	2,319	1,075	1,155	3,408
17 7.5 to 15 years	399	526	2,882	2,463	2,999	1,617	2,453	3,861	4,274	2,620	2,459
18 15 years or more	−7,645	−4,380	−4,237	−4,025	−3,479	−4,468	−4,552	−4,668	−3,731	−2,929	−4,550
Federal agency securities											
Debt, maturing in											
19 Less than 3.5 years	3	−10	134	−58	136	361	77	−1	47	−49	−77
20 3.5 to 7.5 years	−2	−73	−21	−98	−69	−62	16	27	−15	53	36
21 7.5 years or more	−20	−44	−1	−8	8	59	−44	−30	3	−60	20
Mortgage-backed											
22 Pass-throughs	−18,255	−13,731	−14,399	−1,599	−11,667	−23,833	−13,734	−13,037	−3,487	−13,725	−13,350
23 All others[4]	5,955	6,241	5,757	4,272	6,120	6,299	6,162	5,716	2,796	2,051	2,436
24 Certificates of deposit	−251,401	−242,241	−172,555	−230,805	−203,358	−180,858	−159,387	−149,955	−164,770	−145,399	−119,575
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	218,808	209,905	214,066	202,009	214,339	223,501	210,604	207,058	215,839	215,108	220,611
26 Term	320,431	310,234	342,132	253,866	328,676	330,562	348,644	358,891	346,226	350,937	319,222
Repurchase agreements											
27 Overnight and continuing	361,098	369,411	383,324	351,100	379,870	399,164	388,641	373,574	364,770	373,293	390,803
28 Term	300,209	285,332	317,708	234,258	299,232	303,155	322,762	343,621	322,515	324,063	299,795
Securities borrowed											
29 Overnight and continuing	97,726	100,438	101,102	92,827	97,890	100,174	104,332	101,570	102,129	102,475	107,833
30 Term	40,171	42,957	44,528	40,774	43,698	43,066	44,878	47,240	42,728	44,206	42,295
Securities loaned											
31 Overnight and continuing	5,144[r]	5,791[r]	6,186[r]	6,163[r]	5,742	6,852	6,321	6,115	5,519	5,692	4,561
32 Term	1,496	850[r]	1,269	613	635	498	779	3,456	586	605	491
Collateralized loans											
33 Overnight and continuing	19,635	17,750	17,160	18,419	17,536	16,833	16,527	18,243	15,992	15,387	16,502
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	151,137	144,415	146,398	138,317	147,193	152,355	141,889	143,319	148,347	151,507	158,088
35 Term	272,361	267,773	296,190	222,450	289,415	289,497	300,393	307,692	290,973	302,868	273,120
Repurchase agreements											
36 Overnight and continuing	182,822	188,263	196,777	184,839	198,684	207,204	197,181	189,749	183,458	190,071	206,694
37 Term	229,511	215,996	241,123	172,981	233,074	231,490	242,405	254,586	247,976	253,280	220,975

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 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 are standardized contracts arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. 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 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 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	1988	1989	1990	1991	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**449,787[r]**	**457,662[r]**	**457,369[r]**	**464,773[r]**	**475,606**
2 Federal agencies	35,668	35,664	42,159	41,035	40,535	40,388	39,773	40,034	41,319
3 Defense Department[1]	8	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	11,033	10,985	11,376	9,809	8,644	8,156	8,156	8,156	7,698
5 Federal Housing Administration[4]	150	328	393	397	427	432	194	229	301
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,142	6,445	6,948	8,421	9,771	10,123	10,123	10,123	10,123
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	21,686	21,670	21,293	21,519	23,190
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	345,832[r]	375,428[r]	392,509	401,737	409,252[r]	417,274[r]	417,596[r]	424,739[r]	434,287
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	106,368	106,050	107,343	108,564	110,830
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	27,612	32,479	33,959	34,295	36,750
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	144,655	149,013	147,377	150,280	155,232
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	52,080	51,805	49,241	52,137	52,734
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	38,885	38,020	39,765	39,552	38,830
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt[13]**	**142,850**	**134,873**	**179,083**	**185,576**	**179,617**	**180,848**	**177,700**	**174,003**	**164,422**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	8,638	8,150	8,150	8,150	7,692
21 Postal Service[6]	5,892	6,195	6,698	8,201	9,551	9,903	9,903	9,903	9,903
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,820	4,820	4,820	4,820	4,820
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	9,025	9,025	8,475	7,275	7,175
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	45,434	44,784	43,209	43,009	42,979
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,473	18,199	18,227	18,238	18,143
27 Other	26,324	23,724	70,896	84,931	83,676	85,967	84,916	82,608	73,710

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, while 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	1989	1990	1991	1992 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues, new and refunding**[1]	**113,646**	**120,339**	**154,402**	**16,922r**	**16,935r**	**24,084r**	**17,386r**	**19,774r**	**18,698r**	**21,092r**	**14,133**
By type of issue											
2 General obligation	35,774	39,610	55,100	5,251r	5,995r	8,806r	7,136r	7,005r	7,461r	7,733r	5,203
3 Revenue	77,873	81,295	99,302	11,671r	10,940r	15,278r	10,250r	12,769r	11,237r	13,359r	8,930
By type of issuer											
4 State	11,819	15,149	24,939	575	1,165	2,063	2,836	2,933r	1,710	2,742	n.a.
5 Special district or statutory authority[2]	71,022	72,661	80,614	11,583r	11,031r	16,477r	10,040r	11,203r	11,054r	13,113r	n.a.
6 Municipality, county, or township	30,805	32,510	48,849	4,764	4,739	5,544	4,510	n.a.	5,934	5,237	n.a.
7 **Issues for new capital**	**84,062**	**103,235**	**116,953**	**9,020**	**9,259**	**14,096**	**7,565**	**11,993**	**10,496**	**13,760**	**8,028**
By use of proceeds											
8 Education	15,133	17,042	21,121	2,208	1,651	2,132	1,747	1,737	1,237	2,083	1,800
9 Transportation	6,870	11,650	13,395	921	1,669	2,618	571	2,130	1,977	1,364	531
10 Utilities and conservation	11,427	11,739	21,039	1,380	771	1,851	629	2,604	2,265	3,340	960
11 Social welfare	16,703	23,099	25,648	2,582	2,045	4,266	887	767	1,869	2,365	1,070
12 Industrial aid	5,036	6,117	8,376	558	133	724	91	503	1,176	367	581
13 Other purposes	28,894	34,607	30,275	1,371	2,990	2,505	3,640	4,252	1,972	4,241	3,086

1. Par amounts of long-term issues based on date of sale.
2. Since 1986, has included school districts.

SOURCES. *Investment Dealer's Digest* beginning April 1990. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1989	1990	1991	1992 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues**[1]	**377,836**	**339,052**	**465,389**	**38,303**	**28,948**	**44,947**	**47,985**	**46,170**	**36,855**	**42,917r**	**36,053**
2 **Bonds**[2]	**319,965**	**298,814**	**389,968**	**31,946**	**23,610**	**38,031**	**38,988**	**39,693**	**31,579**	**37,607r**	**29,087**
By type of offering											
3 Public, domestic	179,694	188,778	287,076	29,417	22,236	35,059	35,960	37,768	28,325r	36,300	31,500
4 Private placement, domestic[3]	117,420	86,982	74,930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	22,851	23,054	27,962	2,529	1,373	2,972	3,027	1,924	3,254	1,347r	2,000
By industry group											
6 Manufacturing	74,736	51,779	86,627	8,955	4,170	6,046	7,263	5,509	4,720	5,884r	7,634
7 Commercial and miscellaneous	50,268	40,719	36,681	3,670	2,351	2,472	1,630	3,476	2,230	2,386r	2,652
8 Transportation	10,221	12,776	13,598	641	140	621	899	766	393	677	290
9 Public utility	18,611	17,621	23,949	1,896	3,462	3,041	4,251	6,909	4,401	5,218	3,365
10 Communication	9,276	6,687	9,431	725	1,205	1,590	1,028	2,081	1,053	1,156	410
11 Real estate and financial	156,853	169,231	219,682	16,060	12,282	24,261	23,916	20,951	18,783	22,285r	14,735
12 **Stocks**[2]	**57,870**	**40,165**	**75,467**	**6,357**	**5,338**	**6,916**	**8,997**	**6,477**	**5,276**	**5,310**	**6,966**
By type of offering											
13 Public preferred	6,194	3,998	17,408	625	334	1,552	2,916	2,413	1,148	1,233	2,901
14 Common	26,030	19,443	47,860	5,732	5,004	5,364	6,081	4,064	4,129	4,077	4,065
15 Private placement[3]	25,647	16,736	10,109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	9,308	5,649	24,154	2,637	1,523	2,499	3,000	857	713	307	1,779
17 Commercial and miscellaneous	7,446	10,171	19,418	1,595	1,162	2,010	1,070	1,599	1,287	487	934
18 Transportation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Public utility	3,090	416	3,474	704	577	826	610	564	921	595	359
20 Communication	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Real estate and financial	34,028	19,738	25,507	1,175	1,691	1,324	3,254	3,457	2,327	2,695	3,735

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., the Board of Governors of the Federal Reserve System, and, before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets

Millions of dollars

Item[1]	1990	1991	1992							
			Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 **Sales of own shares**[2]	**344,420**	**464,488**	**50,462**	**52,309**	**48,127**	**51,457**	**54,915**	**50,627**	**50,039**	**52,196**
2 Redemptions of own shares	288,441	342,088	35,464	39,302	31,409	37,457	34,384	35,223	37,862	37,180
3 Net sales[3]	55,979	122,400	14,998	13,007	16,718	14,000	20,703	15,404	12,177	15,016
4 **Assets**[4]	**568,517**	**807,001**	**848,842**	**870,011**	**897,211**	**911,218**	**951,806**	**957,145**	**978,507**	**980,943**
5 Cash[5]	48,638	60,937	64,216	67,632	67,270	69,508	72,732	77,245	76,498	75,702
6 Other	519,875	746,064	781,626	802,379	829,941	841,710	879,074	879,900	902,009	905,241

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on assets exclude both *money market mutual funds and limited-maturity municipal bond funds.*
2. Includes reinvestment of dividends. Excludes reinvestment of capital gains distributions.
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	1989	1990	1991	1990	1991				1992		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
1 Profits with inventory valuation and capital consumption adjustment	362.8	361.7	346.3	344.0	349.6	347.3	341.2	347.1	384.0	388.4	374.1
2 Profits before taxes	342.9	355.4	334.7	354.7	337.6	332.3	336.7	332.3	366.1	376.8	354.1
3 Profits tax liability	141.3	136.7	124.0	133.7	121.3	122.9	127.0	125.0	136.4	144.1	131.8
4 Profits after taxes	201.6	218.7	210.7	221.0	216.3	209.4	209.6	207.4	229.7	232.7	222.2
5 Dividends	134.6	149.3	146.5	151.9	150.6	146.2	145.1	143.9	143.6	146.6	151.1
6 Undistributed profits	67.1	69.4	64.2	69.1	65.7	63.2	64.5	63.4	86.2	86.1	71.1
7 Inventory valuation	−17.5	−14.2	3.1	−21.2	6.7	9.9	−4.8	.7	−5.4	−15.5	−9.7
8 Capital consumption adjustment	37.4	20.5	8.4	10.5	5.3	5.1	9.3	14.1	23.3	27.0	29.7

SOURCE. U.S. Department of Commerce, *Survey of Current Business.*

1.50 NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1990	1991	1992[1]	1991				1992			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**532.61**	**528.39**	**551.03**	**534.27**	**525.02**	**526.59**	**529.87**	**535.72**	**540.91**	**565.16**	**562.36**
Manufacturing											
2 Durable goods industries	82.58	77.64	75.70	80.99	79.31	74.94	76.40	74.19	74.26	76.10	78.25
3 Nondurable goods industries	110.04	105.17	101.72	109.84	107.20	102.55	102.66	99.79	97.52	106.69	102.86
Nonmanufacturing											
4 Mining	9.88	10.02	9.21	9.94	10.08	10.09	9.99	8.87	9.18	9.76	9.01
Transportation											
5 Railroad	6.40	5.95	6.74	5.68	6.25	6.32	5.44	6.65	6.50	7.08	6.74
6 Air	8.87	10.17	9.58	10.89	9.95	9.61	10.41	8.86	9.75	9.60	10.12
7 Other	6.20	6.54	7.34	6.41	6.67	6.63	6.45	6.37	7.27	7.77	7.95
Public utilities											
8 Electric	44.10	43.76	48.85	43.62	43.09	43.27	44.75	46.06	48.45	50.16	50.74
9 Gas and other	23.11	22.82	23.85	23.40	22.00	23.25	22.67	22.75	24.19	24.37	24.11
10 Commercial and other[2]	241.43	246.32	268.05	243.51	240.46	249.94	251.11	262.17	263.80	273.62	272.59

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

Billions of dollars, end of period; not seasonally adjusted

Account	1989	1990	1991	1990	1991				1992	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
1 Accounts receivable, gross[1]	462.9	492.9	480.3	492.9	482.9	488.5	484.7	480.3	475.7	477.0
2 Consumer	138.9	133.9	121.9	133.9	127.1	127.5	125.3	121.9	118.4	116.7
3 Business	270.2	293.5	292.6	293.5	291.7	295.2	293.2	292.6	291.6	293.9
4 Real estate	53.8	65.5	65.8	65.5	64.1	65.7	66.2	65.8	65.8	66.4
5 LESS: Reserves for unearned income	54.7	57.6	55.1	57.6	57.2	58.0	57.6	55.1	53.6	51.2
6 Reserves for losses	8.4	9.6	12.9	9.6	10.7	11.1	13.1	12.9	13.0	12.3
7 Accounts receivable, net	399.8	425.7	412.3	425.7	415.0	419.3	414.1	412.3	409.1	413.6
8 All other	102.6	113.9	149.0	113.9	118.7	122.8	136.4	149.0	145.5	139.4
9 **Total assets**	**502.4**	**539.6**	**561.2**	**539.6**	**533.7**	**542.1**	**550.5**	**561.2**	**554.6**	**553.0**
LIABILITIES AND CAPITAL										
10 Bank loans	27.0	31.0	42.3	31.0	35.6	36.9	39.6	42.3	38.0	37.8
11 Commercial paper	160.7	165.3	159.5	165.3	155.5	156.1	156.8	159.5	154.4	147.7
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	35.2	37.5	34.5	37.5	32.4	34.2	36.5	34.5	34.5	34.8
15 Not elsewhere classified	162.7	178.2	191.3	178.2	182.4	184.5	185.0	191.3	189.8	191.9
16 All other liabilities	61.5	63.9	69.0	63.9	64.3	67.1	68.8	69.0	72.0	73.4
17 Capital, surplus, and undivided profits	55.2	63.7	64.8	63.7	63.4	63.3	63.8	64.8	66.0	67.1
18 **Total liabilities and capital**	**502.4**	**539.6**	**561.2**	**539.6**	**533.7**	**542.1**	**550.5**	**561.2**	**554.6**	**548.4**

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding[1]

Millions of dollars, end of period

Type of credit	1989	1990	1991	1992					
				May	June	July	Aug.	Sept.[r]	Oct.
	Seasonally Adjusted								
1 **Total**	**481,436**	**523,023**	**519,573**	**519,668**	**520,804**	**522,834**	**528,117**	**527,858**	**525,241**
2 Consumer	157,766	161,070	154,786	154,989	154,850	153,588	154,729	155,618	152,658
3 Real estate[2]	53,518	65,147	65,388	66,898	66,433	66,843	67,753	67,717	68,035
4 Business	270,152	296,807	299,400	297,781	299,521	302,403	305,634	304,523	304,549
	Not Seasonally Adjusted								
5 **Total**	**484,566**	**526,441**	**522,853**	**520,682**	**524,587**	**522,686**	**523,448**	**524,999**	**524,782**
6 Consumer	158,542	161,965	155,677	154,414	154,859	154,099	155,529	156,416	153,650
7 Motor vehicles	84,126	75,045	63,413	59,399	60,056	60,400	60,393	59,806	59,290
8 Other consumer[3]	54,732	58,818	58,488	56,740	56,634	56,568	56,782	56,808	55,412
9 Securitized motor vehicles[4]	13,690	19,837	23,166	26,529	26,195	25,392	26,852	28,204	27,823
10 Securitized other consumer[4]	5,994	8,265	10,610	11,746	11,974	11,739	11,503	11,598	11,124
11 Real estate[2]	53,781	65,509	65,764	66,650	66,437	67,065	68,104	68,064	68,477
12 Business	272,243	298,967	301,412	299,618	303,291	301,522	299,815	300,519	302,656
13 Motor vehicles	90,416	92,072	90,319	88,585	90,075	87,686	85,745	85,261	86,747
14 Retail[5]	29,505	26,401	22,507	20,143	20,674	21,086	20,743	20,407	20,763
15 Wholesale[6]	34,093	33,573	31,216	30,893	30,505	27,158	n.a.	n.a.	n.a.
16 Leasing	26,818	32,098	36,596	37,549	38,896	39,443	39,889	39,506	39,536
17 Equipment	122,246	137,654	141,399	143,431	145,994	145,787	145,790	147,319	147,146
18 Retail	29,828	31,968	30,962	31,569	32,610	32,370	32,250	31,571	31,475
19 Wholesale[6]	6,452	11,101	9,671	9,116	9,194	9,128	9,084	8,994	8,928
20 Leasing	85,966	94,585	100,766	102,746	104,190	104,289	104,455	106,754	106,743
21 Other business[7]	57,560	63,774	60,887	59,291	57,586	59,099	59,013	58,493	58,661
22 Securitized business assets[4]	n.a.	5,467	8,807	8,311	9,636	8,951	9,268	9,447	10,101
23 Retail	710	667	576	196	178	170	158	152	634
24 Wholesale	n.a.	3,281	5,285	5,147	5,231	4,649	5,193	5,378	5,593
25 Leasing	1,311	1,519	2,946	2,968	4,227	4,132	3,917	3,917	3,874

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 Conventional Mortgages on New Homes

Millions of dollars except as noted

Item	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	159.6	153.2	155.0	158.7	154.4	173.5	148.4	146.0	159.2	165.4
2 Amount of loan (thousands of dollars)	117.0	112.4	114.0	119.7	116.1	132.6	113.6	109.3	119.7	117.3
3 Loan-price ratio (percent)	74.5	74.8	75.0	77.3	77.3	77.5	78.7	77.0	77.3	75.3
4 Maturity (years)	28.1	27.3	26.8	26.4	25.0	26.4	24.8	25.7	25.2	24.9
5 Fees and charges (percent of loan amount)[2]	2.06	1.93	1.71	1.69	1.57	1.19	1.62	1.52	1.42	1.54
6 Contract rate (percent per year)	9.76	9.68	9.02	8.30	8.15	7.81	7.72	7.68	7.65	7.81
Yield (percent per year)										
7 OTS series[3]	10.11	10.01	9.30	8.59	8.43	8.00	8.00	7.93	7.90	8.07
8 HUD series[4]	10.21	10.08	9.20	8.66	8.42	8.14	8.01	7.95	8.29	8.38
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	10.24	10.17	9.25	8.66	8.56	8.12	8.08	8.06	8.29	8.54
10 GNMA securities[6]	9.71	9.51	8.59	8.00	7.90	7.63	7.28	7.31	7.53	7.90
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	104,974	113,329	122,837	140,899	142,148	142,465	142,246	144,904	149,133	153,306
12 FHA/VA-insured	19,640	21,028	21,702	21,924	22,218	22,263	22,199	22,275	22,399	22,372
13 Conventional	85,335	92,302	101,135	118,975	119,930	120,202	120,047	122,629	126,734	130,934
Mortgage transactions (during period)										
14 Purchases	22,518	23,959	37,202	5,576	5,809	4,191	3,651	6,779	8,380	7,980
Mortgage commitments (during period)[7]										
15 Issued[8]	n.a.	23,689	40,010	4,392	4,662	4,663	6,053	8,880	8,195	6,084
16 To sell[9]	n.a.	5,270	7,608	1,695	1,831	807	10	148	0	237
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
17 Total	20,105	20,419	24,131	28,710	28,621	28,510	29,367	31,629	32,995	n.a.
18 FHA/VA-insured	590	547	484	432	426	419	376	371	365	n.a.
19 Conventional	19,516	19,871	23,283	28,278	28,195	28,091	28,990	31,259	32,630	n.a.
Mortgage transactions (during period)										
20 Purchases	78,588	75,517	97,727	16,405	14,222	12,172	13,562	16,391	20,199	n.a.
21 Sales	73,446	73,817	92,478	17,214	13,740	11,849	12,314	14,267	18,771	18,782
Mortgage commitments (during period)[10]										
22 Contracted	88,519	102,401	114,031	13,334	19,114	26,488	14,212	17,132	27,380	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; 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 rates on loans closed, assuming prepayment at the end of ten years; from Office of Thrift Supervision (OTS).
4. Average contract rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD).
5. Average gross yields 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. Large monthly movements of average yields may reflect market adjustments to changes in maximum permissible contract rates.
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 carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to one- to four-family loan commitments accepted in the Federal National Mortgage Association's (FNMA's) free market auction system, and through the FNMA-GNMA tandem plans.
8. Does not include standby commitments issued, but includes standby commitments converted.
9. Includes participation loans as well as whole loans.
10. 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, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1988	1989	1990	1991			1992	
				Q2	Q3	Q4	Q1	Q2[p]
1 **All holders**	**3,275,697**	**3,561,685**	**3,807,306**	**3,898,924**	**3,912,518**	**3,927,396**	**3,971,687**	**3,999,102**
By type of property								
2 One- to four-family residences	2,203,973	2,432,222	2,649,436	2,726,425	2,758,976	2,781,078	2,833,365	2,873,755
3 Multifamily residences	292,590	304,612	310,619	315,404	308,047	308,844	308,510	301,007
4 Commercial	693,888	740,826	763,281	773,315	762,330	754,300	746,902	740,760
5 Farm	85,247	84,025	83,969	83,779	83,165	83,173	82,910	83,579
By type of holder								
6 Major financial institutions	1,831,472	1,931,537	1,914,315	1,898,492	1,860,710	1,846,910	1,825,983	1,807,045
7 Commercial banks[2]	674,003	767,069	844,826	871,416	870,937	876,284	880,377	884,598
8 One- to four-family	334,367	389,632	455,931	476,363	478,851	486,572	492,910	496,518
9 Multifamily	33,912	38,876	37,015	37,564	36,398	37,424	37,710	38,314
10 Commercial	290,254	321,906	334,648	339,450	337,365	333,852	330,837	330,229
11 Farm	15,470	16,656	17,231	18,039	18,323	18,436	18,919	19,538
12 Savings institutions[3]	924,606	910,254	801,628	755,403	719,679	705,367	682,338	660,547
13 One- to four-family	671,722	669,220	600,154	570,015	547,799	538,358	524,536	509,397
14 Multifamily	110,775	106,014	91,806	86,483	81,883	79,881	77,166	74,837
15 Commercial	141,433	134,370	109,168	98,457	89,595	86,741	80,278	75,969
16 Farm	676	650	500	448	402	388	358	345
17 Life insurance companies	232,863	254,214	267,861	271,674	270,094	265,258	263,269	261,900
18 One- to four-family	11,164	12,231	13,005	11,743	11,720	11,547	11,214	11,087
19 Multifamily	24,560	26,907	28,979	30,006	29,962	29,562	29,693	29,745
20 Commercial	187,549	205,472	215,121	219,204	218,179	214,105	212,865	211,913
21 Farm	9,590	9,604	10,756	10,721	10,233	10,044	9,497	9,155
22 Finance companies[4]	37,846	45,476	48,777	48,972	50,658	51,567	50,573	55,933
23 Federal and related agencies	200,570	209,498	250,761	276,797	282,115	282,856	296,664	297,618
24 Government National Mortgage Association	26	23	20	20	20	19	19	23
25 One- to four-family	26	23	20	20	20	19	19	23
26 Multifamily	0	0	0	0	0	0	0	0
27 Farmers Home Administration[5]	42,018	41,176	41,439	41,430	41,566	41,713	41,791	41,628
28 One- to four-family	18,347	18,422	18,527	18,521	18,598	18,496	18,488	17,718
29 Multifamily	8,513	9,054	9,640	9,898	9,990	10,141	10,270	10,356
30 Commercial	5,343	4,443	4,690	4,750	4,829	4,905	4,961	4,998
31 Farm	9,815	9,257	8,582	8,261	8,149	8,171	8,072	8,557
32 Federal Housing and Veterans' Administrations	5,973	6,087	8,801	10,210	10,057	10,733	11,332	11,798
33 One- to four-family	2,672	2,875	3,593	3,729	3,649	4,036	4,254	4,124
34 Multifamily	3,301	3,212	5,208	6,480	6,408	6,697	7,078	7,674
35 Federal National Mortgage Association	103,013	110,721	116,628	122,806	125,451	128,983	136,506	142,148
36 One- to four-family	95,833	102,295	106,081	111,560	113,696	117,087	124,137	129,392
37 Multifamily	7,180	8,426	10,547	11,246	11,755	11,896	12,369	12,756
38 Federal Land Banks	32,115	29,640	29,416	29,152	29,053	28,777	28,776	28,775
39 One- to four-family	1,890	1,210	1,838	2,041	2,124	1,693	1,693	1,693
40 Farm	30,225	28,430	27,577	27,111	26,929	27,084	27,083	27,082
41 Federal Home Loan Mortgage Corporation	17,425	21,851	21,857	23,649	23,906	26,809	28,895	28,621
42 One- to four-family	15,077	18,248	19,185	21,120	21,489	24,125	26,182	26,001
43 Multifamily	2,348	3,603	2,672	2,529	2,417	2,684	2,713	2,620
44 Mortgage pools or trusts[6]	811,847	946,766	1,110,555	1,188,626	1,229,836	1,262,685	1,302,217	1,339,172
45 Government National Mortgage Association	340,527	368,367	403,613	416,082	422,500	425,295	421,977	422,922
46 One- to four-family	331,257	358,142	391,505	403,679	412,715	415,767	412,574	413,828
47 Multifamily	9,270	10,225	12,108	12,403	9,785	9,528	9,404	9,094
48 Federal Home Loan Mortgage Corporation	226,406	272,870	316,359	341,132	348,843	359,163	367,878	382,797
49 One- to four-family	219,988	266,060	308,369	332,624	341,183	351,906	360,887	376,177
50 Multifamily	6,418	6,810	7,990	8,509	7,660	7,257	6,991	6,620
51 Federal National Mortgage Association	178,250	228,232	299,833	331,089	351,917	371,984	389,853	413,226
52 One- to four-family	172,331	219,577	291,194	322,444	343,430	362,667	380,617	403,940
53 Multifamily	5,919	8,655	8,639	8,645	8,487	9,317	9,236	9,286
54 Farmers Home Administration[5]	104	80	66	55	52	47	43	43
55 One- to four-family	26	21	17	13	12	11	10	9
56 Multifamily	0	0	0	0	0	0	0	0
57 Commercial	38	26	24	21	20	19	18	18
58 Farm	40	33	26	21	20	17	16	15
59 Individuals and others[7]	431,808	473,884	531,674	535,009	539,858	534,945	546,823	555,267
60 One- to four-family	262,713	297,050	333,532	333,256	336,711	330,062	340,561	348,631
61 Multifamily	80,394	82,830	87,950	87,002	87,351	87,440	86,975	86,390
62 Commercial	69,270	74,609	90,894	95,573	96,687	98,409	100,321	101,358
63 Farm	19,431	19,395	19,298	19,178	19,109	19,034	18,966	18,887

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. Beginning 1987:1, data reported by institutions insured by the Federal Savings and Loan Insurance Corporation include loans in process and other contra-assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. Assumed to be entirely loans on one- to four-family residences.
5. Securities guaranteed by the Farmers Home Administration (FmHA) sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4 because of accounting changes by the FmHA.
6. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated. Includes private pools, which are not shown as a separate line item.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

1.55 CONSUMER INSTALLMENT CREDIT Total Outstanding[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1989	1990	1991	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.[r]	1992 Oct.
	Seasonally adjusted								
1 **Total**	**716,825**	**735,338**	**727,799**	**722,928**	**722,919**	**721,820**	**720,664**	**722,104**	**722,317**
2 Automobile	292,002	284,993	263,003	259,834	257,339	257,743	256,944	257,384	257,412
3 Revolving	199,308	222,950	242,785	246,220	247,418	247,332	248,043	250,017	251,653
4 Other	225,515	227,395	222,012	216,874	218,162	216,744	215,677	214,703	213,252
	Not seasonally adjusted								
5 **Total**	**728,877**	**748,524**	**742,058**	**718,420**	**719,845**	**718,599**	**721,985**	**724,198**	**722,700**
By major holder									
6 Commercial banks	342,770	347,087	339,565	324,791	324,171	323,899	323,866	324,046	324,424
7 Finance companies	138,858	133,863	121,901	116,138	116,690	117,002	117,175	116,650	114,702
8 Credit unions	93,114	93,057	92,254	91,605	92,340	91,778	92,270	92,698	92,941
9 Retailers	44,154	44,822	44,030	37,824	37,438	37,219	38,791	38,778	39,299
10 Savings institutions	57,253	46,969	40,315	36,224	35,782	35,552	35,378	35,069	34,681
11 Gasoline companies	3,935	4,822	4,362	4,193	4,360	4,506	4,542	4,499	4,452
12 Pools of securitized assets[2]	48,793	77,904	99,631	107,645	109,064	108,643	109,963	112,458	112,201
By major type of credit[3]									
13 Automobile	292,060	285,050	263,108	258,665	257,442	258,104	259,128	260,395	259,626
14 Commercial banks	126,288	124,913	111,912	108,610	106,645	107,722	107,978	108,355	108,105
15 Finance companies	84,126	75,045	63,413	59,399	60,056	60,400	60,393	59,806	59,290
16 Pools of securitized assets[2]	18,185	24,428	28,057	31,406	31,024	30,454	30,826	31,971	31,757
17 Revolving	210,310	235,056	255,895	243,315	245,092	244,661	247,051	248,692	249,715
18 Commercial banks	130,811	133,385	137,968	128,013	127,925	127,476	126,922	127,234	127,263
19 Retailers	39,583	40,003	39,352	33,245	32,844	32,617	34,167	34,148	34,654
20 Gasoline companies	3,935	4,822	4,362	4,193	4,360	4,506	4,542	4,499	4,452
21 Pools of securitized assets[2]	23,477	44,335	60,139	63,801	65,784	65,791	66,985	68,252	68,699
22 Other	226,507	228,418	223,055	216,440	217,311	215,834	215,806	215,111	213,359
23 Commercial banks	85,671	88,789	89,685	88,168	89,601	88,701	88,966	88,457	89,056
24 Finance companies	54,732	58,818	58,488	56,739	56,634	56,602	56,782	56,844	55,412
25 Retailers	4,571	4,819	4,678	4,579	4,594	4,602	4,624	4,630	4,645
26 Pools of securitized assets[2]	7,131	9,141	11,435	12,438	12,256	12,398	12,152	12,235	11,745

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	1989	1990	1991	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	12.07	11.78	11.14	n.a.	9.52	n.a.	n.a.	9.15	n.a.	n.a.
2 24-month personal	15.44	15.46	15.18	n.a.	14.28	n.a.	n.a.	13.94	n.a.	n.a.
3 120-month mobile home[3]	14.11	14.02	13.70	n.a.	12.82	n.a.	n.a.	12.57	n.a.	n.a.
4 Credit card	18.02	18.17	18.23	n.a.	17.97	n.a.	n.a.	17.66	n.a.	n.a.
Auto finance companies										
5 New car	12.62	12.54	12.41	10.84	10.67	10.24	9.94	8.88	8.65	9.51
6 Used car	16.18	15.99	15.60	14.14	14.01	13.89	13.67	13.49	13.44	13.37
OTHER TERMS[4]										
Maturity (months)										
7 New car	54.2	54.6	55.1	54.5	54.7	54.4	54.4	53.6	53.3	54.1
8 Used car	46.6	46.0	47.2	47.8	47.9	48.0	48.0	47.9	47.7	47.9
Loan-to-value ratio										
9 New car	91	87	88	89	89	89	89	90	90	89
10 Used car	97	95	96	97	97	97	97	97	97	97
Amount financed (dollars)										
11 New car	12,001	12,071	12,494	13,208	13,373	13,369	13,570	13,745	13,889	13,885
12 Used car	7,954	8,289	8,884	8,905	9,247	9,201	9,293	9,238	8,402	9,373

1. 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. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1987	1988	1989	1990	1991	1991				1992		
						Q1	Q2	Q3	Q4	Q1[r]	Q2[r]	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**721.2**	**775.8**	**740.8**	**665.0**	**452.7[r]**	**455.4**	**543.3[r]**	**405.6[r]**	**406.3[r]**	**667.5**	**535.1**	**379.9**
By sector and instrument												
2 U.S. government	143.9	155.1	146.4	246.9	278.2	227.4	276.7	288.4	320.4	368.9	351.9	193.4
3 Treasury securities	142.4	137.7	144.7	238.7	292.0	251.4	282.9	317.2	316.6	380.1	351.5	184.4
4 Agency issues and mortgages	1.5	17.4	1.6	8.2	−13.8	−24.0	−6.2	−28.8	3.8	−11.2	.4	9.0
5 Private	577.3	620.7	594.4	418.2	174.4[r]	228.0	266.6[r]	117.2[r]	85.9[r]	298.6	183.2	186.5
By instrument												
6 Debt capital instruments	487.2	474.1	441.8	342.3	254.6[r]	296.1[r]	329.9[r]	182.0[r]	210.6[r]	312.9	218.4	196.4
7 Tax-exempt obligations	83.5	53.7	65.0	51.2	45.8	35.6	48.5	53.5	45.5	52.0	73.0	52.3
8 Corporate bonds	78.8	103.1	73.8	47.1	78.8[r]	76.7	96.5	81.7	60.3[r]	76.3	77.5	61.3
9 Mortgages	325.0	317.3	303.0	244.0	130.0	183.8[r]	184.8[r]	46.8[r]	104.8	184.7	67.9	82.8
10 Home mortgages	235.3	241.8	245.3	219.4	142.2	153.0	158.1	122.4	135.1	209.6	121.6	147.2
11 Multifamily residential	24.4	16.7	16.4	3.7	−2.0	6.3[r]	12.5[r]	−29.4[r]	2.7	−1.3	−31.6	−10.7
12 Commercial	71.6	60.8	42.7	21.0	−9.4	24.6[r]	14.9[r]	−43.8[r]	−33.1	−22.6	−24.9	−54.7
13 Farm	−6.4	−2.1	−1.5	−.1	−.8	−.1	−.7	−2.5	.0	−1.1	2.7	1.1
14 Other debt instruments	90.1	146.6	152.6	75.8	−80.2	−68.0	−63.3	−64.8	−124.7	−14.4	−35.2	−10.0
15 Consumer credit	32.9	50.1	41.7	17.5	−12.5	−10.4	−7.8	−24.0	−8.0	3.1	−12.4	.4
16 Bank loans n.e.c.	9.9	41.0	40.2	4.4	−33.4	−15.0	−34.5	−18.2	−66.1	−26.9	−21.5	−23.3
17 Open market paper	1.6	11.9	21.4	9.7	−18.4	−14.3	−15.9	−36.3	−7.0	12.6	−3.4	1.7
18 Other	45.7	43.6	49.3	44.2	−15.8	−28.3	−5.2	13.7	−43.6	−3.2	2.1	11.2
By borrowing sector												
19 State and local government	83.0	48.9	63.2	48.3	38.5	36.0	38.6	37.6	41.9	46.1	63.4	50.0
20 Household	296.4	318.6	305.6	254.2	158.0	160.8	188.8	136.1	146.3	217.1	143.3	148.1
21 Nonfinancial business	197.8	253.1	225.6	115.6	−22.1[r]	31.2[r]	39.2[r]	−56.5[r]	−102.4[r]	35.4	−23.4	−11.7
22 Farm	−10.6	−7.5	1.6	2.5	.9	3.9	2.1	−.3	−2.2	−1.6	7.1	2.4
23 Nonfarm noncorporate	65.3	61.8	50.4	26.7	−23.6	13.2	9.8	−65.9	−51.5	−20.7	−65.6	−51.4
24 Corporate	143.1	198.8	173.6	86.4	.6[r]	14.0	27.2[r]	9.7[r]	−48.7[r]	57.7	35.2	37.4
25 Foreign net borrowing in United States	6.2	6.4	10.2	23.9	14.1	63.1	−63.2	15.6	41.0	9.9	55.9	30.1
26 Bonds	7.4	6.9	4.9	21.4	14.9	11.1	10.6	15.5	22.3	4.9	22.8	23.2
27 Bank loans n.e.c.	−3.6	−1.8	−.1	−2.9	3.1	8.1	−3.5	1.4	6.5	1.5	14.1	3.4
28 Open market paper	3.8	8.7	13.1	12.3	6.4	46.7	−51.9	16.0	14.9	−7.8	27.7	12.8
29 U.S. government loans	−1.4	−7.5	−7.6	−6.9	−10.2	−2.8	−18.3	−17.2	−2.7	11.4	−8.8	−9.3
30 **Total domestic plus foreign**	**727.4**	**782.2**	**750.9**	**688.9**	**466.8[r]**	**518.5**	**480.1[r]**	**421.2[r]**	**447.3[r]**	**677.3**	**591.0**	**410.1**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**259.0**	**211.4**	**220.1**	**187.1**	**139.2**	**108.9**	**104.0[r]**	**143.4[r]**	**200.5**	**108.9**	**218.4**	**246.2**
By instrument												
32 U.S. government-related	171.8	119.8	151.0	167.4	147.7	154.6	127.4	156.3	152.7	126.8	199.5	152.9
33 Sponsored-credit-agency securities	30.2	44.9	25.2	17.1	9.2	13.1	−29.7	20.6	32.6	11.5	48.3	62.3
34 Mortgage pool securities	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
35 Loans from U.S. government	−.8	.0	.0	−.1	.0	.0	.0	.0	−.1	.0	.0	.0
36 Private	87.2	91.7	69.1	19.7	−8.6	−45.7	−23.4[r]	−12.9[r]	47.8	−17.9	18.9	93.2
37 Corporate bonds	39.1	16.2	46.8	34.4	57.7	41.4	72.4[r]	29.5[r]	87.5	−25.1	25.5	54.5
38 Mortgages	.4	.3	.0	.3	.6	.1[r]	.9[r]	−.2[r]	1.5	.9	.1	.1
39 Bank loans n.e.c.	−3.6	.6	1.9	1.2	3.2	1.0	−2.9	10.2	4.5	8.2	3.9	5.5
40 Open market paper	26.9	54.8	31.3	8.6	−32.0	−52.5	−46.0	−16.7	−12.7	7.6	−16.3	11.8
41 Loans from Federal Home Loan Banks	24.4	19.7	−11.0	−24.7	−38.0	−35.8	−47.7	−35.7	−33.0	−9.5	5.7	21.3
By borrowing sector												
42 Sponsored credit agencies	29.5	44.9	25.2	17.0	9.1	13.1	−29.7	20.6	32.5	11.5	48.3	62.3
43 Mortgage pools	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
44 Private	87.2	91.7	69.1	19.7	−8.6	−45.7	−23.4[r]	−12.9[r]	47.8	−17.9	18.9	93.2
45 Commercial banks	6.2	−3.0	−1.4	−1.1	−13.3	−18.4	−11.7	−9.2	−14.1	7.2	.8	1.6
46 Bank affiliates	14.3	5.2	6.2	−27.7	−2.5	−9.3	−3.5	−6.8	9.6	2.7	−8.2	2.2
47 Savings and loan associations	19.6	19.9	−14.1	−29.9	−39.5	−42.9	−48.7	−41.1	−25.1	−20.3	2.7	10.1
48 Mutual savings banks	8.1	1.9	−1.4	−.5	−3.5	2.0	−1.7	−5.5	−8.7	4.3	.3	8.3
49 Finance companies	−.5	31.5	59.7	35.6	14.5	−10.3	3.4	12.2	52.9	−39.0	−20.9	34.6
50 Real estate investment trusts (REITs)	.4	3.6	−1.9	−1.9	.0	.1	.1[r]	−.9[r]	.8	4.6	.9	−.7
51 Securitized credit obligation (SCO) issuers	39.1	32.5	22.0	45.2	35.6	33.2	38.7	38.5	32.3	22.5	43.2	37.1

1.57—Continued

Transaction category or sector	1987	1988	1989	1990	1991	1991				1992		
						Q1	Q2	Q3	Q4	Q1[r]	Q2[r]	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0**[r]	**627.4**	**584.1**[r]	**564.6**[r]	**647.7**[r]	**786.2**	**809.4**	**656.2**
53 U.S. government securities	316.4	274.9	297.3	414.4	426.0	382.0	404.1	444.8	473.2	495.7	551.4	346.4
54 State and local obligations	83.5	53.7	65.0	51.2	45.8	35.6	48.5	53.5	45.5	52.0	73.0	52.3
55 Corporate and foreign bonds	125.2	126.3	125.5	102.9	151.4[r]	129.2	179.5[r]	126.6[r]	170.1[r]	56.0	125.9	139.0
56 Mortgages	325.4	317.5	303.0	244.3	130.6	183.9	185.8	46.5	106.2	185.6	67.9	82.9
57 Consumer credit	32.9	50.1	41.7	17.5	-12.5	-10.4	-7.8	-24.0	-8.0	3.1	-12.4	.4
58 Bank loans n.e.c.	2.7	39.9	41.9	2.8	-27.1	-5.9	-40.9	-6.7	-55.1	-17.2	-3.5	-14.3
59 Open market paper	32.3	75.4	65.9	30.7	-44.0	-20.2	-113.8	-37.0	-4.9	12.4	8.1	26.3
60 Other loans	68.0	55.8	30.6	12.4	-64.2	-66.9	-71.2	-39.1	-79.3	-1.3	-1.0	23.3
	External corporate equity funds raised in United States											
61 **Total net share issues**	7.1	-118.4	-65.7	22.1	198.8	112.4	182.3[r]	231.8[r]	268.9	271.7	281.5	305.3
62 Mutual funds	70.2	6.1	38.5	67.9	150.5	98.1	125.6	182.5	195.9	189.8	223.3	249.2
63 All other	-63.2	-124.5	-104.2	-45.8	48.3	14.3	56.7[r]	49.3[r]	72.9	81.9	58.2	56.2
64 Nonfinancial corporations	**-75.5**	**-129.5**	**-124.2**	**-63.0**	**18.3**	**-6.0**	**12.0**	**19.0**	**48.0**	**46.0**	**36.0**	**11.0**
65 Financial corporations	14.5	4.1	2.7	9.8	-.1	-6.7	8.1[r]	-3.8[r]	2.0	6.0	9.7	9.2
66 Foreign shares purchased in United States	-2.1	.9	17.2	7.4	30.2	27.0	36.6	34.1	22.9	29.9	12.5	36.0

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	1987	1988	1989	1990	1991	1991				1992		
						Q1	Q2	Q3	Q4	Q1[r]	Q2[r]	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0[r]**	**627.4**	**584.1[r]**	**564.6[r]**	**647.7[r]**	**786.2**	**809.4**	**656.2**
2 Private domestic nonfinancial sectors	237.4	226.2	209.6	203.8	21.6[r]	49.4[r]	190.5[r]	-135.3[r]	-18.2[r]	139.2	73.5	-252.7
3 Households	180.7	198.9	179.5	172.3	-13.7[r]	13.3[r]	174.1[r]	-177.9[r]	-64.4[r]	160.0	47.6	-276.4
4 Nonfarm noncorporate business	-5.6	3.1	-.8	-1.4	-1.9[r]	-1.8[r]	-2.0	-1.6	-2.1	-1.9	-2.5	-1.9
5 Nonfinancial corporate business	18.5	5.7	12.9	6.6	20.9[r]	-7.6[r]	29.0	32.2	30.1	-2.9	21.4	38.0
6 State and local governments	43.9	18.6	17.9	26.2	16.3	45.4	-10.6	12.1	18.2	-16.1	7.1	-12.3
7 U.S. government	-7.9	-10.6	-3.1	33.7	10.0	35.2	24.8	-2.1	-17.9	13.9	-25.1	-27.8
8 Foreign	61.8	96.3	74.1	58.4	44.7	19.1	51.4	37.3	71.0	88.4	142.5	58.4
9 Financial sectors	695.0	681.8	690.4	580.2	529.7	523.8[r]	317.4	664.7[r]	612.9	544.7	618.4	878.3
10 Sponsored credit agencies	27.0	37.1	-.5	16.4	14.2	27.4	-22.3	33.7	17.8	93.0	39.9	73.9
11 Mortgage pools	142.3	74.9	125.8	150.3	138.6	141.5	157.1	135.8	120.1	115.3	151.2	90.6
12 Monetary authority	24.7	10.5	-7.3	8.1	31.1	58.1	-4.0	48.1	22.3	33.2	9.8	10.8
13 Commercial banking	135.3	157.1	176.8	125.4	84.0	114.4	34.7	82.4	104.3	98.9	58.4	101.5
14 U.S. commercial banks	99.1	127.1	145.7	95.2	38.9	77.0	6.4	26.5	45.6	91.9	.5	105.2
15 Foreign banking offices	34.2	29.4	26.7	28.4	48.5	42.2	33.7	56.7	61.3	.6	58.6	-2.7
16 Bank affiliates	2.0	-.1	2.8	-2.8	-1.5	-4.7	-2.6	2.4	-1.1	6.4	-.6	-1.4
17 Banks in U.S. possession	.1	.7	1.6	4.5	-1.9	-.1	-2.8	-3.3	-1.5	.0	-.1	.4
18 Private nonbank finance	365.8	402.2	395.7	279.9	261.8	182.3[r]	152.0	364.7[r]	348.3	204.4	359.2	601.5
19 Thrift institutions	136.9	119.0	-91.0	-151.9	-144.9	-188.3	-164.8	-176.8	-49.7	-113.3	-81.6	-21.8
20 Savings and loan associations	93.5	87.4	-93.9	-143.9	-140.9	-179.8	-144.0	-156.3	-83.3	-137.9	-92.4	-14.5
21 Mutual savings banks	25.6	15.3	-4.8	-16.5	-15.5	-11.7	-31.1	-30.8	11.5	7.6	-7.4	-17.5
22 Credit unions	17.8	16.3	7.7	8.5	11.5	3.3	10.2	10.3	22.2	17.0	18.3	10.2
23 Insurance	153.5	186.2	207.7	188.5	215.4	236.2	219.5	254.5	151.4	120.4	192.9	224.6
24 Life insurance companies	91.7	103.8	93.1	94.4	83.2	112.9	132.8	73.8	13.2	80.6	92.5	98.7
25 Other insurance companies	39.5	29.2	29.7	26.5	34.7	32.7	37.0	36.8	32.1	33.1	22.2	2.5
26 Private pension funds	-4.7	18.1	36.2	16.6	60.6	42.1	.7	110.5	89.2	-22.5	51.9	88.7
27 State and local government retirement funds	27.0	35.1	48.7	51.0	37.0	48.5	49.0	33.4	17.0	29.2	26.3	34.7
28 Finance n.e.c.	75.4	96.9	278.9	243.3	191.3	134.4[r]	97.4	287.0[r]	246.5	197.2	247.9	398.7
29 Finance companies	38.2	49.2	69.3	41.6	-13.1	-18.5	-14.5	-5.2	-14.1	.8	-23.0	18.9
30 Mutual funds	25.8	11.9	23.8	41.4	90.3	44.0	75.3	117.1	124.8	105.3	156.1	172.3
31 Money market funds	1.8	10.7	67.1	80.9	30.1	134.2	-68.9	1.1	53.9	61.8	-20.9	-16.3
32 Real estate investment trusts (REITs)	1.0	.9	.5	-.7	-.7	-1.6[r]	-.1	-.3[r]	-.9	-.7	2.6	2.6
33 Brokers and dealers	-30.6	-8.2	96.3	34.9	49.0	-56.9	66.8	135.8	50.5	7.5	89.8	184.0
34 Securitized credit obligation (SCOs) issuers	39.1	32.5	22.0	45.2	35.6	33.2	38.7	38.5	32.3	22.5	43.2	37.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**986.4**	**993.6**	**971.0**	**876.0**	**606.0[r]**	**627.4**	**584.1[r]**	**564.6[r]**	**647.7[r]**	**786.2**	**809.4**	**656.2**
Other financial sources												
36 Official foreign exchange	-9.7	4.0	24.8	2.0	-5.9	1.5	-4.8	-15.5	-5.0	3.5	-6.5	2.5
37 Treasury currency and special drawing rights	.5	.5	4.1	2.5	.0	-1.2	.4	.4	.5	.1	.3	.2
38 Life insurance reserves	26.0	25.3	28.8	25.7	22.0	27.9[r]	31.4[r]	19.4	9.2[r]	21.2	30.3	19.9
39 Pension fund reserves	104.5	193.6	221.4	186.8	263.5[r]	284.1	197.9[r]	339.6	232.5[r]	145.9	185.5	312.2
40 Interbank claims	34.8	2.9	-16.5	34.2	-5.0[r]	-3.0[r]	-79.8[r]	99.5[r]	-36.8[r]	48.8	27.4	120.8
41 Deposits at financial institutions	141.1	259.9	290.0	96.8	61.1[r]	244.8	-75.4	27.3	47.8[r]	93.2	-47.4	191.7
42 Checkable deposits and currency	4.1[r]	43.2	6.1	44.2	75.8	76.2	7.9	104.5	114.4	89.0	93.2	202.2
43 Small time and savings deposits	76.3[r]	120.8	96.7	59.9	16.7	97.3	-1.1	-42.4	13.0	-27.7	-88.5	-73.3
44 Large time deposits	50.6	53.6	17.6	-66.7	-60.9	15.1	-63.0	-78.1	-117.4	-81.3	-106.0	-63.5
45 Money market fund shares	24.0	21.9	90.1	70.3	41.3	193.0	-58.7	4.0	26.8	106.1	-38.3	-13.0
46 Security repurchase agreements	-10.9	23.5	78.3	-23.5	-16.4	-160.7	43.1	36.3	16.0	15.5	136.7	135.4
47 Foreign deposits	-3.1	-3.1	1.1	12.6	4.6[r]	24.0	-3.6	3.0	-5.0[r]	-8.3	-44.5	4.0
48 Mutual fund shares	70.2	6.1	38.5	67.9	150.5	98.1	125.6	182.5	195.9	189.8	223.3	249.2
49 Corporate equities	-63.2	-124.5	-104.2	-45.8	48.3	14.3	56.7[r]	49.3[r]	72.9	81.9	58.2	56.2
50 Security credit	-27.4	3.0	15.6	3.5	51.4	-17.5	20.1	82.4	120.7	-70.0	-4.3	73.6
51 Trade debt	57.7	89.2	60.0	44.1	10.3[r]	-39.6[r]	41.1[r]	47.5[r]	-7.7[r]	82.6	45.5	42.1
52 Taxes payable	5.4	5.3	2.0	-.5	-9.1	-34.8	-11.5	13.0	-3.3	-4.4	14.2	-4.3
53 Noncorporate proprietors' equity	-60.9	-31.2	-32.5	-39.3	-1.4[r]	-21.5[r]	-34.1	44.9	5.1	-24.6	12.5	1.1
54 Miscellaneous	241.2	222.3	269.9	120.5	145.0[r]	219.6[r]	65.0[r]	52.3[r]	243.2[r]	124.5	298.9	190.0
55 **Total financial sources**	**1,506.7**	**1,650.2**	**1,772.7**	**1,374.3**	**1,336.8[r]**	**1,400.3[r]**	**916.7[r]**	**1,507.3[r]**	**1,522.9[r]**	**1,478.7**	**1,647.2**	**1,911.4**
Floats not included in assets (−)												
56 U.S. government checking deposits	.0	1.6	8.4	3.3	-13.1	-18.8	15.6	23.9	-73.1	4.4	-11.7	.4
57 Other checkable deposits	.4	.8	-3.2	2.5	2.0	13.3	3.0	-2.1	-6.1	-13.3	-17.5	-23.9
58 Trade credit	-8.5	-.9	.6	21.5	18.3[r]	9.8[r]	40.5[r]	27.1[r]	-4.0[r]	14.7	-12.1	-6.5
Liabilities not identified as assets (−)												
59 Treasury currency	-.1	-.1	-.2	.2	-.6	-1.9	-.3	-.2	-.1	-.4	-.1	-.3
60 Interbank claims	-4.0	-3.0	-4.4	1.6	26.2	55.3	20.8	28.4	.2	13.4	-15.1	-8.4
61 Security repurchase agreements	-21.2	-29.8	23.9	-34.8	10.4[r]	-115.4	76.2	36.9	44.0[r]	-41.1	101.5	67.7
62 Taxes payable	6.7	6.3	2.3	6.5	7.4	-14.4	2.0	23.4	18.5	-18.3	29.5	11.9
63 Miscellaneous	10.0	4.4	-95.6	-13.8	-29.9[r]	-119.9[r]	9.3[r]	-194.2[r]	185.0[r]	-78.0	-64.4	36.3
64 **Totals identified to sectors as assets**	**1,523.4**	**1,670.7**	**1,841.0**	**1,387.5**	**1,316.1[r]**	**1,592.2[r]**	**749.5[r]**	**1,564.2[r]**	**1,358.6[r]**	**1,597.2**	**1,637.2**	**1,834.3**

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	1988	1989	1990	1991	1991				1992		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**9,316.3**	**10,087.1**	**10,760.8**	**11,210.8**	**10,832.3**	**10,960.3**	**11,082.5**	**11,210.8**	**11,336.7**	**11,464.8**	**11,583.6**
By lending sector and instrument											
2 U.S. government	2,104.9	2,251.2	2,498.1	2,776.4	2,548.8	2,591.9	2,687.2	2,776.4	2,859.7	2,923.3	2,998.9
3 Treasury securities	2,082.3	2,227.0	2,465.8	2,757.8	2,522.4	2,567.1	2,669.6	2,757.8	2,844.0	2,907.4	2,980.7
4 Agency issues and mortgages	22.6	24.2	32.4	18.6	26.4	24.8	17.6	18.6	15.8	15.9	18.1
5 Private	7,211.4	7,835.9	8,262.6	8,434.5	8,283.5	8,368.3	8,395.3	8,434.5	8,477.0	8,541.5	8,584.8
By instrument											
6 Debt capital instruments	5,119.0	5,577.9	5,936.0	6,190.6	5,997.7	6,087.5	6,138.4	6,190.6	6,256.9	6,319.4	6,373.9
7 Tax-exempt obligations	939.4	1,004.4	1,055.6	1,101.4	1,061.5	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6
8 Corporate bonds	852.2	926.1	973.2	1,052.0	992.3	1,016.5	1,036.9	1,052.0	1,071.0	1,090.4	1,105.7
9 Mortgages	3,327.3	3,647.5	3,907.3	4,037.3	3,943.8	3,998.6	4,012.2	4,037.3	4,074.4	4,100.5	4,122.6
10 Home mortgages	2,257.5	2,515.1	2,760.0	2,902.1	2,788.9	2,836.9	2,869.5	2,902.1	2,945.5	2,985.0	3,023.2
11 Multifamily residential	286.7	304.4	305.8	303.8	307.3	310.4	303.1	303.8	303.5	295.6	292.9
12 Commercial	696.4	742.6	757.6	748.2	763.7	767.4	756.5	748.2	742.6	736.4	722.7
13 Farm	86.8	85.3	84.0	83.2	83.9	83.8	83.1	83.2	82.9	83.6	83.8
14 Other debt instruments	2,092.5	2,258.0	2,326.7	2,243.9	2,285.8	2,280.8	2,256.9	2,243.9	2,220.0	2,222.1	2,210.9
15 Consumer credit	742.1	791.8	809.3	796.7	785.3	786.7	785.9	796.7	775.7	775.8	781.1
16 Bank loans n.e.c.	710.6	760.7	758.0	724.6	748.3	742.0	734.1	724.6	712.5	709.4	699.6
17 Open market paper	85.7	107.1	116.9	98.5	120.8	119.4	107.0	98.5	110.3	111.7	108.3
18 Other	554.1	598.4	642.6	624.1	631.5	632.6	629.8	624.1	621.6	625.1	621.9
By borrowing sector											
19 State and local government	752.5	815.7	864.0	902.5	870.1	878.5	891.4	902.5	911.3	925.9	942.3
20 Household	3,177.3	3,508.2	3,780.6	3,938.6	3,788.3	3,848.3	3,888.7	3,938.6	3,960.8	4,009.9	4,051.6
21 Nonfinancial business	3,281.6	3,512.0	3,618.0	3,593.3	3,625.2	3,641.5	3,615.3	3,593.3	3,604.9	3,605.8	3,590.9
22 Farm	137.6	139.2	140.5	138.8	136.8	139.6	140.4	138.8	136.3	140.2	141.7
23 Nonfarm noncorporate	1,127.1	1,177.5	1,204.2	1,180.6	1,207.1	1,210.8	1,191.0	1,180.6	1,174.9	1,160.0	1,144.0
24 Corporate	2,016.9	2,195.3	2,273.4	2,273.9	2,281.3	2,291.1	2,283.9	2,273.9	2,293.7	2,305.6	2,305.2
25 **Foreign credit market debt held in United States**	**244.6**	**254.8**	**278.6**	**292.7**	**291.3**	**277.6**	**282.2**	**292.7**	**282.4**	**298.5**	**307.0**
26 Bonds	83.1	88.0	109.4	124.2	112.1	114.8	118.6	124.2	125.4	131.1	137.0
27 Bank loans n.e.c.	21.5	21.4	18.5	21.6	20.5	19.7	20.0	21.6	22.0	25.5	26.4
28 Open market paper	49.9	63.0	75.3	81.8	87.0	74.0	78.0	81.8	70.5	77.5	80.7
29 U.S. government loans	90.1	82.4	75.4	65.2	71.6	69.1	65.6	65.2	64.4	64.4	63.1
30 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**9,560.9**	**10,341.9**	**11,039.4**	**11,503.6**	**11,123.6**	**11,237.9**	**11,364.7**	**11,503.6**	**11,619.1**	**11,763.3**	**11,890.7**
	Financial sectors										
31 ***Total credit market debt owed by financial sectors***	**2,082.9**	**2,333.0**	**2,524.2**	**2,667.8**	**2,546.3**	**2,571.4**	**2,608.2**	**2,667.8**	**2,686.9**	**2,739.9**	**2,802.6**
By instrument											
32 U.S. government-related	1,098.4	1,249.3	1,418.4	1,566.2	1,452.1	1,482.8	1,524.4	1,566.2	1,592.9	1,641.6	1,682.2
33 Sponsored credit-agency securities	348.1	373.3	393.7	402.9	397.0	389.6	394.7	402.9	405.7	417.8	433.4
34 Mortgage pool securities	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
35 Loans from U.S. government	5.0	5.0	4.9	4.8	4.9	4.9	4.9	4.8	4.8	4.8	4.8
36 Private	984.6	1,083.7	1,105.8	1,101.6	1,094.1	1,088.6	1,083.9	1,101.6	1,094.0	1,098.3	1,120.4
37 Corporate bonds	415.1	491.9	528.2	590.2	545.4	562.2	569.5	590.2	578.2	583.2	597.0
38 Mortgages	3.4	3.4	4.2	4.8	4.2	4.5	4.4	4.8	5.0	5.0	5.1
39 Bank loans n.e.c.	35.6	37.5	38.6	41.8	36.5	37.0	39.0	41.8	41.6	43.7	44.5
40 Open market paper	377.7	409.1	417.7	385.7	400.9	390.1	387.0	385.7	392.9	389.5	393.7
41 Loans from Federal Home Loan Banks	152.8	141.8	117.1	79.1	107.0	94.7	83.9	79.1	76.3	76.9	80.2
By borrowing sector											
42 Sponsored credit agencies	353.1	378.3	398.5	407.7	401.8	394.4	399.5	407.7	410.5	422.6	438.2
43 Mortgage pools	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
44 Private financial sectors	984.6	1,083.7	1,105.8	1,101.6	1,094.1	1,088.6	1,083.9	1,101.6	1,094.0	1,098.3	1,120.4
45 Commercial banks	78.8	77.4	76.3	63.0	68.1	65.9	64.6	63.0	60.8	61.7	63.3
46 Bank affiliates	136.2	142.5	114.8	112.3	114.4	113.3	110.6	112.3	115.0	112.7	112.3
47 Savings and loan associations	159.3	145.2	115.3	75.9	104.2	91.0	79.0	75.9	71.2	70.3	71.0
48 Mutual savings banks	18.6	17.2	16.7	13.2	16.4	16.6	15.2	13.2	13.5	14.3	16.2
49 Finance companies	444.6	504.2	539.8	557.9	539.6	540.4	543.7	557.9	547.1	541.8	550.8
50 Real estate investment trusts (REITs)	11.4	10.1	10.6	11.4	10.8	11.0	11.0	11.4	12.7	13.2	13.2
51 Securitized credit obligation (SCO) issuers	135.7	187.1	232.3	268.0	240.6	250.3	259.9	268.0	273.6	284.4	293.7
	All sectors										
52 **Total credit market debt, domestic and foreign**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3**	**13,669.9**	**13,809.2**	**13,973.0**	**14,171.3**	**14,306.0**	**14,503.3**	**14,693.3**
53 U.S. government securities	3,198.3	3,495.6	3,911.7	4,337.7	3,996.1	4,069.8	4,206.7	4,337.7	4,447.8	4,560.1	4,676.2
54 State and local obligations	939.4	1,004.4	1,055.6	1,101.4	1,061.5	1,072.5	1,089.3	1,101.4	1,111.5	1,128.6	1,145.6
55 Corporate and foreign bonds	1,350.4	1,506.0	1,610.7	1,766.4	1,649.9	1,693.5	1,725.0	1,766.4	1,774.6	1,804.7	1,839.7
56 Mortgages	3,330.7	3,650.9	3,911.5	4,042.1	3,948.1	4,003.1	4,016.7	4,042.1	4,079.4	4,105.5	4,127.6
57 Consumer credit	742.1	791.8	809.3	796.7	785.3	786.7	785.9	796.7	775.7	775.8	781.1
58 Bank loans n.e.c.	767.7	819.6	815.1	788.0	805.3	798.7	793.2	788.0	776.1	778.7	770.4
59 Open market paper	513.4	579.2	609.9	565.9	608.8	583.6	572.0	565.9	573.7	578.7	582.6
60 Other loans	801.9	827.5	839.9	773.2	814.9	801.4	784.2	773.2	767.1	771.2	770.0

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	1988	1989	1990	1991	1991				1992		
					Q1	Q2	Q3	Q4	Q1[r]	Q2[r]	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3[r]**	**13,669.9**	**13,809.2[r]**	**13,973.0**	**14,171.3[r]**	**14,306.0**	**14,503.3**	**14,693.3**
2 Private domestic nonfinancial sectors	2,185.5	2,440.5	2,644.2	2,490.8[r]	2,634.3[r]	2,653.8	2,648.2	2,490.8[r]	2,496.1	2,487.1	2,456.8
3 Households	1,485.1	1,710.1	1,882.3	1,693.6[r]	1,875.4[r]	1,882.0[r]	1,875.5[r]	1,693.6[r]	1,716.6	1,690.9	1,665.7
4 Nonfarm noncorporate business	57.2	56.4	55.0	53.1[r]	53.8[r]	53.3[r]	52.9	53.1[r]	51.9	51.3	50.8
5 Nonfinancial corporate business	167.4	180.3	186.9	207.9[r]	174.5[r]	189.7[r]	189.9[r]	207.9[r]	196.2	210.7	211.0
6 State and local governments	475.8	493.7	519.9	536.2	530.6	528.8	530.0	536.2	531.4	534.2	529.4
7 U.S. government	213.2	205.1	238.7	246.2	245.5	252.9	252.0	246.2	250.2	245.2	237.8
8 Foreign	653.2	734.2	792.4	837.2[r]	797.1	810.0	819.3	837.2[r]	859.3	894.9	909.5
9 Financial sectors	8,592.0	9,295.1	9,888.3	10,597.2[r]	9,992.9[r]	10,092.6[r]	10,253.3	10,597.2[r]	10,700.4	10,876.1	11,089.1
10 Sponsored credit agencies	367.7	367.2	383.6	397.7	388.5	382.7	389.5	397.7	419.9	429.0	445.6
11 Mortgage pools	745.3	871.0	1,019.9	1,158.5	1,050.3	1,088.4	1,124.8	1,158.5	1,182.4	1,219.0	1,244.0
12 Monetary authority	240.6	233.3	241.4	272.5	247.3	253.7	264.7	272.5	271.8	282.6	285.2
13 Commercial banking	2,476.3	2,643.9	2,769.3	2,853.3	2,780.2	2,796.6	2,817.8	2,853.3	2,860.6	2,882.9	2,908.9
14 U.S. commercial banks	2,231.9	2,368.4	2,463.6	2,502.5	2,470.8	2,480.0	2,488.7	2,502.5	2,514.0	2,521.9	2,550.0
15 Foreign banking offices	215.6	242.3	270.8	319.2	275.6	284.4	297.5	319.2	313.3	328.2	326.6
16 Bank affiliates	13.4	16.2	13.4	11.9	12.3	11.3	11.6	11.9	13.6	13.1	12.5
17 Banks in U.S. possession	15.4	17.1	21.6	19.7	21.6	20.9	20.0	19.7	19.7	19.7	19.8
18 Private nonbank finance	4,762.1	5,179.7	5,474.1	5,915.1[r]	5,526.7[r]	5,571.2[r]	5,656.5	5,915.1[r]	5,965.8	6,062.6	6,205.3
19 Thrift institutions	1,572.0	1,484.9	1,335.5	1,190.6	1,287.8	1,248.4	1,205.1	1,190.6	1,161.8	1,143.0	1,137.5
20 Savings and loan associations	1,184.2	1,088.9	945.1	804.2	901.3	866.3	826.1	804.2	771.1	748.8	743.2
21 Mutual savings banks	240.6	241.1	227.1	211.5	224.1	216.4	208.7	211.5	213.4	211.6	207.2
22 Credit unions	147.2	154.9	163.4	174.9	162.3	165.7	170.2	174.9	177.2	182.6	187.1
23 Insurance	1,932.6	2,140.3	2,329.1	2,723.8[r]	2,392.0	2,448.8	2,511.7	2,723.8[r]	2,750.5	2,801.0	2,856.2
24 Life insurance companies	920.0	1,013.1	1,116.5	1,199.6	1,148.5	1,183.7	1,201.4	1,199.6	1,224.3	1,249.8	1,273.5
25 Other insurance companies	287.9	317.5	344.0	378.7	352.2	361.4	370.7	378.7	387.0	392.5	393.1
26 Private pension funds	358.5	394.7	431.3	671.1[r]	441.8	442.0	469.6	671.1[r]	657.6	670.5	692.7
27 State and local government retirement funds	366.2	414.9	437.4	474.3	449.5	461.7	470.1	474.3	481.6	488.2	496.9
28 Finance n.e.c.	1,257.5	1,554.5	1,809.4	2,000.7	1,846.9[r]	1,874.0[r]	1,939.7	2,000.7	2,053.6	2,118.6	2,211.6
29 Finance companies	559.2	617.1	658.7	645.6	649.4	651.7	647.4	645.6	641.0	641.6	642.5
30 Mutual funds	283.4	307.2	360.2	450.5	374.6	394.4	421.4	450.5	480.3	520.4	561.2
31 Money market funds	224.7	291.8	372.7	402.8	411.4	389.9	389.5	402.8	423.1	413.5	408.8
32 Real estate investment trusts (REITs)	7.8	8.4	7.7	7.0	7.3[r]	7.3[r]	7.2	7.0	6.8	7.5	8.1
33 Brokers and dealers	46.7	142.9	177.9	226.9	163.6	180.4	214.3	226.9	228.8	251.2	297.3
34 Securitized credit obligation (SCOs) issuers	135.7	187.1	232.3	268.0	240.6	250.3	259.9	268.0	273.6	284.4	293.7
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**11,643.9**	**12,674.9**	**13,563.6**	**14,171.3[r]**	**13,669.9**	**13,809.2[r]**	**13,973.0**	**14,171.3[r]**	**14,306.0**	**14,503.3**	**14,693.3**
Other liabilities											
36 Official foreign exchange	27.1	53.6	61.3	55.4	56.6	53.6	52.9	55.4	52.7	54.4	55.4
37 Treasury currency and special drawing rights certificates	19.8	23.8	26.3	26.3	26.0	26.1	26.2	26.3	26.3	26.4	26.5
38 Life insurance reserves	325.5	354.3	380.0	402.0	385.0	392.3	397.2	402.0	407.3	414.9	419.8
39 Pension fund reserves	2,755.0	3,210.5	3,303.0	4,235.9[r]	3,520.6	3,555.8	3,720.8	4,235.9[r]	4,251.2	4,304.4	4,439.7
40 Interbank claims	46.9	32.4	64.0	63.9[r]	59.2[r]	35.8[r]	60.7[r]	63.9[r]	64.2	69.2	100.6
41 Deposits at financial institutions	4,354.7	4,644.6	4,741.4	4,802.5[r]	4,776.4	4,765.7	4,769.5	4,802.5[r]	4,801.4	4,797.5	4,841.7
42 Checkable deposits and currency	882.8	888.6	932.8	1,008.5	905.1	933.1	948.3	1,008.5	984.7	1,032.8	1,071.9
43 Small time and savings deposits	2,169.2	2,265.4	2,325.3	2,342.0	2,355.3	2,351.5	2,339.7	2,342.0	2,341.3	2,315.3	2,296.4
44 Large time deposits	596.9	615.4	548.7	487.9	553.1	532.6	517.1	487.9	468.8	437.5	425.5
45 Money market fund shares	338.0	428.1	498.4	539.6	551.7	532.8	533.1	539.6	571.0	557.2	553.2
46 Security repurchase agreements	325.0	403.2	379.7	363.4	348.6	354.0	368.9	363.4	376.4	406.8	445.7
47 Foreign deposits	42.8	43.9	56.6	61.2[r]	62.6	61.7	62.4	61.2[r]	59.1	47.9	48.9
48 Mutual fund shares	478.3	566.2	602.1	812.4	661.6	683.7	744.2	812.4	859.3	936.7	1,013.4
49 Security credit	118.3	133.9	137.4	188.9	132.5	137.5	158.1	188.9	195.1	194.1	212.4
50 Trade debt	838.4	903.9	938.0	940.8[r]	903.5[r]	909.4[r]	935.3[r]	940.8[r]	942.6	949.4	976.2
51 Taxes payable	79.8	81.8	81.4	72.2	75.1	65.8	71.8	72.2	73.5	70.1	72.2
52 Miscellaneous	2,312.0	2,508.3	2,678.8	2,813.7[r]	2,688.6[r]	2,691.0[r]	2,729.0[r]	2,813.7[r]	2,816.2	2,870.5	2,929.0
53 **Total liabilities**	**22,999.5**	**25,188.3**	**26,577.2**	**28,585.4[r]**	**26,954.9[r]**	**27,125.9[r]**	**27,638.6[r]**	**28,585.4[r]**	**28,795.8**	**29,190.9**	**29,780.2**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	40.0	40.3	41.3	41.6	40.7	40.7	41.1	41.6	41.3	41.5	23.2
55 Corporate equities	3,141.6	3,819.7	3,506.6	4,630.0	4,047.2	4,104.7	4,338.5	4,630.0	4,739.7	4,678.8	4,832.4
56 Household equity in noncorporate business	2,373.1	2,524.9	2,449.4	2,372.5[r]	2,478.4	2,509.4[r]	2,495.9[r]	2,372.5[r]	2,381.4	2,362.6	2,335.6
Floats not included in assets (−)											
57 U.S. government checking deposits	5.9	6.1	15.0	3.8[r]	5.2	8.3	19.8	3.8[r]	.9	1.4	4.1
58 Other checkable deposits	29.6	26.5	28.9	30.9	26.7	29.9	23.6	30.9	22.0	20.1	8.3
59 Trade credit	−164.3	−159.7	−148.0	−134.1[r]	−157.9[r]	−157.7[r]	−154.2[r]	−134.1[r]	−133.3	−148.6	−154.3
Liabilities not identified as assets (−)											
60 Treasury currency	−4.1	−4.3	−4.1	−4.8	−4.6	−4.7	−4.7	−4.8	−4.9	−4.9	−5.0
61 Interbank claims	−28.5	−31.0	−32.0	−4.2	−15.5	−9.9	−4.7	−4.2	−1.8	−4.0	−7.4
62 Security repurchase agreements	−12.4	11.5	−23.3	−12.9[r]	−39.6	−25.8	−10.6	−12.9[r]	−10.1	11.0	32.9
63 Taxes payable	21.4	20.6	21.8	18.8	21.4	11.7	17.5	18.8	16.6	12.4	9.4
64 Miscellaneous	−134.6	−253.3	−249.7	−451.6[r]	−262.4[r]	−244.5[r]	−303.2[r]	−451.6[r]	−441.1	−441.2	−467.8
65 **Totals identified to sectors as assets**	**28,841.1**	**31,956.8**	**32,966.0**	**36,183.5[r]**	**33,947.9[r]**	**34,173.4[r]**	**34,930.5[r]**	**36,183.5[r]**	**36,510.0**	**36,827.5**	**37,551.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 through 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, 1987=100 except as noted

Measure	1989	1990	1991	1992								
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
1 **Industrial production**[1]	**108.1**	**109.2**	**107.1**	**107.6**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.8**	**109.3**	**109.7**
Market groupings												
2 Products, total	108.6	110.1	108.1	108.5	109.0	109.7	109.0	109.6	109.8	109.3	110.1	110.4
3 Final, total	109.1	110.9	109.6	109.8	110.6	111.4	110.5	111.0	111.5	111.0	111.9	112.2
4 Consumer goods	106.7	107.3	107.5	109.3	110.1	110.8	109.6	110.4	110.8	110.3	111.0	111.3
5 Equipment	112.3	115.5	112.2	110.4	111.3	112.3	111.6	111.8	112.5	111.9	112.9	113.4
6 Intermediate	106.8	107.7	103.4	104.4	103.9	104.4	104.4	105.1	104.4	104.0	104.5	104.8
7 Materials	107.4	107.8	105.5	106.1	106.8	107.7	107.6	109.0	108.1	108.0	108.1	108.6
Industry groupings												
8 Manufacturing	108.9	109.9	107.4	108.5	109.0	109.9	109.6	110.2	110.1	109.7	110.3	110.8
9 Capacity utilization, manufacturing (percent)[2]	83.9	82.3	78.2	77.5	77.7	78.2	77.8	78.1	77.9	77.4	77.7	77.9
10 Construction contracts[3]	105.2	95.3	89.6[r]	96.0	93.0	86.0	90.0	89.0	90.0	89.0	104.0	n.a.
11 Nonagricultural employment, total[4]	106.0	107.5	106.0	105.9	106.0	106.2	106.1	106.3	106.2	106.2	106.2	106.3
12 Goods-producing, total	102.5	101.0	96.4	95.2	95.2	95.3	95.0	94.9	94.6	94.3	94.1	94.2
13 Manufacturing, total	102.2	100.5	97.0	96.1	96.1	96.1	95.9	95.9	95.4	95.2	94.8	95.0
14 Manufacturing, production worker	102.3	100.1	96.1	95.7	95.7	95.7	95.4	95.5	94.9	94.6	94.3	94.6
15 Service-producing	107.1	109.5	109.0[r]	109.3	109.5	109.6	109.6	109.9	109.9	110.0	110.0	110.2
16 Personal income, total	115.2	122.7	127.0	131.8	131.9	132.4	132.5	132.7[r]	132.9	133.6	134.9	n.a.
17 Wages and salary disbursements	114.4	121.3	124.4	128.0	127.8	128.6	128.5	128.6[r]	129.4	129.2	130.1	n.a.
18 Manufacturing	110.6	113.5	113.6	114.6	115.0	115.5	115.1	115.3	115.0	115.0	116.0	n.a.
19 Disposable personal income[5]	115.1	122.9	128.0	133.8	133.8	134.2	134.4	134.4[r]	134.5	135.2	136.6	n.a.
20 Retail sales[6]	113.5	118.7	119.8	123.1	123.5	124.1	124.0	125.4	125.5	126.5	128.8	129.3
Prices[7]												
21 Consumer (1982–84=100)	124.0	130.7	136.2	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0
22 Producer finished goods (1982=100)	113.6	119.2	121.7	122.2	122.4	123.2	123.9	123.7	123.5	123.3	124.3	123.9

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *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 Co., 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. Bureau of the Census, *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 Bureau of Labor Statistics, U.S. Department of Labor, *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.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1989	1990	1991	1992							
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**188,601**	**190,216**	**191,883**	**193,168**	**193,295**	**193,431**	**193,588**	**193,749**	**193,893**	**194,051**	**194,210**
2 Labor force (including Armed Forces)[1]	126,077	126,954	127,421	128,830	129,148	129,525	129,498	129,396	129,219	128,879	129,132
3 Civilian labor force	123,869	124,787	125,303	126,830	127,160	127,549	127,532	127,437	127,273	126,959	127,238
Employment											
4 Nonagricultural industries[2]	114,142	114,728	114,644	114,465	114,478	114,322	114,568	114,519	114,459	114,465	114,834
5 Agriculture	3,199	3,186	3,233	3,209	3,178	3,252	3,204	3,218	3,242	3,160	3,211
Unemployment											
6 Number	6,528	6,874	8,426	9,155	9,504	9,975	9,760	9,700	9,572	9,334	9,193
7 Rate (percent of civilian labor force)	5.3	5.5	6.7	7.2	7.5	7.8	7.7	7.6	7.5	7.4	7.2
8 Not in labor force	62,524	63,262	64,462	64,338	64,147	63,906	64,090	64,353	64,674	65,172	65,078
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**108,329**	**109,872**	**108,310**	**108,377**	**108,496**	**108,423**	**108,594**	**108,485**	**108,497**	**108,531**	**108,636**
10 Manufacturing	19,442	19,117	18,455	18,279	18,275	18,236	18,242	18,145	18,102	18,037	18,072
11 Mining	693	710	691	646	641	634	633	626	620	622	622
12 Contract construction	5,187	5,133	4,685	4,605	4,632	4,600	4,584	4,591	4,574	4,598	4,587
13 Transportation and public utilities	5,644	5,808	5,772	5,746	5,745	5,745	5,742	5,729	5,738	5,730	5,735
14 Trade	25,770	25,877	25,328	25,170	25,143	25,144	25,156	25,070	25,079	25,104	25,060
15 Finance	6,695	6,729	6,678	6,682	6,681	6,672	6,660	6,661	6,669	6,680	6,676
16 Service	27,120	28,130	28,323	28,707	28,833	28,854	28,971	28,981	29,065	29,142	29,206
17 Government	17,779	18,304	18,380	18,542	18,546	18,538	18,606	18,682	18,650	18,618	18,678

1. Persons sixteen years of age and older. 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.
2. Includes self-employed, unpaid family, and domestic service workers.
3. 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 1984 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	1991	1992			1991	1992			1991	1992		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)			
1 **Total industry**	**107.9**	**107.1**	**108.5**	**109.1**	**136.2**	**137.0**	**137.7**	**138.4**	**79.3**	**78.2**	**78.8**	**78.8**
2 Manufacturing	108.6	108.0	109.5	110.0	138.9	139.7	140.6	141.4	78.2	77.3	77.9	77.8
3 Primary processing	104.1	104.0	105.4	106.4	128.8	129.3	129.6	129.9	80.8	80.5	81.3	81.9
4 Advanced processing	110.7	109.9	111.4	111.7	143.5	144.6	145.6	146.7	77.1	76.0	76.5	76.2
5 Durable goods	107.7	106.6	108.4	108.8	142.8	143.7	144.4	145.2	75.4	74.2	75.0	74.9
6 Lumber and products	95.1	98.5	96.7	98.3	125.7	125.9	126.1	126.3	75.7	78.2	76.7	77.9
7 Primary metals	102.5	102.2	101.7	104.0	129.3	129.1	128.3	127.5	79.2	79.2	79.2	81.5
8 Iron and steel	103.2	103.8	101.6	104.6	134.5	134.1	132.7	131.2	76.7	77.4	76.6	79.7
9 Nonferrous	101.4	100.0	101.7	103.1	121.9	122.1	122.2	122.3	83.2	81.9	83.3	84.3
10 Nonelectrical machinery	122.7	122.1	125.7	128.8	162.8	164.3	165.9	167.4	75.4	74.3	75.8	76.9
11 Electrical machinery	110.4	110.5	111.8	112.5	146.6	147.9	149.1	150.4	75.3	74.7	75.0	74.8
12 Motor vehicles and parts	97.0	91.7	100.5	98.1	135.6	136.2	136.7	137.2	71.5	67.3	73.5	71.5
13 Aerospace and miscellaneous transportation equipment	102.8	99.3	96.8	94.9	139.6	140.4	140.9	141.5	73.7	70.8	68.7	67.1
14 Nondurable goods	109.7	109.8	110.9	111.5	133.8	134.8	135.6	136.5	82.0	81.5	81.7	81.7
15 Textile mill products	104.1	104.3	106.2	106.4	118.3	118.8	119.2	119.7	88.0	87.9	89.0	88.9
16 Paper and products	107.4	105.8	106.7	108.2	118.7	119.3	119.9	120.5	90.5	88.7	89.0	89.8
17 Chemicals and products	113.0	113.6	116.8	117.9	142.3	143.4	144.3	145.1	79.4	79.2	81.0	81.2
18 Plastics materials	126.2	124.4	129.7	132.4	146.1	148.7	150.5	152.2	86.4	83.7	86.2	87.0
19 Petroleum products	107.1	107.7	109.2	106.9	121.4	121.4	121.5	121.6	88.2	88.7	89.9	87.9
20 Mining	99.7	97.9	98.9	99.4	114.7	114.7	114.7	114.8	87.0	85.3	86.2	86.6
21 Utilities	109.4	107.0	107.4	109.0	129.2	129.5	129.8	130.1	84.7	82.6	82.7	83.8
22 Electric	111.6	109.7	110.3	112.7	125.2	125.6	126.0	126.4	89.1	87.3	87.6	89.2

Series	Previous cycle[2]		Latest cycle[3]		1991	1992							
	High	Low	High	Low	Nov.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]
	Capacity utilization rate (percent)												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**79.3**	**78.7**	**79.1**	**78.6**	**79.1**	**78.8**	**78.5**	**78.7**	**78.9**
2 Manufacturing	88.9	70.8	87.3	70.0	78.2	77.7	78.2	77.8	78.1	77.9	77.4	77.7	77.9
3 Primary processing	92.2	68.9	89.7	66.8	80.8	81.1	81.5	81.4	82.7	81.7	81.3	81.6	82.4
4 Advanced processing	87.5	72.0	86.3	71.4	77.1	76.3	76.8	76.3	76.2	76.3	75.9	76.2	76.2
5 Durable goods	88.8	68.5	86.9	65.0	75.5	74.6	75.5	75.0	75.2	75.2	74.4	75.0	75.2
6 Lumber and products	90.1	62.2	87.6	60.9	76.7	77.1	77.2	75.6	79.1	78.3	76.2	77.7	80.0
7 Primary metals	100.6	66.2	102.4	46.8	80.0	78.5	79.5	79.7	82.6	81.8	80.2	82.4	82.7
8 Iron and steel	105.8	66.6	110.4	38.3	78.5	75.8	77.0	77.0	80.8	79.5	78.8	82.2	82.9
9 Nonferrous	92.9	61.3	90.5	62.2	82.5	82.6	83.3	83.9	85.4	85.2	82.3	82.8	82.3
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	75.4	75.1	76.4	76.0	76.6	77.3	76.9	77.4	78.0
11 Electrical machinery	87.8	63.8	89.4	71.1	75.5	74.7	75.3	75.0	75.1	75.1	74.2	74.4	74.5
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	70.7	72.2	75.1	73.3	71.3	72.5	70.7	73.7	74.1
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	73.9	69.2	68.7	68.2	67.7	67.0	66.4	66.1	65.0
14 Nondurable goods	87.9	71.8	87.0	76.9	81.9	81.8	81.8	81.6	82.0	81.6	81.6	81.4	81.7
15 Textile mill products	92.0	60.4	91.7	73.8	88.2	89.3	89.6	88.2	89.6	88.7	88.4	86.7	87.9
16 Paper and products	96.9	69.0	94.2	82.0	89.4	89.3	88.3	89.3	91.1	88.2	90.0	87.9	89.0
17 Chemicals and products	87.9	69.9	85.1	70.1	79.4	80.4	81.1	81.3	81.5	81.1	81.2	81.3	81.9
18 Plastics materials	102.0	50.6	90.9	63.4	87.2	85.4	87.3	85.9	89.8	86.0	85.1	......	......
19 Petroleum products	96.7	81.1	89.5	68.2	87.9	90.8	89.3	89.6	89.8	85.8	88.3	91.3	91.5
20 Mining	94.4	88.4	96.6	80.6	86.8	86.3	86.9	85.4	87.6	86.1	86.1	86.2	86.7
21 Utilities	95.6	82.5	88.3	76.2	85.9	83.4	82.7	82.1	84.1	83.6	83.8	83.3	82.8
22 Electric	99.0	82.7	88.3	78.7	90.0	88.2	87.5	87.0	89.5	89.2	88.7	88.3	87.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2. Monthly high, 1973; monthly low, 1975.

3. Monthly highs, 1978 through 1980; monthly lows, 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1991 avg.	1991 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.[r]	1992 Sept.[r]	1992 Oct.[r]	1992 Nov.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	***100.0***	**107.1**	**108.1**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.8**	**109.3**	**109.7**
2 Products	60.8	108.1	109.0	108.4	107.5	108.1	108.5	109.0	109.7	109.0	109.6	109.8	109.3	110.1	110.4
3 Final products	46.0	109.6	110.6	109.9	108.7	109.4	109.8	110.6	111.4	110.5	111.0	111.5	111.0	111.9	112.2
4 Consumer goods, total	26.0	107.5	110.0	109.1	108.1	108.8	109.3	110.1	110.8	109.6	110.4	110.8	110.3	111.0	111.3
5 Durable consumer goods	5.6	102.3	106.0	104.6	101.3	105.3	106.2	107.9	111.1	109.2	108.6	109.2	106.9	108.6	108.9
6 Automotive products	2.5	97.8	103.6	101.3	94.2	101.6	103.6	106.5	110.6	108.0	106.6	106.8	104.5	108.9	109.2
7 Autos and trucks	1.5	90.2	99.0	96.7	84.3	94.3	95.7	102.5	107.8	104.0	100.5	100.6	98.2	105.9	107.2
8 Autos, consumer	.9	84.6	89.8	88.2	79.1	84.8	81.9	93.1	98.6	97.6	92.3	87.2	88.1	88.5	89.4
9 Trucks, consumer	.6	99.6	114.5	111.0	93.0	110.2	118.8	118.3	123.3	114.8	114.3	123.1	115.1	135.1	137.1
10 Auto parts and allied goods	1.0	109.3	110.5	108.2	109.1	112.6	115.5	112.5	114.8	114.0	115.7	116.2	114.1	113.4	112.1
11 Other	3.1	105.8	108.0	107.2	106.9	108.3	108.3	109.1	111.5	110.2	110.3	111.1	108.7	108.3	108.7
12 Appliances, A/C, and TV	.8	99.5	102.3	98.9	99.6	102.9	103.5	103.4	107.4	106.2	102.3	110.6	108.3	103.8	103.5
13 Carpeting and furniture	.9	99.4	101.6	101.5	101.1	102.4	102.5	104.4	105.9	103.2	103.8	103.6	99.9	100.9	102.2
14 Miscellaneous home goods	1.4	113.4	115.2	115.5	114.7	115.0	114.7	115.2	117.3	116.9	118.8	116.1	114.6	115.5	115.8
15 Nondurable consumer goods	20.4	109.0	111.1	110.3	110.0	109.8	110.2	110.7	110.7	109.7	110.8	111.2	111.3	111.7	112.0
16 Foods and tobacco	9.1	106.7	108.1	107.0	107.3	107.4	107.8	107.6	107.7	107.2	108.6	110.1	108.7	109.4	109.6
17 Clothing	2.6	93.5	96.5	96.2	95.0	95.2	95.1	95.3	96.4	95.5	96.8	95.0	95.4	94.2	94.9
18 Chemical products	3.5	115.8	117.9	118.0	118.1	118.3	119.4	120.8	121.4	121.6	121.5	122.0	123.8	124.8	126.2
19 Paper products	2.5	123.6	126.4	126.8	126.8	124.7	124.6	125.1	124.3	121.7	121.9	121.8	124.3	124.1	123.5
20 Energy	2.7	108.5	112.0	109.3	106.8	106.4	107.0	108.9	107.2	104.8	107.4	106.2	106.3	107.2	106.8
21 Fuels	.7	103.5	103.6	104.3	103.8	103.5	103.7	105.1	104.0	104.4	105.3	99.0	103.5	108.4	107.9
22 Residential utilities	2.0	110.4	115.1	111.2	108.0	107.5	108.2	110.3	108.4	105.0	108.2	108.9	107.3	106.8	106.4
23 Equipment	20.0	112.2	111.4	110.9	109.4	110.2	110.4	111.3	112.3	111.6	111.8	112.5	111.9	112.9	113.4
24 Business equipment	13.9	121.5	121.8	121.4	119.9	121.0	121.5	123.0	124.5	124.1	124.4	125.9	125.3	126.7	127.4
25 Information processing and related	5.6	131.5	133.4	134.0	134.1	134.6	136.0	137.9	139.2	140.4	141.9	143.5	143.4	145.8	147.1
26 Office and computing	1.9	155.5	157.8	159.1	160.6	162.4	164.9	168.2	170.5	174.0	178.0	182.0	184.0	187.0	190.0
27 Industrial	4.0	108.0	104.2	102.3	100.7	101.3	101.3	101.7	103.4	102.9	103.4	102.7	101.9	102.2	102.9
28 Transit	2.5	126.8	130.5	129.5	124.2	129.2	128.9	131.7	133.3	131.8	128.7	132.6	130.3	132.2	131.5
29 Autos and trucks	1.2	88.6	96.5	96.1	84.9	94.7	95.0	101.3	105.6	101.7	98.1	101.3	99.1	105.6	107.7
30 Other	1.9	113.6	113.8	114.1	113.1	112.2	112.2	113.2	115.0	111.5	112.2	114.4	115.6	115.5	116.4
31 Defense and space equipment	5.4	91.1	88.8	88.1	86.7	86.2	85.6	84.7	84.2	83.6	82.7	81.8	81.0	80.5	79.7
32 Oil and gas well drilling	.6	93.3	78.1	75.8	71.8	73.9	76.2	79.2	79.2	74.6	78.6	75.0	74.4	80.2	85.2
33 Manufactured homes	.2	85.5	87.0	87.9	98.4	99.7	98.7	100.7	100.3	97.1	112.0	106.1	111.2	119.9	123.5
34 Intermediate products, total	14.7	103.4	103.9	103.8	103.9	104.0	104.4	103.9	104.4	104.4	105.1	104.4	104.0	104.5	104.8
35 Construction supplies	6.0	96.0	95.9	95.0	95.5	96.0	96.7	96.5	97.8	97.2	98.6	98.5	96.8	97.8	98.4
36 Business supplies	8.7	108.4	109.4	110.0	109.9	109.6	109.7	109.0	109.0	109.4	109.7	108.5	109.0	109.1	109.2
37 Materials	39.2	105.5	106.6	105.8	105.2	105.8	106.1	106.8	107.7	107.6	109.0	108.1	108.0	108.1	108.6
38 Durable goods materials	19.4	107.1	108.6	108.1	107.0	108.1	108.3	108.7	110.4	110.2	111.2	111.1	110.1	110.9	111.3
39 Durable consumer parts	4.2	96.4	100.5	97.0	95.3	97.1	97.9	99.3	102.5	102.9	101.8	103.9	102.2	102.7	103.1
40 Equipment parts	7.3	114.4	113.7	114.2	114.1	115.2	115.1	114.7	116.2	116.2	117.5	117.0	116.3	117.1	117.3
41 Other	7.9	106.0	108.3	108.4	106.7	107.5	107.5	108.1	109.2	108.7	110.2	109.5	108.5	109.6	110.1
42 Basic metal materials	2.8	106.0	108.1	108.1	105.1	107.3	106.3	106.3	108.3	107.7	111.5	110.9	108.8	110.0	110.1
43 Nondurable goods materials	9.0	105.9	107.7	107.1	107.3	107.1	108.9	109.4	109.7	110.4	111.7	110.3	110.5	110.1	111.8
44 Textile materials	1.2	97.0	99.9	98.5	98.9	101.5	102.0	103.2	102.9	102.3	103.9	102.9	103.9	102.5	105.4
45 Pulp and paper materials	1.9	106.9	108.6	109.6	107.4	106.8	107.8	109.2	107.8	110.8	111.8	108.9	112.7	109.6	112.0
46 Chemical materials	3.8	106.1	108.3	107.0	107.6	106.6	109.3	109.9	111.2	110.9	113.4	111.9	110.9	111.9	112.5
47 Other	2.1	109.7	110.1	109.7	111.2	111.2	112.7	112.2	112.4	113.4	112.8	112.6	111.5	111.6	114.0
48 Energy materials	10.9	102.3	102.2	100.4	100.4	100.5	100.1	101.3	101.3	100.6	102.9	100.9	102.2	101.3	101.1
49 Primary energy	7.2	102.4	100.9	100.4	100.5	100.6	98.2	99.8	99.7	99.6	102.3	101.4	100.5	99.6	99.8
50 Converted fuel materials	3.7	102.0	104.5	100.5	100.2	100.4	103.8	104.1	104.3	102.6	104.1	100.0	105.4	104.7	103.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	107.6	108.3	107.7	107.3	107.6	107.9	108.3	109.0	108.6	109.6	109.3	109.1	109.4	109.8
52 Total excluding motor vehicles and parts	95.3	107.9	108.7	108.0	107.6	107.8	108.2	108.6	109.2	108.8	109.9	109.6	109.4	109.7	110.1
53 Total excluding office and computing machines	97.5	105.8	106.8	106.1	105.3	105.8	106.1	106.6	107.4	106.8	107.6	107.3	106.9	107.3	107.7
54 Consumer goods excluding autos and trucks	24.5	108.6	110.7	109.8	109.6	109.7	110.2	110.6	110.9	109.9	111.0	111.4	111.1	111.3	111.6
55 Consumer goods excluding energy	23.3	107.4	109.8	109.1	108.3	109.1	109.6	110.3	111.2	110.1	110.7	111.3	110.8	111.5	111.9
56 Business equipment excluding autos and trucks	12.7	124.8	124.3	123.8	123.3	123.6	124.1	125.2	126.4	126.3	127.0	128.3	127.9	128.8	129.3
57 Business equipment excluding office and computing equipment	12.0	116.0	116.0	115.3	113.3	114.3	114.5	115.7	117.1	116.1	115.8	116.8	115.9	116.9	117.3
58 Materials excluding energy	28.4	106.7	108.3	107.8	107.1	107.8	108.5	108.9	110.2	110.3	111.3	110.8	110.2	110.7	111.4

2.13—Continued

Group	SIC code	1987 proportion	1991 avg.	1991 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.[r]	1992 Sept.[r]	1992 Oct.[r]	1992 Nov.[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
1 **Total index**	...	**100.0**	**107.1**	**108.1**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**109.4**	**109.1**	**108.8**	**109.3**	**109.7**
2 Manufacturing	...	84.4	107.4	108.6	108.1	107.4	108.1	108.5	109.0	109.9	109.6	110.2	110.1	109.7	110.3	110.8
3 Primary processing	...	26.7	102.4	104.1	103.5	103.6	103.9	104.5	105.0	105.6	105.6	107.3	106.2	105.7	106.2	107.3
4 Advanced processing	...	57.7	109.8	110.7	110.3	109.2	110.0	110.3	110.8	111.9	111.4	111.6	112.0	111.5	112.2	112.5
5 Durable goods	...	47.3	107.1	107.8	107.1	105.8	107.0	107.0	107.6	109.1	108.5	109.0	109.2	108.2	109.2	109.7
6 Lumber and products	24	2.0	94.2	96.4	95.2	97.4	98.8	99.2	97.2	97.4	95.4	99.8	98.9	96.3	98.2	101.2
7 Furniture and fixtures	25	1.4	99.1	99.9	100.6	98.7	98.1	98.6	101.1	103.3	100.3	101.0	101.7	100.8	101.4	102.3
8 Clay, glass, and stone products	32	2.5	94.9	92.8	93.0	92.8	94.6	95.0	95.6	96.7	96.6	97.1	96.4	96.0	96.8	96.9
9 Primary metals	33	3.3	99.5	103.5	101.3	102.5	102.7	101.4	100.9	102.0	102.1	105.6	104.3	102.0	104.7	104.8
10 Iron and steel	331,2	1.9	98.0	105.6	101.7	105.0	103.7	102.5	100.9	102.2	101.8	106.4	104.4	103.0	107.1	107.6
11 Raw steel	...	.1	97.3	99.1	97.6	103.3	102.7	98.8	99.9	98.5	101.5	105.3	101.9	99.8	101.7	103.4
12 Nonferrous	333–6,9	1.4	101.5	100.5	100.8	98.9	101.2	99.9	100.9	101.8	102.5	104.4	104.2	100.6	101.3	100.8
13 Fabricated metal products	34	5.4	100.4	101.8	101.2	99.7	100.5	100.0	100.6	102.2	102.2	102.6	102.5	101.4	102.0	102.9
14 Nonelectrical machinery	35	8.6	123.5	122.8	121.9	121.4	121.9	122.9	124.1	126.7	126.4	127.8	129.3	129.1	130.4	131.7
15 Office and computing machines	357	2.5	155.5	157.8	159.1	160.5	162.4	164.9	168.2	170.5	174.0	178.0	182.0	184.0	187.0	190.0
16 Electrical machinery	36	8.6	110.1	110.7	110.6	110.0	110.7	110.9	111.0	112.3	112.2	112.6	113.0	111.9	112.5	113.0
17 Transportation equipment	37	9.8	98.6	99.7	98.0	93.8	96.8	96.5	98.0	99.6	98.2	96.7	97.0	95.6	97.4	96.9
18 Motor vehicles and parts	371	4.7	90.4	95.9	94.6	87.1	93.8	94.2	98.5	102.7	100.4	97.7	99.4	97.2	101.4	102.1
19 Autos and light trucks	...	2.3	89.4	97.6	95.5	83.5	92.9	93.7	101.1	106.5	103.0	99.3	98.6	96.7	103.3	104.6
20 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	106.0	103.1	101.2	99.8	99.6	98.6	97.4	96.8	96.3	95.7	94.9	94.1	93.8	92.3
21 Instruments	38	3.3	118.2	118.7	119.0	118.3	118.6	118.6	119.0	119.8	118.5	118.5	118.2	117.9	117.8	117.3
22 Miscellaneous	39	1.2	119.3	120.7	121.0	121.2	120.0	120.0	118.9	118.4	117.8	120.4	118.2	118.6	119.1	121.2
23 Nondurable goods	...	37.2	107.9	109.6	109.5	109.5	109.6	110.4	110.7	110.9	111.0	111.7	111.3	111.6	111.6	112.2
24 Foods	20	8.8	108.6	110.1	109.6	109.2	109.6	110.2	109.6	109.3	109.0	109.8	110.6	110.0	110.9	111.2
25 Tobacco products	21	1.0	99.7	97.7	94.7	98.8	99.4	101.3	101.0	102.5	103.6	106.6	115.9	108.7	107.4	106.8
26 Textile mill products	22	1.8	100.5	104.4	102.5	103.1	104.7	105.3	106.3	106.8	105.3	107.1	106.1	105.9	104.1	105.7
27 Apparel products	23	2.4	96.2	98.8	99.0	97.5	97.7	97.8	98.0	99.0	98.1	99.4	97.6	97.6	97.5	97.9
28 Paper and products	26	3.6	105.1	106.1	107.0	107.1	104.6	105.8	107.0	105.8	107.3	109.6	106.3	108.6	106.2	107.8
29 Printing and publishing	27	6.4	112.3	114.2	114.5	114.8	114.4	113.8	113.7	113.4	113.0	112.3	111.4	113.1	112.6	111.6
30 Chemicals and products	28	8.6	110.9	113.0	112.6	112.7	113.4	114.8	115.8	117.0	117.5	118.0	117.6	118.1	118.4	119.6
31 Petroleum products	29	1.3	107.5	106.7	108.6	106.6	106.9	109.7	110.3	108.5	108.9	109.1	104.3	107.4	111.1	111.4
32 Rubber and plastic products	30	3.0	110.0	112.6	113.0	113.2	114.0	115.4	116.5	117.1	117.3	118.5	119.0	117.6	118.6	119.7
33 Leather and products	31	.3	88.1	84.3	83.2	83.0	81.4	82.9	84.1	86.2	86.2	87.1	84.8	85.8	86.1	88.3
34 Mining	...	7.9	101.1	99.6	98.8	97.8	98.4	97.5	99.1	99.7	98.0	100.6	98.8	98.8	98.9	99.5
35 Metal	10	.3	150.2	151.5	154.0	144.2	152.9	155.8	154.2	166.4	154.0	163.7	165.6	164.6	165.2	165.8
36 Coal	11,12	1.2	109.2	108.4	107.6	107.3	107.9	103.0	104.0	107.6	98.6	112.0	107.5	103.7	102.8	105.0
37 Oil and gas extraction	13	5.7	95.8	94.1	93.0	92.4	92.7	91.9	94.2	93.4	93.9	94.0	92.4	93.3	93.7	94.0
38 Stone and earth minerals	14	.7	108.1	105.8	106.4	104.8	103.5	107.4	105.9	108.0	105.6	106.2	106.4	105.5	105.1	105.4
39 Utilities	...	7.6	109.2	111.0	107.9	106.8	106.4	107.7	108.2	107.3	106.7	109.3	108.8	109.1	108.6	107.9
40 Electric	491,3PT	6.0	112.8	112.7	109.9	109.3	109.0	110.7	111.0	110.2	109.7	113.0	112.7	112.3	111.8	111.0
41 Gas	492,3PT	1.6	96.0	104.7	100.5	97.5	96.9	96.7	97.7	96.6	95.3	95.4	94.1	97.4	96.6	96.5
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts	...	79.8	108.4	109.3	108.9	108.6	108.9	109.3	109.6	110.3	110.1	110.9	110.7	110.4	110.8	111.3
43 Manufacturing excluding office and computing machines	...	82.0	106.0	107.1	106.6	105.8	106.5	106.8	107.2	108.1	107.6	108.2	108.0	107.4	108.0	108.4
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKETS																
44 **Products, total**	...	**1,734.8**	**1,880.0**	**1,904.9**	**1,888.9**	**1,869.5**	**1,889.7**	**1,902.8**	**1,918.7**	**1,935.5**	**1,920.1**	**1,936.2**	**1,935.9**	**1,934.0**	**1,959.8**	**1,971.1**
45 Final	...	1,350.9	1,481.8	1,504.1	1,488.0	1,468.7	1,490.8	1,501.5	1,518.2	1,532.1	1,519.1	1,530.4	1,532.8	1,532.7	1,556.8	1,565.8
46 Consumer goods	...	833.4	879.8	902.2	894.5	877.6	890.2	896.2	905.6	912.4	901.3	909.3	905.3	905.4	921.4	925.2
47 Equipment	...	517.5	602.0	601.8	593.5	591.1	600.6	605.3	612.7	619.7	617.8	621.0	627.5	627.3	635.4	640.5
48 Intermediate	...	384.0	398.2	400.8	401.0	400.7	398.9	401.2	400.5	403.4	401.1	405.8	403.1	401.3	403.0	405.4

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1989	1990	1991	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,339	1,111	949	1,106	1,146	1,094	1,058	1,054	1,032	1,080	1,076	1,125	1,139
2 One-family	932	794	754	913	946	907	873	879	872	879	877	913	959
3 Two-or-more-family	407	317	195	193	200	187	185	175	160	201	199	212	180
4 Started	1,376	1,193	1,014	1,180	1,257	1,340	1,086	1,196	1,147	1,100	1,233	1,222[r]	1,224
5 One-family	1,003	895	840	989	1,109	1,068	933	1,019	999	956	1,042	1,051[r]	1,086
6 Two-or-more-family	373	298	174	191	148	272	153	177	148	144	191	171[r]	138
7 Under construction at end of period[1]	850	711	606	640	629	657	655	653	643	628	633	638[r]	642
8 One-family	535	449	434	466	464	482	484	484	483	476	480	486[r]	493
9 Two-or-more-family	315	262	173	174	165	175	171	169	160	152	153	152	149
10 Completed	1,423	1,308	1,091	1,043	1,097	1,127	1,067	1,204	1,184	1,229	1,144[r]	1,121	1,161
11 One-family	1,026	966	838	838	908	975	889	1,011	982	1,019	955[r]	936	980
12 Two-or-more-family	396	342	253	205	189	152	178	193	202	210	189[r]	185	181
13 Mobile homes shipped	198	188	171	192	197	197	199	189	194	211	198	219	226
Merchant builder activity in one-family units													
14 Number sold	650	535	507	667	627	555	546	554	583	616	625	669	600
15 Number for sale at end of period[1]	365	321	283	281	269	277	274	272	272	271	270	268	267
Price of units sold (thousands of dollars)[2]													
16 Median	120.4	122.3	120.0	120.0	117.2	120.0	120.0	113.0	124.5	118.0	123.0	119.0	125.0
17 Average	148.3	149.0	147.0	144.2	144.8	144.8	145.0	146.0	146.6	137.7	144.6	142.3	152.6
EXISTING UNITS (one-family)													
18 Number sold	3,346	3,211	3,219	3,220	3,490	3,510	3,490	3,460	3,350	3,450	3,310	3,300	3,640
Price of units sold (thousands of dollars)[2]													
19 Median	92.9	95.2	99.7	102.4	102.8	104.0	103.3	102.5	105.1	102.7	104.6	103.4	103.4
20 Average	118.0	118.3	127.4	130.5	128.8	130.2	130.6	130.6	133.7	132.2	132.2	131.0	129.4
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**443,401**	**442,066**	**400,955**	**407,121**	**411,767**	**421,512**	**427,585**	**427,980**	**426,730**	**427,670**	**417,554**	**424,983**	**429,295**
22 Private	345,327	334,153	290,707	292,540	294,758	301,142	309,832	306,999	312,182	307,880	300,295	306,091	309,856
23 Residential	196,551	182,856	157,837	169,548	169,772	172,660	182,644	182,892	184,630	182,871	181,340	183,192	187,352
24 Nonresidential, total	148,776	151,297	132,870	122,992	124,986	128,482	127,188	124,107	127,552	125,009	118,955	122,899	122,504
25 Industrial buildings	20,412	23,849	22,281	21,258	21,651	23,721	21,335	21,008	20,285	20,513	17,845	18,947	18,258
26 Commercial buildings	65,496	62,866	48,482	41,196	41,591	42,108	40,712	39,643	43,310	39,847	37,057	39,271	39,338
27 Other buildings	19,683	21,591	20,797	19,751	20,630	21,479	21,409	21,993	21,991	22,290	21,521	22,038	22,197
28 Public utilities and other	43,185	42,991	41,310	40,787	41,114	41,174	43,732	41,463	41,966	42,359	42,532	42,643	42,711
29 Public	98,071	107,909	110,247	114,581	117,009	120,370	117,753	120,981	114,548	119,790	117,259	118,892	119,439
30 Military	3,520	2,664	1,837	2,039	2,206	2,548	2,329	2,668	2,503	2,275	2,153	2,477	2,071
31 Highway	28,837	31,154	29,918	30,221	32,744	30,895	31,447	32,633	31,496	32,605	33,292	34,313	31,931
32 Conservation and development	5,009	4,607	4,958	5,480	5,283	6,197	5,818	5,767	5,889	5,829	5,302	6,350	7,611
33 Other	60,705	69,484	73,534	76,841	76,776	80,730	78,159	79,913	74,660	79,081	76,512	75,752	77,826

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 Census Bureau 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. Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 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, Nov. 1992[1]
	1991 Nov.	1992 Nov.	1991 Dec.	1992 Mar.	1992 June	1992 Sept.	1992[1] July	1992[1] Aug.	1992[1] Sept.	1992[1] Oct.	1992[1] Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.0**	**3.0**	**3.2**	**3.5**	**2.6**	**2.6**	**.1**	**.3**	**.2**	**.4**	**.2**	**142.0**
2 Food	1.6	1.5	2.7	1.5	−1.2	4.7	−.1	.9	.4	.0	.0	138.3
3 Energy items	−8.2	2.7	3.6	−6.9	12.5	.4	.3	−.2	.0	.5	.8	104.5
4 All items less food and energy	4.5	3.4	3.1	4.8	2.8	2.5	.2	.2	.2	.5	.3	149.3
5 Commodities	4.4	2.5	.6	5.3	2.1	2.1	.2	.2	.2	.3	.1	134.2
6 Services	4.5	3.9	4.3	4.8	2.9	2.6	.3	.3	.1	.6	.3	158.0
PRODUCER PRICES (1982=100)												
7 Finished goods	−.5	1.3	1.0	1.0	3.3	1.6	.0	.1	.3	.1	−.2	123.9
8 Consumer foods	−1.6	.2	−1.0	.3	−1.0	3.6	−.2	.7	.4	.1	−.5	123.3
9 Consumer energy	−12.7	.5	−.5	−7.0	17.9	−.5	−.6[r]	−.3[r]	.8	1.4	−1.5	78.5
10 Other consumer goods	3.4	2.1	2.4	3.6	2.4	1.2	.2	−.1	.2	−.1	.2	138.2
11 Capital equipment	2.6	1.6	1.9	3.5	.9	.9	.1[r]	.2[r]	.0	−.2	.1	130.0
Intermediate materials												
12 Excluding foods and feeds	−3.5	1.1	−1.7	.0	5.4	.3	.1[r]	−.1[r]	.1	.0	−.2	115.4
13 Excluding energy	−1.0	1.0	.0	1.7	1.7	1.0	.2[r]	.1[r]	.0	−.2	.0	122.2
Crude materials												
14 Foods	−6.5	1.3	−4.9	11.8	1.9	−6.2	−1.8	−.4	.6	.6	−.6	102.8
15 Energy	−22.0	2.6	5.3	−26.6	51.5	16.4	1.1[r]	−.9[r]	3.6	−.5	.6	83.3
16 Other	−8.3	2.8	−5.9	15.0	4.8	2.5	.9[r]	.2[r]	−.5	−1.3	−.9	126.8

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. 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	1989	1990	1991	1991		1992		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,250.8**	**5,522.2**	**5,677.5**	**5,713.1**	**5,753.3**	**5,840.2**	**5,902.2**	**5,982.5**
By source								
2 Personal consumption expenditures	3,523.1	3,748.4	3,887.7	3,914.2	3,942.9	4,022.8	4,057.1	4,108.1
3 Durable goods	459.4	464.3	446.1	453.0	450.4	469.4	470.6	482.7
4 Nondurable goods	1,149.5	1,224.5	1,251.5	1,255.3	1,251.4	1,274.1	1,277.5	1,293.0
5 Services	1,914.2	2,059.7	2,190.1	2,205.9	2,241.1	2,279.3	2,309.0	2,332.4
6 Gross private domestic investment	832.3	799.5	721.1	732.8	736.1	722.4	773.2	786.4
7 Fixed investment	798.9	793.2	731.3	732.6	726.9	738.2	765.1	765.3
8 Nonresidential	568.1	577.6	541.1	538.4	528.7	531.0	550.3	547.9
9 Structures	193.3	201.1	180.1	175.6	169.7	170.1	170.3	164.8
10 Producers' durable equipment	374.8	376.5	360.9	362.8	358.9	360.8	380.0	383.0
11 Residential structures	230.9	215.6	190.3	194.2	198.2	207.2	214.8	217.5
12 Change in business inventories	33.3	6.3	−10.2	.2	9.2	−15.8	8.1	21.1
13 Nonfarm	31.8	3.3	−10.3	−1.2	14.5	−13.3	6.4	15.8
14 Net exports of goods and services	−79.7	−68.9	−21.8	−27.1	−16.0	−8.1	−37.1	−34.9
15 Exports	508.0	557.0	598.2	602.3	622.9	628.1	625.4	639.5
16 Imports	587.7	625.9	620.0	629.5	638.9	636.2	662.5	674.4
17 Government purchases of goods and services	975.2	1,043.2	1,090.5	1,093.3	1,090.3	1,103.1	1,109.1	1,122.9
18 Federal	401.6	426.4	447.3	447.2	440.8	445.0	444.8	454.1
19 State and local	573.6	616.8	643.2	646.0	649.5	658.0	664.3	668.8
By major type of product								
20 Final sales, total	5,217.5	5,515.9	5,687.7	5,712.9	5,744.2	5,855.9	5,894.1	5,961.4
21 Goods	2,063.6	2,160.1	2,192.8	2,194.9	2,188.4	2,233.6	2,233.2	2,260.1
22 Durable	891.2	920.6	907.6	910.8	905.7	923.6	932.3	944.9
23 Nondurable	1,172.5	1,239.5	1,285.1	1,284.1	1,282.7	1,310.0	1,300.8	1,315.1
24 Services	2,642.2	2,846.4	3,030.3	3,053.6	3,090.3	3,142.2	3,173.4	3,214.8
25 Structures	511.7	509.4	464.7	464.4	465.5	480.1	487.6	486.5
26 Change in business inventories	33.3	6.3	−10.2	.2	9.2	−15.8	8.1	21.1
27 Durable goods	25.2	−.9	−19.3	−7.0	−8.1	−19.3	9.5	7.8
28 Nondurable goods	8.1	7.2	9.0	7.2	17.3	3.5	−1.4	13.3
MEMO								
29 **Total GDP in 1987 dollars**	**4,838.0**	**4,877.5**	**4,821.0**	**4,831.8**	**4,838.5**	**4,873.7**	**4,892.4**	**4,939.4**
NATIONAL INCOME								
30 **Total**	**4,249.5**	**4,468.3**	**4,544.2**	**4,555.4**	**4,599.1**	**4,679.4**	**4,716.5**	**4,714.3**
31 Compensation of employees	3,100.2	3,291.2	3,390.8	3,407.0	3,433.8	3,476.3	3,506.3	3,529.8
32 Wages and salaries	2,586.4	2,742.9	2,812.2	2,824.4	2,845.0	2,877.6	2,901.3	2,919.3
33 Government and government enterprises	478.5	514.8	543.5	544.3	546.4	554.6	561.4	564.0
34 Other	2,107.9	2,228.0	2,268.7	2,280.0	2,298.6	2,323.0	2,339.9	2,355.3
35 Supplement to wages and salaries	513.8	548.4	578.7	582.6	588.7	598.7	605.0	610.5
36 Employer contributions for social insurance	261.9	277.4	290.4	292.0	293.7	299.4	301.5	302.6
37 Other labor income	251.9	271.0	288.3	290.6	295.0	299.2	303.6	307.9
38 Proprietors' income[1]	347.3	366.9	368.0	367.1	377.9	393.6	398.4	397.6
39 Business and professional[1]	307.0	325.2	332.2	337.6	340.0	353.6	359.9	366.1
40 Farm[1]	40.2	41.7	35.8	29.5	37.9	40.1	38.5	31.5
41 Rental income of persons[2]	−13.5	−12.3	−10.4	−10.3	−6.6	−4.5	3.3	5.0
42 Corporate profits[1]	362.8	361.7	346.3	341.2	347.1	384.0	388.4	370.4
43 Profits before tax[3]	342.9	355.4	334.7	336.7	332.3	366.1	376.8	350.5
44 Inventory valuation adjustment	−17.5	−14.2	3.1	−4.8	.7	−5.4	−15.5	−9.8
45 Capital consumption adjustment	37.4	20.5	8.4	9.3	14.1	23.3	27.0	29.7
46 Net interest	452.7	460.7	449.5	450.5	446.9	430.0	420.0	411.5

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	1989	1990	1991	1991 Q3	1991 Q4	1992 Q1	1992 Q2	1992 Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,380.3**	**4,664.2**	**4,828.3**	**4,846.2**	**4,907.2**	**4,980.5**	**5,028.9**	**5,060.2**
2 Wage and salary disbursements	2,586.4	2,742.8	2,812.2	2,824.4	2,845.0	2,877.6	2,901.3	2,919.3
3 Commodity-producing industries	724.2	745.6	737.4	738.8	741.5	736.8	743.1	741.3
4 Manufacturing	542.2	556.1	556.9	559.0	563.9	559.9	564.7	564.2
5 Distributive industries	607.0	634.6	647.4	651.1	652.9	660.9	662.9	666.9
6 Service industries	776.8	847.8	883.9	890.2	904.3	925.3	933.9	947.2
7 Government and government enterprises	478.5	514.8	543.6	544.3	546.4	554.6	561.4	564.0
8 Other labor income	251.9	271.0	288.3	290.6	295.0	299.2	303.6	307.9
9 Proprietors' income[1]	347.3	366.9	368.0	367.1	377.9	393.6	398.4	397.6
10 Business and professional[1]	307.0	325.2	332.2	337.6	340.0	353.6	359.9	366.1
11 Farm[1]	40.2	41.7	35.8	29.5	37.9	40.1	38.5	31.5
12 Rental income of persons[2]	−13.5	−12.3	−10.4	−10.3	−6.6	−4.5	3.3	5.0
13 Dividends	126.5	140.3	137.0	135.6	134.3	133.9	136.6	141.0
14 Personal interest income	668.2	694.5	700.6	701.8	703.3	684.8	675.2	666.7
15 Transfer payments	625.0	685.8	771.1	777.1	799.8	842.7	859.7	873.9
16 Old-age survivors, disability, and health insurance benefits	325.1	352.0	382.0	384.2	390.6	405.7	412.1	417.1
17 LESS: Personal contributions for social insurance	211.4	224.8	238.4	240.1	241.5	246.8	249.3	251.2
18 EQUALS: Personal income	4,380.3	4,664.2	4,828.3	4,846.2	4,907.2	4,980.5	5,028.9	5,060.2
19 LESS: Personal tax and nontax payments	593.3	621.3	618.7	618.6	622.3	619.6	617.1	629.4
20 EQUALS: Disposable personal income	3,787.0	4,042.9	4,209.6	4,227.6	4,284.9	4,360.9	4,411.8	4,430.9
21 LESS: Personal outlays	3,634.9	3,867.3	4,009.9	4,036.6	4,065.5	4,146.3	4,179.5	4,229.9
22 EQUALS: Personal saving	152.1	175.6	199.6	191.0	219.4	214.6	232.3	201.0
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,555.6	19,513.0	19,077.1	19,094.0	19,066.0	19,158.5	19,181.8	19,310.7
24 Personal consumption expenditures	13,028.9	13,043.6	12,824.1	12,847.9	12,802.6	12,930.2	12,893.3	12,973.4
25 Disposable personal income	14,005.0	14,068.0	13,886.0	13,876.0	13,913.0	14,017.0	14,021.0	13,993.0
26 Saving rate (percent)	4.0	4.3	4.7	4.5	5.1	4.9	5.3	4.5
GROSS SAVING								
27 **Gross saving**	**741.8**	**718.0**	**708.2**	**679.4**	**698.2**	**677.5**	**682.9**	**693.7**
28 Gross private saving	819.4	854.1	901.5	884.9	934.8	950.1	968.1	986.5
29 Personal saving	152.1	175.6	199.6	191.0	219.4	214.6	232.3	201.0
30 Undistributed corporate profits[1]	86.9	75.7	75.8	69.0	78.3	104.0	97.7	87.7
31 Corporate inventory valuation adjustment	−17.5	−14.2	3.1	−4.8	.7	−5.4	−15.5	−9.8
Capital consumption allowances								
32 Corporate	352.4	368.3	383.0	383.5	386.3	386.1	391.2	407.2
33 Noncorporate	228.0	234.6	243.1	241.4	250.7	245.3	247.0	290.6
34 Government surplus, or deficit (−), national income and product accounts	−77.5	−136.1	−193.3	−205.6	−236.6	−272.6	−285.2	−292.8
35 Federal	−122.3	−166.2	−210.4	−221.0	−258.7	−289.2	−302.9	−301.9
36 State and local	44.8	30.1	17.1	15.4	22.0	16.6	17.7	9.1
37 **Gross investment**	**742.9**	**723.4**	**730.1**	**709.9**	**714.6**	**706.5**	**713.8**	**735.4**
38 Gross private domestic	832.3	799.5	721.1	732.8	736.1	722.4	773.2	786.4
39 Net foreign	−89.3	−76.1	9.0	−22.9	−21.5	−16.0	−59.4	−51.1
40 **Statistical discrepancy**	**1.1**	**5.4**	**21.9**	**30.5**	**16.4**	**29.0**	**30.9**	**41.7**

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	1989	1990	1991	1991 Q3	1991 Q4	1992 Q1	1992 Q2[r]	1992 Q3[p]
1 Balance on current account	−101,142	−90,428	−3,682	−11,087	−7,218	−5,903	−17,802	−14,238
2 Merchandise trade balance[2]	−115,668	−108,853	−73,436	−20,174	−18,539	−17,222	−24,558	−26,538
3 Merchandise exports	361,697	388,705	415,962	104,151	107,851	107,946	107,464	110,812
4 Merchandise imports	−477,365	−497,558	−489,398	−124,325	−126,390	−125,168	−132,022	−137,350
5 Military transactions, net	−6,837	−7,818	−5,524	−995	−540	−624	−623	−548
6 Other service transactions, net	32,604	39,873	50,821	13,018	13,676	14,468	13,261	16,173
7 Investment income, net	14,366	19,287	16,429	3,076	2,458	4,474	1,930	3,551
8 U.S. government grants	−10,773	−17,597	24,487	−1,986	78	−2,620	−3,085	−2,490
9 U.S. government pensions and other transfers	−2,517	−2,945	−3,462	−793	−1,080	−858	−1,146	−969
10 Private remittances and other transfers	−12,316	−12,374	−12,996	−3,233	−3,271	−3,521	−3,581	−3,417
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	1,271	2,304	3,397	3,180	−437	−38	−277	−385
12 Change in U.S. official reserve assets (increase, −)	−25,293	−2,158	5,763	3,877	1,225	−1,057	1,464	1,952
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−535	−192	−177	6	−23	−172	−168	−173
15 Reserve position in International Monetary Fund	471	731	−367	−114	17	111	1	−118
16 Foreign currencies	−25,229	−2,697	6,307	3,986	1,232	−996	1,631	2,243
17 Change in U.S. private assets abroad (increase, −)	−90,923	−56,467	−71,379	−17,426	−44,947	−3,155	−1,150	−21,724
18 Bank-reported claims[3]	−51,255	7,469	−4,753	2,403	−23,219	15,859	10,943	−440
19 Nonbank-reported claims	11,398	−2,477	5,526	−298	1,269	4,764	3,137	....
20 U.S. purchases of foreign securities, net	−22,070	−28,765	−45,017	−12,403	−11,305	−8,703	−8,221	−14,103
21 U.S. direct investments abroad, net	−28,996	−32,694	−27,135	−7,128	−11,692	−15,075	−7,009	−7,181
22 Change in foreign official assets in United States (increase, +)	8,489	33,908	18,407	4,115	12,819	21,192	20,895	−7,738
23 U.S. Treasury securities	149	29,576	15,815	5,624	12,619	14,909	11,126	−323
24 Other U.S. government obligations	1,383	667	1,301	474	1,075	540	1,699	912
25 Other U.S. government liabilities[4]	146	1,866	1,600	654	−344	96	598	875
26 Other U.S. liabilities reported by U.S. banks[3]	4,976	3,385	−1,668	−2,732	−914	5,534	7,547	−8,202
27 Other foreign official assets[5]	1,835	−1,586	1,359	95	383	113	−75	−1,000
28 Change in foreign private assets in United States (increase, +)	205,205	65,471	48,573	18,818	36,110	−2,629	26,520	25,024
29 U.S. bank-reported liabilities[3]	63,382	16,370	−13,677	8,508	23,465	−4,474	−551	19,945
30 U.S. nonbank-reported liabilities	5,565	4,906	−405	1,575	725	1,942	1,141	....
31 Foreign private purchases of U.S. Treasury securities, net	29,618	−2,534	16,241	−1,306	1,408	−828	10,286	5,364
32 Foreign purchases of other U.S. securities, net	38,767	1,592	34,918	10,012	4,832	4,551	10,333	3,076
33 Foreign direct investments in United States, net	67,873	45,137	11,498	29	5,680	−3,820	5,311	−3,361
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	2,394	47,370	−1,078	−1,478	2,447	−8,410	29,650	17,109
36 Due to seasonal adjustment	....	....	....	−6,137	613	4,023	410	−7,680
37 Before seasonal adjustment	2,394	47,370	−1,078	4,659	1,835	−12,433	−30,060	24,789
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−25,293	−2,158	5,763	3,877	1,225	−1,057	1,464	1,952
39 Foreign official assets in United States, excluding line 25 (increase, +)	8,343	32,042	16,807	3,461	13,163	21,096	20,297	−8,613
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	10,738	1,707	−5,604	−4,288	1,023	2,459	−2,125	3,061

1. Seasonal factors 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 6.
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, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1989	1990	1991	1992						
				Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[p]
1 Exports of domestic and foreign merchandise, (F.A.S. value), excluding grant-aid shipments	363,812	393,592	421,730	36,406	35,718	38,165	37,806	35,799	37,882	39,185
2 General imports (customs value), including merchandise for immediate consumption plus entries into bonded warehouses	473,211	495,311	487,129	43,494	42,903	44,957	45,127	44,796	46,459	46,218
3 **Trade balance**	**−109,399**	**−101,718**	**−65,399**	**−7,088**	**−7,185**	**−6,792**	**−7,322**	**−8,997**	**−8,577**	**−7,032**

1. The Census basis data differ from merchandise trade data shown in table 3.10, lines 3–5, U.S. International Transactions Summary, because of coverage and timing. On the *export* side, the largest difference is the exclusion of military sales (which are combined with other military transactions and reported separately in table 3.10, line 6). On the *import* side, this table includes imports of gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately in table 3.10, line 6. Since Jan. 1, 1987, Census data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada. Components may not sum to totals because of rounding.

SOURCE. FT900, *Summary of U.S. Export and Import Merchandise Trade* (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**74,609**	**83,316**	**77,719**	**74,587**	**77,092**	**77,370**	**78,474**	**78,527**	**74,207**	**72,231**
2 Gold stock, including Exchange Stabilization Fund[1]	11,059	11,058	11,057	11,057	11,059	11,059	11,059	11,059	11,060	11,059
3 Special drawing rights[2,3]	9,951	10,989	11,240	11,315	11,597	11,702	12,193	12,111	11,561	11,495
4 Reserve position in International Monetary Fund[2]	9,048	9,076	9,488	9,175	9,381	9,625	9,762	9,778	9,261	8,781
5 Foreign currencies[4]	44,551	52,193	45,934	43,040	45,055	44,984	45,460	45,579	42,325	40,896

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, 16 currencies were used; since January 1981, 5 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	1989	1990	1991	1992						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Deposits	589	369	968	217	219	264	297	546	415	229
Held in custody										
2 U.S. Treasury securities[2]	224,911	278,499	281,107	307,562	307,337	316,431	318,328	306,971	311,538	308,959
3 Earmarked gold[3]	13,456	13,387	13,303	13,295	13,268	13,261	13,261	13,241	13,201	13,192

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.
3. Held for foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1989	1990	1991	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.
ASSETS	All foreign countries									
1 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**549,858**	**564,816**	**564,466**	**537,529**	**544,815r**	**544,437r**	**553,564**
2 Claims on United States	198,835	188,496	176,301	177,992	182,554	183,933	171,911	163,039r	167,258	174,921
3 Parent bank	157,092	148,837	137,509	143,790	145,974	147,626	136,287	128,267r	134,019	138,907
4 Other banks in United States	17,042	13,296	12,884	9,993	11,640	10,418	9,576	9,181	8,083	10,658
5 Nonbanks	24,701	26,363	25,908	24,209	24,940	25,889	26,048	25,591r	25,156	25,356
6 Claims on foreigners	300,575	312,449	303,934	302,916	314,569	311,990	311,578	321,631r	319,115r	318,833
7 Other branches of parent bank	113,810	135,003	111,729	111,140	115,407	115,398	112,177	116,674	118,105r	115,525
8 Banks	90,703	72,602	81,970	83,673	86,029	84,534	85,141	87,347r	83,912	86,820
9 Public borrowers	16,456	17,555	18,652	18,743	19,194	20,162	19,645	20,423	20,485	20,789
10 Nonbank foreigners	79,606	87,289	91,583	89,360	93,939	91,896	94,615	97,187	96,613	95,699
11 Other assets	45,956	55,980	68,666	68,950	67,693	68,543	54,040	60,145r	58,064	59,810
12 **Total payable in U.S. dollars**	**382,498**	**379,479**	**363,941**	**364,748**	**370,290**	**369,561**	**349,145**	**340,819r**	**346,633r**	**363,443**
13 Claims on United States	191,184	180,174	169,662	173,337	177,311	177,638	166,507	157,405r	161,302	169,036
14 Parent bank	152,294	142,962	133,476	141,264	142,874	144,287	133,120	124,737r	130,346	135,954
15 Other banks in United States	16,386	12,513	12,025	9,255	11,012	10,016	9,135	8,876	7,476	9,335
16 Nonbanks	22,504	24,699	24,161	22,818	23,425	23,335	24,252	23,792r	23,480	23,747
17 Claims on foreigners	169,690	174,451	167,010	162,967	167,054	168,586	162,843	161,500r	166,360r	173,246
18 Other branches of parent bank	82,949	95,298	78,114	75,177	76,949	76,700	72,250	70,693	72,116r	76,107
19 Banks	48,396	36,440	41,635	41,415	42,061	43,307	41,718	40,350r	42,281	45,401
20 Public borrowers	10,961	12,298	13,685	12,994	12,994	13,723	13,320	13,661	13,965	14,221
21 Nonbank foreigners	27,384	30,415	33,576	33,381	35,050	34,856	35,555	36,796	37,998	37,517
22 Other assets	21,624	24,854	27,269	28,444	25,925	23,337	19,795	21,914r	18,971	21,161
	United Kingdom									
23 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**170,775**	**174,925**	**171,027**	**159,317**	**165,832**	**161,157**	**167,472**
24 Claims on United States	39,212	45,560	35,257	35,451	37,369	38,096	38,763	37,511	35,891	39,460
25 Parent bank	35,847	42,413	31,931	32,379	34,433	35,343	35,542	34,593	32,929	36,262
26 Other banks in United States	1,058	792	1,267	1,228	970	756	1,065	744	1,067	1,400
27 Nonbanks	2,307	2,355	2,059	1,844	1,966	1,997	2,156	2,174	1,895	1,798
28 Claims on foreigners	107,657	115,536	109,692	104,467	107,795	104,270	105,990	108,895	106,758	109,851
29 Other branches of parent bank	37,728	46,367	35,735	34,061	35,331	36,952	35,359	37,732	37,977	40,530
30 Banks	36,159	31,604	36,394	36,126	37,548	34,783	36,777	37,711	36,196	37,121
31 Public borrowers	3,293	3,860	3,306	3,108	3,165	2,995	3,128	3,046	3,371	3,698
32 Nonbank foreigners	30,477	33,705	34,257	31,172	31,751	29,540	30,726	30,406	29,214	28,502
33 Other assets	15,078	23,722	30,650	30,857	29,761	28,661	14,564	19,426	18,508	18,161
34 **Total payable in U.S. dollars**	**103,208**	**116,762**	**105,974**	**102,285**	**104,392**	**102,737**	**98,828**	**99,610**	**100,449**	**106,608**
35 Claims on United States	36,404	41,259	32,418	33,298	35,185	35,376	36,133	34,948	33,618	37,072
36 Parent bank	34,329	39,609	30,370	31,022	33,059	33,751	33,936	32,786	31,578	34,979
37 Other banks in United States	843	334	822	853	677	627	785	625	711	769
38 Nonbanks	1,232	1,316	1,226	1,423	1,449	998	1,412	1,537	1,329	1,324
39 Claims on foreigners	59,062	63,701	58,791	54,129	56,615	56,888	56,264	55,812	59,099	61,489
40 Other branches of parent bank	29,872	37,142	28,667	25,922	27,482	28,541	26,751	26,825	27,986	30,218
41 Banks	16,579	13,135	15,219	14,829	15,348	15,380	15,930	15,565	16,808	17,394
42 Public borrowers	2,371	3,143	2,853	2,545	2,463	2,474	2,653	2,353	2,604	2,518
43 Nonbank foreigners	10,240	10,281	12,052	10,833	11,322	10,493	10,930	11,069	11,701	11,359
44 Other assets	7,742	11,802	14,765	14,858	12,592	10,473	6,431	8,850	7,732	8,047
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**162,871**	**167,139**	**168,963**	**153,691**	**144,089**	**145,450**	**153,853**
46 Claims on United States	124,205	112,989	115,244	112,080	115,633	114,467	102,850	94,595	96,750	102,619
47 Parent bank	87,882	77,873	81,520	82,823	84,041	83,316	72,107	64,454	68,209	72,185
48 Other banks in United States	15,071	11,869	10,907	8,115	9,729	9,118	8,045	8,060	6,562	8,174
49 Nonbanks	21,252	23,247	22,817	21,142	21,863	22,033	22,698	22,081	21,979	22,260
50 Claims on foreigners	44,168	41,356	45,229	41,929	42,828	45,600	41,886	41,315	41,712	42,514
51 Other branches of parent bank	11,309	13,416	11,098	10,156	9,311	9,392	8,678	8,596	7,753	7,287
52 Banks	22,611	16,310	20,174	18,406	19,658	21,548	18,837	17,570	18,412	19,680
53 Public borrowers	5,217	5,807	7,161	6,332	6,459	7,084	6,728	7,125	7,102	7,120
54 Nonbank foreigners	5,031	5,823	6,796	7,035	7,400	7,576	7,643	8,024	8,445	8,427
55 Other assets	7,633	7,971	7,853	8,862	8,678	8,896	8,955	8,179	6,988	8,720
56 **Total payable in U.S. dollars**	**170,780**	**158,390**	**163,771**	**158,196**	**162,066**	**163,313**	**147,905**	**138,348**	**139,769**	**148,865**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1989	1990	1991	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**545,366**	**556,925**	**548,901**	**549,858**	**564,816**	**564,466**	**537,529**	**544,815r**	**544,437r**	**553,564**
58 Negotiable certificates of deposit (CDs)	23,500	18,060	16,284	12,757	14,010	13,040	12,758	14,246	12,389	12,054
59 To United States	197,239	189,412	198,121	196,635	198,897	204,929	192,087	179,246r	185,071r	188,549
60 Parent bank	138,412	138,748	136,431	138,273	136,195	143,474	133,051	126,825r	127,656	132,639
61 Other banks in United States	11,704	7,463	13,260	15,075	13,944	14,009	11,833	10,928r	12,303	12,254
62 Nonbanks	47,123	43,201	48,430	43,287	48,758	47,446	47,203	41,493	45,112r	43,656
63 To foreigners	296,850	311,668	288,254	296,580	308,394	302,376	301,943	314,910r	311,539r	315,610
64 Other branches of parent bank	119,591	139,113	112,033	111,846	115,098	116,760	114,226	120,349r	119,634r	117,986
65 Banks	76,452	58,986	63,097	65,177	68,528	65,983	65,419	68,565r	68,537r	70,583
66 Official institutions	16,750	14,791	15,596	16,083	19,465	16,399	18,058	18,241	16,724r	20,564
67 Nonbank foreigners	84,057	98,778	97,528	103,474	105,303	103,234	104,240	107,755r	106,644	106,477
68 Other liabilities	27,777	37,785	46,242	43,886	43,515	44,121	30,741	36,413r	35,438r	37,351
69 **Total payable in U.S. dollars**	**396,613**	**383,522**	**370,561**	**365,920**	**373,679**	**374,506**	**354,666**	**346,377r**	**346,344r**	**366,383**
70 Negotiable CDs	19,619	14,094	11,909	8,470	9,643	8,475	8,531	8,755	7,628	6,709
71 To United States	187,286	175,654	185,286	185,533	187,438	192,792	179,395	166,377r	170,774r	175,561
72 Parent bank	132,563	130,510	129,669	131,844	130,007	136,273	125,647	119,370r	119,797	125,130
73 Other banks in United States	10,519	6,052	11,707	14,217	12,840	13,251	10,816	9,835	11,012	11,381
74 Nonbanks	44,204	39,092	43,910	39,472	44,591	43,268	42,932	37,172	39,965r	39,050
75 To foreigners	176,460	179,002	158,993	157,139	162,011	158,532	155,352	157,475r	155,001r	167,698
76 Other branches of parent bank	87,636	98,128	76,601	75,772	76,973	77,604	73,699	74,037	72,947r	77,331
77 Banks	30,537	20,251	24,156	22,577	24,090	23,474	22,955	22,973	22,822r	26,320
78 Official institutions	9,873	7,921	10,304	10,413	13,102	10,119	11,543	10,713	9,939r	12,085
79 Nonbank foreigners	48,414	52,702	47,932	48,377	47,846	47,335	47,155	49,752r	49,293	51,962
80 Other liabilities	13,248	14,772	14,373	14,778	14,587	14,707	11,388	13,770r	12,941r	16,415
	United Kingdom									
81 **Total payable in any currency**	**161,947**	**184,818**	**175,599**	**170,775**	**174,925**	**171,027**	**159,317**	**165,832**	**161,157**	**167,472**
82 Negotiable CDs	20,056	14,256	11,333	7,324	8,458	7,612	7,731	8,083	7,266	6,062
83 To United States	36,036	39,928	37,720	36,610	33,236	36,660	37,164	35,527	35,885	35,431
84 Parent bank	29,726	31,806	29,834	29,317	25,637	28,201	29,104	27,695	27,528	27,430
85 Other banks in United States	1,256	1,505	1,438	2,011	1,638	1,326	1,315	1,632	1,670	1,342
86 Nonbanks	5,054	6,617	6,448	5,282	5,961	7,133	6,745	6,200	6,687	6,659
87 To foreigners	92,307	108,531	98,167	99,804	106,603	100,340	100,738	104,892	101,082	109,314
88 Other branches of parent bank	27,397	36,709	30,054	28,239	30,429	31,464	30,205	31,234	29,839	33,663
89 Banks	29,780	25,126	25,541	27,046	27,549	25,315	25,155	26,435	25,823	28,892
90 Official institutions	8,551	8,361	9,670	9,539	12,732	10,167	11,091	10,699	9,131	11,675
91 Nonbank foreigners	26,579	38,335	32,902	34,980	35,893	33,394	34,287	36,524	36,289	35,084
92 Other liabilities	13,548	22,103	28,379	27,037	26,628	26,415	13,684	17,330	16,924	16,665
93 **Total payable in U.S. dollars**	**108,178**	**116,094**	**108,755**	**100,799**	**102,783**	**101,901**	**97,565**	**99,092**	**95,642**	**106,117**
94 Negotiable CDs	18,143	12,710	10,076	6,136	6,967	5,750	6,139	5,890	5,689	4,212
95 To United States	33,056	34,697	33,003	32,510	28,936	32,300	32,178	30,357	30,330	31,279
96 Parent bank	28,812	29,955	28,260	27,904	24,435	26,720	27,351	25,873	25,700	26,023
97 Other banks in United States	1,065	1,156	1,177	1,796	1,184	1,084	857	1,088	992	866
98 Nonbanks	3,179	3,586	3,566	2,810	3,317	4,496	3,970	3,396	3,638	4,390
99 To foreigners	50,517	60,014	56,626	52,625	57,489	54,262	52,894	54,381	51,677	61,510
100 Other branches of parent bank	18,384	25,957	20,800	18,136	19,497	20,918	18,634	18,983	17,747	22,058
101 Banks	12,244	9,488	11,069	9,435	10,799	9,848	9,399	9,289	9,112	12,067
102 Official institutions	5,454	4,692	7,156	6,998	9,915	7,049	7,808	6,956	6,156	8,130
103 Nonbank foreigners	14,435	19,877	17,601	18,056	17,278	16,447	17,053	19,153	18,662	19,255
104 Other liabilities	6,462	8,673	9,050	9,528	9,391	9,589	6,354	8,464	7,946	9,116
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**176,006**	**162,316**	**168,326**	**162,871**	**167,139**	**168,963**	**153,691**	**144,089**	**145,450**	**153,853**
106 Negotiable CDs	678	646	1,173	1,546	1,646	1,894	1,330	1,814	872	1,394
107 To United States	124,859	114,738	129,872	124,605	128,891	130,815	115,589	105,816	108,983r	113,894
108 Parent bank	75,188	74,941	79,394	76,086	76,779	80,998	67,356	64,039	63,140	69,207
109 Other banks in United States	8,883	4,526	10,231	12,060	11,085	11,708	9,641	8,491	9,696	10,275
110 Nonbanks	40,788	35,271	40,247	36,459	41,027	38,109	38,592	33,286	36,147r	34,412
111 To foreigners	47,382	44,444	35,200	34,899	35,021	34,637	35,136	34,878	34,037r	34,889
112 Other branches of parent bank	23,414	24,715	17,388	16,933	16,842	16,799	17,668	17,315	16,071	15,441
113 Banks	8,823	5,588	5,662	6,009	6,346	6,075	6,390	6,242	6,787	6,987
114 Official institutions	1,097	622	572	736	731	770	862	935	984r	1,058
115 Nonbank foreigners	14,048	13,519	11,578	11,221	11,102	10,993	10,216	10,386	10,195	11,403
116 Other liabilities	3,087	2,488	2,081	1,821	1,581	1,617	1,636	1,581	1,558r	3,676
117 **Total payable in U.S. dollars**	**171,250**	**157,132**	**163,603**	**158,247**	**162,280**	**163,951**	**148,744**	**138,864**	**139,963**	**148,881**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1990	1991	1992						
			Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**[1]	**344,529**	**360,546**	**385,572**	**394,709**	**401,795**	**404,052**	**406,557**[r]	**393,644**[r]	**405,250**
By type									
2 Liabilities reported by banks in the United States[2]	39,880	38,412	44,583	47,471	51,421	48,883	52,078[r]	43,675[r]	60,773
3 U.S. Treasury bills and certificates[3]	79,424	92,692	102,968	111,224	109,278	114,781	113,307	113,634	104,296
U.S. Treasury bonds and notes									
4 Marketable	202,487	203,677	210,754	208,069	213,363	212,596	213,293	208,810	211,810
5 Nonmarketable[4]	4,491	4,858	4,989	5,021	4,625	4,582	4,476	4,505	4,473
6 U.S. securities other than U.S. Treasury securities[5]	18,247	20,907	22,278	22,924	23,108	23,210	23,403	23,020	23,898
By area									
7 Western Europe[1]	167,191	168,365	179,239	185,416	191,214	194,351	195,947[r]	186,320[r]	194,465
8 Canada	8,671	7,460	7,855	9,347	9,302	9,876	9,990	7,027	8,111
9 Latin America and Caribbean	21,184	33,554	39,130	39,732	39,433	39,146	38,356	37,703	38,465
10 Asia	138,096	139,465	148,573	149,062	150,215	150,047	151,785[r]	151,667[r]	153,605
11 Africa	1,434	2,092	2,392	2,792	3,265	3,218	2,860	3,360	3,481
12 Other countries[6]	7,955	9,608	8,381	8,358	8,364	7,412	7,617[r]	7,565[r]	7,121

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	1988	1989	1990	1991	1992		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	74,980	67,835	70,477	75,129	67,874	70,764	85,166
2 Banks' claims	68,983	65,127	66,796	73,318	60,844	58,968	73,185
3 Deposits	25,100	20,491	29,672	26,192	23,269	23,462	29,419
4 Other claims	43,884	44,636	37,124	47,126	37,575	35,506	43,766
5 Claims of banks' domestic customers[2]	364	3,507	6,309	3,274	2,862	4,428	3,908

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	1989	1990	1991	1992						
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**736,878**	**759,634**	**756,510**	**769,486**	**785,162**	**786,924**	**777,485**	**768,804[r]**	**779,399**	**777,655**
2 Banks' own liabilities	577,498	577,229	575,232	578,651	583,786	587,581	571,410	563,760[r]	585,424	590,120
3 Demand deposits	22,032	21,723	20,321	19,043	19,606	20,931	19,739	21,698	22,474	21,324
4 Time deposits[2]	168,780	168,017	159,649	153,383	150,373	152,185	148,664	144,119[r]	143,762	157,871
5 Other[3]	67,823	65,822	66,185	76,149	82,654	85,231	82,448	86,301[r]	82,119	91,237
6 Own foreign offices[4]	318,864	321,667	329,077	330,076	331,153	329,234	320,559	311,642	337,069	319,688
7 Banks' custodial liabilities[5]	159,380	182,405	181,278	190,835	201,376	199,343	206,075	205,044[r]	193,975	187,535
8 U.S. Treasury bills and certificates[6]	91,100	96,796	110,734	120,924	130,392	128,672	135,579	135,744	134,894	127,987
9 Other negotiable and readily transferable instruments[7]	19,526	17,578	18,664	17,797	18,995	18,020	19,339	18,541	18,814	19,663
10 Other	48,754	68,031	51,880	52,114	51,989	52,651	51,157	50,759[r]	40,267	39,885
11 Nonmonetary international and regional organizations[8]	4,894	5,918	8,981	10,291	11,313	12,771	11,281	12,584	10,554	10,637
12 Banks' own liabilities	3,279	4,540	6,827	8,408	9,358	10,548	8,152	9,477	7,917	6,911
13 Demand deposits	96	36	43	29	46	40	24	21	24	73
14 Time deposits[2]	927	1,050	2,714	1,819	2,520	3,788	3,008	2,630	2,521	1,897
15 Other[3]	2,255	3,455	4,070	6,560	6,792	6,720	5,120	6,826	5,372	4,941
16 Banks' custodial liabilities[5]	1,616	1,378	2,154	1,883	1,955	2,223	3,129	3,107	2,637	3,726
17 U.S. Treasury bills and certificates[6]	197	364	1,730	1,442	1,461	1,687	2,602	2,654	1,991	3,085
18 Other negotiable and readily transferable instruments[7]	1,417	1,014	424	441	494	534	527	453	646	641
19 Other	2	0	0	0	0	2	0	0	0	0
20 Official institutions[9]	113,481	119,303	131,104	147,551	158,695	160,699	163,664	165,385[r]	157,309	165,069
21 Banks' own liabilities	31,108	34,910	34,427	40,630	43,567	47,533	45,338	48,526[r]	40,524	57,060
22 Demand deposits	2,196	1,924	2,642	1,360	1,320	1,631	1,372	1,676	1,761	1,723
23 Time deposits[2]	10,495	14,359	16,504	18,631	19,066	17,738	18,382	18,098[r]	16,238	19,557
24 Other[3]	18,417	18,628	15,281	20,639	23,181	28,164	25,584	28,752[r]	22,525	35,780
25 Banks' custodial liabilities[5]	82,373	84,393	96,677	106,921	115,128	113,166	118,326	116,859	116,785	108,009
26 U.S. Treasury bills and certificates[6]	76,985	79,424	92,692	102,968	111,224	109,278	114,781	113,307	113,634	104,296
27 Other negotiable and readily transferable instruments[7]	5,028	4,766	3,879	3,812	3,717	3,602	3,459	3,466	2,922	3,600
28 Other	361	203	106	141	187	286	86	86	229	113
29 Banks[10]	515,275	540,805	522,424	522,084	527,455	526,472	514,723	502,079[r]	523,255	510,287
30 Banks' own liabilities	454,273	458,470	459,177	456,309	460,919	459,710	448,111	435,126[r]	466,670	454,181
31 Unaffiliated foreign banks	135,409	136,802	130,100	126,233	129,766	130,476	127,552	123,484[r]	129,601	134,493
32 Demand deposits	10,279	10,053	8,632	8,753	9,229	9,705	8,442	9,851	10,443	9,781
33 Time deposits[2]	90,557	88,541	82,857	79,632	77,098	80,170	77,382	73,175[r]	74,447	86,305
34 Other[3]	34,573	38,208	38,611	37,848	43,439	40,601	41,728	40,458[r]	44,711	38,407
35 Own foreign offices[4]	318,864	321,667	329,077	330,076	331,153	329,234	320,559	311,642	337,069	319,688
36 Banks' custodial liabilities[5]	61,002	82,335	63,247	65,775	66,536	66,762	66,612	66,953	56,585	56,106
37 U.S. Treasury bills and certificates[6]	9,367	10,669	7,471	8,410	8,946	8,927	9,444	10,429	10,905	10,476
38 Other negotiable and readily transferable instruments[7]	5,124	5,341	5,694	7,147	7,044	6,647	7,129	6,920	6,846	6,984
39 Other	46,510	66,325	50,082	50,218	50,546	51,188	50,039	49,604	38,834	38,646
40 Other foreigners	103,228	93,608	94,001	89,560	87,699	86,982	87,817	88,756[r]	88,281	91,662
41 Banks' own liabilities	88,839	79,309	74,801	73,304	69,942	69,790	69,809	70,631[r]	70,313	71,968
42 Demand deposits	9,460	9,711	9,004	8,901	9,011	9,555	9,901	10,150	10,246	9,747
43 Time deposits[2]	66,801	64,067	57,574	53,301	51,689	50,489	49,892	50,216[r]	50,556	50,112
44 Other[3]	12,577	5,530	8,223	11,102	9,242	9,746	10,016	10,265[r]	9,511	12,109
45 Banks' custodial liabilities[5]	14,389	14,299	19,200	16,256	17,757	17,192	18,008	18,125[r]	17,968	19,694
46 U.S. Treasury bills and certificates[6]	4,551	6,339	8,841	8,104	8,761	8,780	8,752	9,354	8,364	10,130
47 Other negotiable and readily transferable instruments[7]	7,958	6,457	8,667	6,397	7,740	7,237	8,224	7,702	8,400	8,438
48 Other	1,880	1,503	1,692	1,755	1,256	1,175	1,032	1,069[r]	1,204	1,126
MEMO:										
49 Negotiable time certificates of deposit in custody for foreigners	7,203	7,073	7,456	7,624	7,642	7,351	6,976	7,279	6,964	7,336

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 due 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 due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, 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—Continued

Item	1989	1990	1991	1992 Apr.	May	June	July	Aug.	Sept.	Oct.p
AREA										
1 **Total, all foreigners**	**736,878**	**759,634**	**756,510**	**769,486**	**785,162**	**786,924**	**777,485**	**768,804r**	**779,399r**	**777,655**
2 **Foreign countries**	**731,984**	**753,716**	**747,529**	**759,195**	**773,849**	**774,153**	**766,204**	**756,220r**	**768,845r**	**767,018**
3 Europe	237,501	254,452	249,067	262,246	273,436	279,521	283,109	289,388r	290,324r	306,073
4 Austria	1,233	1,229	1,193	1,219	1,337	1,490	1,445	1,427	1,456r	1,584
5 Belgium and Luxembourg	10,648	12,382	13,337	15,818	17,346	16,740	16,797	18,449	17,942	21,147
6 Denmark	1,415	1,399	937	961	1,331	1,263	1,348	1,329	1,760	1,788
7 Finland	570	602	1,341	1,005	764	843	720	976	685	949
8 France	26,903	30,946	31,808	27,667	27,005	30,132	28,900	29,456	32,153r	34,530
9 Germany	7,578	7,485	8,619	9,272	8,319	8,018	8,967	11,032r	14,739r	13,810
10 Greece	1,028	934	765	1,134	1,254	1,374	998	934	1,069	872
11 Italy	16,169	17,735	13,541	10,035	10,055	10,362	10,164	10,992	12,236	11,104
12 Netherlands	6,613	5,350	7,161	9,352	9,572	9,456	9,653	10,422	10,397	9,334
13 Norway	2,401	2,357	1,866	899	1,429	1,359	1,421	1,341	1,851	1,577
14 Portugal	2,418	2,958	2,184	2,217	2,391	2,530	2,659	2,664	2,245	2,258
15 Spain	4,364	7,544	11,391	14,435	14,316	15,844	15,313	14,904	15,589	14,602
16 Sweden	1,491	1,837	2,222	2,888	2,007	4,125	3,710	4,162	3,194r	5,323
17 Switzerland	34,496	36,690	37,238	33,604	36,663	35,987	39,568	40,569r	39,314r	38,117
18 Turkey	1,818	1,169	1,598	1,362	1,691	1,580	1,789	2,021	2,087	2,524
19 United Kingdom	102,362	109,555	100,262	108,023	112,828	111,712	111,878	111,521	115,727r	114,648
20 Yugoslavia	1,474	928	622	569	524	555	547	554	567	577
21 Others in Western Europe[11]	13,563	11,689	9,274	17,208	19,961	21,609	22,743	21,872r	12,867r	26,938
22 U.S.S.R.	350	119	241	287	436	440	609	525	499	450
23 Other Eastern Europe[12]	608	1,545	3,467	4,291	4,207	4,102	3,880	4,238	3,947	3,941
24 Canada	18,865	20,349	21,605	20,500	22,556	20,358	22,350	20,410	22,668	21,378
25 Latin America and Caribbean	311,028	332,997	346,025	341,925	339,862	339,517	325,910	311,265r	302,039r	295,080
26 Argentina	7,304	7,365	7,758	8,654	9,381	9,705	10,043	9,397r	9,065	9,487
27 Bahamas	99,341	107,386	100,597	98,530	100,025	101,702	92,536	82,561	69,073	77,517
28 Bermuda	2,884	2,822	3,178	3,368	3,009	3,598	4,848	4,782	4,255r	5,879
29 Brazil	6,351	5,834	5,942	5,752	5,399	5,612	5,522	5,283r	5,393	5,828
30 British West Indies	138,309	147,321	163,872	160,991	158,515	156,756	151,877	148,450	153,472	136,674
31 Chile	3,212	3,145	3,284	3,506	3,792	3,702	3,606	3,393r	3,440	3,253
32 Colombia	4,653	4,492	4,662	4,915	4,902	4,721	4,687	4,711	4,792r	4,767
33 Cuba	10	11	2	9	6	3	12	9	33r	11
34 Ecuador	1,391	1,379	1,232	1,128	1,150	1,137	1,074	1,214	1,073	1,026
35 Guatemala	1,312	1,541	1,594	1,489	1,438	1,447	1,420	1,432	1,416	1,376
36 Jamaica	209	257	231	234	242	309	271	272	309	274
37 Mexico	15,423	16,650	19,957	21,362	20,842	19,491	19,642	20,046	19,650	19,226
38 Netherlands Antilles	6,310	7,357	5,592	5,986	5,347	5,313	5,085	4,825	4,751	4,708
39 Panama	4,362	4,574	4,695	4,216	4,100	4,286	4,457	4,302	4,595	4,115
40 Peru	1,984	1,294	1,249	1,094	1,098	1,156	1,131	1,123	1,143	1,124
41 Uruguay	2,284	2,520	2,111	2,171	2,118	2,182	2,175	2,182r	2,019	2,086
42 Venezuela	9,482	12,271	13,181	11,874	11,705	11,448	11,080	10,802	11,101	11,470
43 Other	6,206	6,779	6,888	6,646	6,793	6,949	6,444	6,481r	6,459	6,259
44 Asia	156,201	136,844	120,440	125,187	128,083	124,549	124,894	125,214	144,134	134,241
China										
45 People's Republic of China	1,773	2,421	2,626	2,753	2,364	2,378	2,292	2,508	2,480	2,582
46 Republic of China (Taiwan)	19,588	11,246	11,491	10,471	10,265	9,985	10,277	10,362	9,430r	8,504
47 Hong Kong	12,416	12,754	14,269	16,125	17,885	16,980	16,840	17,775	17,991	17,486
48 India	780	1,233	2,418	1,792	1,671	1,715	1,567	1,480	1,372	1,234
49 Indonesia	1,281	1,238	1,463	1,109	1,133	1,387	1,256	958	1,507	1,315
50 Israel	1,243	2,767	2,015	3,791	3,432	2,976	2,850	2,620	2,613	2,208
51 Japan	81,184	67,076	47,047	47,337	46,183	44,265	45,815	45,682	64,640r	56,058
52 Korea (South)	3,215	2,287	2,587	3,016	3,132	2,839	3,288	3,644	3,672r	3,531
53 Philippines	1,766	1,585	2,449	2,266	1,630	1,813	1,994	1,920	2,028	2,275
54 Thailand	2,093	1,443	2,252	3,147	6,990	4,586	4,017	4,624	4,517	5,082
55 Middle Eastern oil-exporting countries[13]	13,370	15,829	15,752	18,614	18,297	18,983	19,828	18,938	19,977	19,040
56 Other	17,491	16,965	16,071	14,766	15,101	16,642	14,870	14,703	13,907r	14,926
57 Africa	3,824	4,630	4,825	4,864	5,430	5,810	5,516	5,314	5,592	5,843
58 Egypt	686	1,425	1,621	1,610	2,001	2,540	2,324	2,143	2,243	2,598
59 Morocco	78	104	79	88	77	87	85	93	100	98
60 South Africa	206	228	228	188	399	248	269	275	190	240
61 Zaire	86	53	31	27	26	29	17	24	14	24
62 Oil-exporting countries[14]	1,121	1,110	1,082	1,277	1,257	1,232	1,211	1,090	1,339	1,201
63 Other	1,648	1,710	1,784	1,674	1,670	1,674	1,610	1,689	1,706	1,682
64 Other	4,564	4,444	5,567	4,473	4,482	4,398	4,425	4,629	4,088	4,403
65 Australia	3,867	3,807	4,464	3,575	3,211	3,192	3,066	3,322	2,927	2,987
66 Other	697	637	1,103	898	1,271	1,206	1,359	1,307	1,161	1,416
67 Nonmonetary international and regional organizations	4,894	5,918	8,981	10,291	11,313	12,771	11,281	12,584	10,554r	10,637
68 International[15]	3,947	4,390	6,485	7,543	8,400	9,796	7,362	9,361	7,458r	7,590
69 Latin American regional[16]	684	1,048	1,181	1,788	1,903	2,356	2,699	2,319	2,289r	2,139
70 Other regional[17]	263	479	1,315	960	1,010	619	1,220	904	807	908

11. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
12. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
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	1989	1990	1991	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.[r]	1992 Oct.[p]
1 **Total, all foreigners**	**534,492**	**511,543**	**514,318**	**506,854**	**504,682**	**511,951**	**503,051**	**479,602[r]**	**485,199**	**493,358**
2 **Foreign countries**	**530,630**	**506,750**	**508,035**	**502,065**	**499,881**	**505,957**	**499,630**	**475,213[r]**	**481,028**	**490,917**
3 Europe	119,025	113,093	114,355	123,696	120,739	126,207	124,473	119,071[r]	117,178	126,112
4 Austria	415	362	327	444	456	433	647	606	341	373
5 Belgium and Luxembourg	6,478	5,473	6,158	6,967	6,487	6,166	6,475	6,324	7,504	6,971
6 Denmark	582	497	686	871	994	1,436	951	901	1,007	825
7 Finland	1,027	1,047	1,912	1,475	1,536	1,516	1,269	1,081	1,299	818
8 France	16,146	14,468	15,112	13,685	14,031	14,440	14,154	13,011	15,004	16,087
9 Germany	2,865	3,343	3,371	3,117	4,044	3,311	3,863	4,707	4,074	5,628
10 Greece	788	727	553	567	492	506	590	619	606	601
11 Italy	6,662	6,052	8,242	9,835	10,282	10,619	10,507	9,876	9,487	9,754
12 Netherlands	1,904	1,761	2,546	2,688	2,642	2,267	2,041	2,075	1,980	2,327
13 Norway	609	782	669	567	731	722	731	707	639	666
14 Portugal	376	292	344	361	398	367	382	387	383	327
15 Spain	1,930	2,668	1,881	3,726	2,687	3,880	3,730	2,590	3,304	4,630
16 Sweden	1,773	2,094	2,335	3,062	3,007	6,745	5,982	6,567[r]	5,494	6,698
17 Switzerland	6,141	4,202	4,540	4,095	4,144	3,973	3,683	3,934	3,112	3,698
18 Turkey	1,071	1,405	1,063	927	1,130	976	1,173	1,002[r]	984	1,175
19 United Kingdom	65,527	65,151	60,435	66,365	62,509	63,932	62,815	58,826[r]	56,421	60,186
20 Yugoslavia	1,329	1,142	825	781	735	697	693	678	674	668
21 Others in Western Europe[2]	1,302	597	789	821	894	771	1,227	1,356[r]	1,216	964
22 U.S.S.R.	1,179	530	1,970	2,824	2,948	3,035	3,153	3,280	3,199	3,200
23 Other Eastern Europe[3]	921	499	597	518	592	415	407	544	450	516
24 Canada	15,451	16,091	15,094	15,121	16,460	16,401	17,438	15,151[r]	15,902	16,825
25 Latin America and Caribbean	230,438	231,506	246,064	239,307	238,502	243,532	234,119	217,549[r]	210,251	213,255
26 Argentina	9,270	6,967	5,869	5,949	5,956	5,396	5,614	4,789	4,560	4,568
27 Bahamas	77,921	76,525	87,173	82,118	84,668	83,141	74,816	62,615	58,502	64,862
28 Bermuda	1,315	4,056	2,191	6,377	4,283	4,951	6,099	6,302	3,567	2,795
29 Brazil	23,749	17,995	11,845	12,321	12,183	12,020	12,186	12,286	11,308	11,557
30 British West Indies	68,749	88,565	107,866	100,777	100,352	106,676	104,188	99,765[r]	99,239	96,663
31 Chile	4,353	3,271	2,805	2,922	3,055	3,227	3,118	3,220[r]	3,320	3,355
32 Colombia	2,784	2,587	2,425	2,322	2,328	2,304	2,398	2,322	2,475	2,595
33 Cuba	1	0	0	2	0	0	0	0	0	5
34 Ecuador	1,688	1,387	1,053	986	939	936	950	949	920	936
35 Guatemala	197	191	228	216	171	173	167	189	237	277
36 Jamaica	297	238	158	150	143	150	151	150	160	147
37 Mexico	23,376	14,851	16,567	17,367	16,900	16,455	16,331	16,541[r]	17,290	16,634
38 Netherlands Antilles	1,921	7,998	1,207	1,265	904	920	941	966	1,045	1,080
39 Panama	1,740	1,471	1,560	1,834	1,926	2,199	2,025	2,053	1,945	1,988
40 Peru	771	663	739	715	666	719	708	708	732	721
41 Uruguay	929	786	599	685	717	765	749	799	921	882
42 Venezuela	9,652	2,571	2,516	2,010	2,046	2,215	2,360	2,585	2,654	2,702
43 Other	1,726	1,384	1,263	1,291	1,265	1,285	1,318	1,310[r]	1,376	1,488
44 Asia	157,474	138,722	125,288	116,770	117,259	112,406	115,961	116,494[r]	130,599	127,289
China										
45 People's Republic of China	634	620	747	660	729	685	642	696	636	1,051
46 Republic of China (Taiwan)	2,776	1,952	2,087	2,008	1,808	1,778	1,965	1,983[r]	2,054	1,848
47 Hong Kong	11,128	10,648	9,617	8,520	9,127	8,272	9,103	8,010	10,082	9,132
48 India	621	655	441	504	475	458	512	528	499	500
49 Indonesia	651	933	952	1,055	1,132	1,085	1,090	1,108	1,089	1,112
50 Israel	813	774	860	837	874	888	901	920	800	826
51 Japan	111,300	90,699	84,833	72,116	74,430	69,269	71,159	71,459[r]	83,191	80,128
52 Korea (South)	5,323	5,766	6,048	6,218	5,796	5,927	6,063	6,201	6,247	6,056
53 Philippines	1,344	1,247	1,910	1,690	1,618	1,648	1,635	1,775	1,852	1,896
54 Thailand	1,140	1,573	1,713	1,618	1,703	1,756	1,705	1,691[r]	1,795	1,764
55 Middle Eastern oil-exporting countries[4]	10,149	10,749	8,284	14,562	13,453	14,505	14,323	14,783	14,613	15,487
56 Other	11,594	13,106	7,796	6,982	6,114	6,135	6,863	7,340	7,741	7,489
57 Africa	5,890	5,445	4,928	4,818	4,582	4,548	4,452	4,455	4,333	4,303
58 Egypt	502	380	294	242	218	256	261	243	256	229
59 Morocco	559	513	575	547	529	527	496	483	467	452
60 South Africa	1,628	1,525	1,235	1,239	1,128	1,070	1,047	1,066	1,055	1,036
61 Zaire	16	16	4	4	4	4	4	4	4	4
62 Oil-exporting countries[5]	1,648	1,486	1,298	1,160	1,162	1,159	1,157	1,130	1,067	1,056
63 Other	1,537	1,525	1,522	1,626	1,541	1,532	1,487	1,529	1,484	1,526
64 Other	2,354	1,892	2,306	2,353	2,339	2,863	3,187	2,493	2,765	3,133
65 Australia	1,781	1,413	1,665	1,424	1,197	1,725	1,937	1,463	1,765	1,951
66 Other	573	479	641	929	1,142	1,138	1,250	1,030	1,000	1,182
67 Nonmonetary international and regional organizations[6]	3,862	4,793	6,283	4,789	4,801	5,994	3,421	4,389	4,171	2,441

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
3. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
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	1989	1990	1991	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.[r]	1992 Sept.[r]	1992 Oct.[p]
1 **Total**	**593,087**	**579,044**	**579,622**	....	....	**565,597**	....	....	**551,985**	....
2 Banks' claims	534,492	511,543	514,318	506,854	504,682	511,951	503,051	479,602	485,199	493,358
3 Foreign public borrowers	60,511	41,900	37,130	34,585	34,637	35,946	32,926	32,263	31,474	32,030
4 Own foreign offices[2]	296,011	304,315	318,894	302,551	308,342	314,613	302,066	287,523	297,540	297,630
5 Unaffiliated foreign banks	134,885	117,272	116,569	120,195	116,823	112,048	114,045	105,896	105,696	112,090
6 Deposits	78,185	65,253	69,168	70,703	70,205	63,678	63,004	56,294	54,321	60,881
7 Other	56,700	52,019	47,401	49,492	46,618	48,370	51,041	49,602	51,375	51,209
8 All other foreigners	43,085	48,056	41,725	49,523	44,880	49,344	54,014	53,920	50,489	51,608
9 Claims of banks' domestic customers[3]	58,594	67,501	65,304	....	....	53,646	....	....	66,786	....
10 Deposits	13,019	14,375	15,240	....	....	17,098	....	....	15,348	....
11 Negotiable and readily transferable instruments[4]	30,983	41,333	37,125	....	....	24,240	....	....	38,258	....
12 Outstanding collections and other claims	14,592	11,792	12,939	....	....	12,308	....	....	13,180	....
MEMO:										
13 Customer liability on acceptances	12,899	13,628	8,974	....	....	7,571	....	....	8,507	....
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	45,767	44,638	38,888	34,255	32,963	33,100	34,283[r]	32,757	33,010	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 for the account of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *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	1988	1989	1990	1991 Dec.	1992 Mar.	1992 June	1992 Sept.[p]
1 **Total**	**233,184**	**238,123**	**206,903**	**195,187**	**194,219**	**196,934**	**187,277**
By borrower							
2 Maturity of one year or less[2]	172,634	178,346	165,985	162,515	161,266	162,473	155,022
3 Foreign public borrowers	26,562	23,916	19,305	21,047	20,241	20,491	17,786
4 All other foreigners	146,072	154,430	146,680	141,468	141,025	141,982	137,236
5 Maturity of more than one year[2]	60,550	59,776	40,918	32,672	32,953	34,461	32,255
6 Foreign public borrowers	35,291	36,014	22,269	15,866	16,344	15,144	13,340
7 All other foreigners	25,259	23,762	18,649	16,806	16,609	19,317	18,915
By area							
Maturity of one year or less[2]							
8 Europe	55,909	53,913	49,184	51,875	52,608	54,977	55,785
9 Canada	6,282	5,910	5,450	6,474	6,926	7,946	5,973
10 Latin America and Caribbean	57,991	53,003	49,782	43,521	48,597	49,204	45,295
11 Asia	46,224	57,755	53,258	51,007	43,605	41,386	40,699
12 Africa	3,337	3,225	3,040	2,549	2,486	2,142	2,199
13 All other[3]	2,891	4,541	5,272	7,089	7,044	6,818	5,071
Maturity of more than one year[2]							
14 Europe	4,666	4,121	3,859	3,883	4,355	6,786	6,663
15 Canada	1,922	2,353	3,290	3,546	3,250	3,173	3,243
16 Latin America and Caribbean	47,547	45,816	25,774	18,264	18,180	16,891	15,133
17 Asia	3,613	4,172	5,165	4,459	4,738	5,007	4,847
18 Africa	2,301	2,630	2,374	2,335	2,191	2,341	2,091
19 All other[3]	501	684	456	185	239	263	278

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. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1988	1989	1990		1991				1992		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**346.3**	**338.8**	**331.5**	**317.8**	**325.4**	**320.8**	**335.5**	**341.5**	**347.5**	**355.4**	**342.1**
2 G-10 countries and Switzerland	152.7	152.9	143.6	132.1	129.9	130.1	134.0	137.3	130.4	135.6	136.4
3 Belgium and Luxembourg	9.0	6.3	6.5	5.9	6.2	6.1	5.8	6.0	5.3	6.2	6.2
4 France	10.5	11.7	11.1	10.4	9.7	10.5	11.1	11.0	10.0	11.9	15.5
5 Germany	10.3	10.5	11.1	10.6	8.8	8.3	9.7	8.3	8.4	8.7	10.9
6 Italy	6.8	7.4	4.4	5.0	4.0	3.6	4.5	5.6	5.4	8.0	6.4
7 Netherlands	2.7	3.1	3.8	3.0	3.3	3.3	3.0	4.7	4.3	3.3	3.7
8 Sweden	1.8	2.0	2.3	2.2	2.0	2.5	2.1	1.9	2.0	2.0	2.2
9 Switzerland	5.4	7.1	5.6	4.4	3.7	3.3	3.9	3.4	3.2	4.6	5.0
10 United Kingdom	66.2	67.2	62.6	60.8	62.2	59.8	64.9	68.5	64.6	65.9	61.6
11 Canada	5.0	5.4	5.0	5.9	6.8	8.2	5.9	5.9	6.6	6.7	6.7
12 Japan	34.9	32.2	31.3	23.9	23.2	24.6	23.2	22.2	20.7	18.3	18.3
13 Other industrialized countries	21.0	20.7	23.0	22.6	23.1	21.1	21.7	22.7	21.2	25.4	24.9
14 Austria	1.5	1.5	1.6	1.4	1.4	1.1	1.0	.6	.8	.8	.7
15 Denmark	1.1	1.1	1.1	1.1	.9	1.2	.9	.9	.8	1.3	1.5
16 Finland	1.1	1.0	.8	.7	1.0	.8	.7	.7	.8	.8	1.0
17 Greece	1.8	2.5	2.8	2.7	2.5	2.4	2.3	2.6	2.3	2.8	3.0
18 Norway	1.8	1.4	1.6	1.6	1.5	1.5	1.4	1.4	1.5	1.7	1.6
19 Portugal	.4	.4	.6	.6	.6	.6	.5	.6	.5	.5	.5
20 Spain	6.2	7.1	8.4	8.3	9.0	7.1	8.3	8.3	7.7	10.1	9.8
21 Turkey	1.5	1.2	1.6	1.7	1.7	1.9	1.6	1.4	1.2	1.5	1.5
22 Other Western Europe	1.3	.7	.7	.9	.8	.9	1.0	1.6	1.3	1.9	1.4
23 South Africa	2.4	2.0	1.9	1.8	1.8	1.8	1.6	1.9	1.8	1.7	1.7
24 Australia	1.8	1.6	2.0	1.8	1.9	2.0	2.4	2.7	2.3	2.3	2.3
25 OPEC[2]	16.6	17.1	14.2	12.8	17.1	14.0	15.6	14.6	15.8	16.2	15.9
26 Ecuador	1.7	1.3	1.1	1.0	.9	.9	.8	.7	.7	.7	.7
27 Venezuela	7.9	7.0	6.0	5.0	5.1	5.3	5.6	5.4	5.4	5.3	5.4
28 Indonesia	1.7	2.0	2.3	2.7	2.8	2.6	2.8	2.8	3.0	3.0	3.0
29 Middle East countries	3.4	5.0	3.1	2.5	6.6	3.7	5.0	4.2	5.3	5.9	5.4
30 African countries	1.9	1.7	1.7	1.7	1.6	1.5	1.5	1.5	1.4	1.4	1.4
31 Non-OPEC developing countries	85.3	77.5	67.1	65.4	66.4	65.0	65.0	64.3	70.6	68.8	73.8
Latin America											
32 Argentina	9.0	6.3	5.0	5.0	4.7	4.6	4.5	4.8	5.0	5.1	6.2
33 Brazil	22.4	19.0	15.4	14.4	13.9	11.6	10.5	9.5	10.8	10.6	10.8
34 Chile	5.6	4.6	3.6	3.5	3.6	3.6	3.7	3.6	3.9	4.0	4.2
35 Colombia	2.1	1.8	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.7
36 Mexico	18.8	17.7	12.8	13.0	13.7	14.3	16.2	15.5	18.2	16.5	17.7
37 Peru	.8	.6	.5	.5	.5	.5	.4	.4	.4	.4	.5
38 Other	2.6	2.8	2.4	2.3	2.2	2.0	1.9	2.1	2.2	2.2	2.5
Asia											
China											
39 Peoples Republic of China	.3	.3	.2	.2	.4	.6	.4	.3	.3	.3	.3
40 Republic of China (Taiwan)	3.7	4.5	4.0	3.5	3.6	4.1	4.1	4.1	4.8	4.6	5.0
41 India	2.1	3.1	3.6	3.3	3.5	3.0	2.8	3.0	3.6	3.8	3.6
42 Israel	1.2	.7	.6	.5	.5	.5	.5	.5	.4	.4	.4
43 Korea (South)	6.1	5.9	6.2	6.2	6.8	6.9	6.5	6.8	6.9	6.9	7.4
44 Malaysia	1.6	1.7	1.8	1.9	2.0	2.1	2.3	2.3	2.5	2.7	3.0
45 Philippines	4.5	4.1	3.9	3.8	3.7	3.7	3.6	3.7	3.6	3.0	3.3
46 Thailand	1.1	1.3	1.5	1.5	1.6	1.7	1.9	1.7	1.7	1.9	2.2
47 Other Asia[3]	.9	1.0	1.6	1.7	2.1	2.3	2.3	2.4	2.7	3.1	3.3
Africa											
48 Egypt	.4	.4	.4	.4	.4	.4	.4	.4	.3	.5	.3
49 Morocco	.9	.9	.9	.8	.8	.7	.7	.7	.7	.7	.6
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.1	1.0	.8	1.0	.8	.8	.8	.7	.7	.6	.9
52 Eastern Europe	3.6	3.5	2.7	2.3	2.1	2.1	1.8	2.4	2.9	3.0	3.1
53 U.S.S.R.	.7	.7	.4	.2	.3	.4	.4	.9	1.4	1.7	1.8
54 Yugoslavia	1.8	1.6	1.3	1.2	1.0	1.0	.8	.9	.8	.7	.7
55 Other	1.1	1.3	1.1	.9	.8	.7	.7	.7	.6	.6	.7
56 Offshore banking centers	44.2	36.6	42.6	42.5	50.1	48.3	52.4	51.9	58.5	56.9	49.5
57 Bahamas	11.0	5.5	8.9	2.8	8.4	6.8	6.7	12.0	14.1	12.1	7.5
58 Bermuda	.9	1.7	4.5	4.4	4.4	4.2	7.1	2.2	3.9	5.1	3.8
59 Cayman Islands and other British West Indies	12.9	9.0	9.3	11.5	14.1	14.9	13.8	15.9	17.4	18.0	15.4
60 Netherlands Antilles	1.0	2.3	2.2	7.9	1.1	1.4	3.5	1.2	1.0	.8	.7
61 Panama[4]	2.5	1.4	1.5	1.4	1.5	1.3	1.3	1.3	1.3	1.4	1.6
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	9.6	9.7	8.7	7.7	11.6	12.4	12.1	12.2	12.2	13.0	12.9
64 Singapore	6.1	7.0	7.5	6.6	8.9	7.2	7.7	7.1	8.5	6.4	7.4
65 Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	22.6	30.3	38.1	39.8	36.4	39.9	44.6	48.2	48.0	49.1	38.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

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.
4. Includes Canal Zone beginning December 1979.
5. Foreign branch claims only.
6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type and area or country	1988	1989	1990	1991				1992	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**32,952**	**38,764**	**44,988**	**41,787**	**40,472**	**41,916**	**41,505**	**43,495**	**44,215[r]**
2	Payable in dollars	27,335	33,973	39,791	37,211	36,003	37,210	36,225	38,174	37,522[r]
3	Payable in foreign currencies	5,617	4,791	5,197	4,576	4,469	4,706	5,280	5,321	6,693
	By type									
4	Financial liabilities	14,507	17,879	20,010	18,606	18,260	20,350	20,242	21,664	22,043[r]
5	Payable in dollars	10,608	14,035	15,984	15,266	14,947	16,675	16,242	17,566	16,799[r]
6	Payable in foreign currencies	3,900	3,844	4,026	3,340	3,313	3,675	4,000	4,098	5,244
7	Commercial liabilities	18,445	20,885	24,977	23,181	22,212	21,566	21,263	21,831	22,172
8	Trade payables	6,505	8,070	10,683	8,793	8,569	8,313	8,310	8,914	9,500
9	Advance receipts and other liabilities	11,940	12,815	14,294	14,388	13,644	13,253	12,953	12,917	12,672
10	Payable in dollars	16,727	19,938	23,807	21,945	21,056	20,535	19,983	20,608	20,723
11	Payable in foreign currencies	1,717	947	1,170	1,236	1,157	1,031	1,280	1,223	1,449
	By area or country									
	Financial liabilities									
12	Europe	9,962	11,660	10,346	9,559	9,634	11,403	10,814	12,071	13,091[r]
13	Belgium and Luxembourg	289	340	394	335	355	397	217	174	194
14	France	359	258	700	632	556	1,747	1,593	1,997	2,324
15	Germany	699	464	621	561	658	652	649	636	836
16	Netherlands	880	941	1,081	1,036	1,026	1,050	1,056	1,025	979
17	Switzerland	1,033	541	516	517	484	468	360	355	490[r]
18	United Kingdom	6,533	8,818	6,395	5,810	5,932	6,521	6,294	6,977	7,392[r]
19	Canada	388	610	229	278	293	305	267	283	337
20	Latin America and Caribbean	839	1,357	4,153	4,255	3,808	3,883	4,307	4,047	3,308[r]
21	Bahamas	184	157	371	392	375	314	537	396	343
22	Bermuda	0	17	0	0	12	0	114	114	114
23	Brazil	0	0	0	0	0	6	6	8	10
24	British West Indies	645	724	3,160	3,293	2,816	2,961	3,047	2,915	2,167[r]
25	Mexico	1	6	5	6	6	6	7	7	8
26	Venezuela	0	0	4	4	4	4	4	4	4
27	Asia	3,312	4,151	4,872	4,510	4,515	4,755	4,796	5,168	5,218
28	Japan	2,563	3,299	3,637	3,432	3,339	3,605	3,557	3,906	4,122
29	Middle East oil-exporting countries[2]	3	2	5	1	4	19	13	13	10
30	Africa	2	2	2	2	9	3	6	7	0
31	Oil-exporting countries[3]	0	0	0	0	7	2	4	6	0
32	All other[4]	4	100	409	2	2	1	52	88	89
	Commercial liabilities									
33	Europe	7,319	9,071	10,310	9,666	8,607	8,084	7,808	7,491	7,131
34	Belgium and Luxembourg	158	175	275	261	245	225	248	256	240
35	France	455	877	1,218	1,203	1,185	992	830	671	659
36	Germany	1,699	1,392	1,270	1,383	1,040	911	944	878	691
37	Netherlands	587	710	844	729	729	751	709	574	605
38	Switzerland	417	693	775	661	580	492	488	482	400
39	United Kingdom	2,079	2,620	2,792	2,755	2,289	2,217	2,310	2,444	2,404
40	Canada	1,217	1,124	1,261	1,251	1,208	1,011	990	1,094	1,077
41	Latin America and Caribbean	1,090	1,224	1,672	1,589	1,619	1,512	1,352	1,701	1,803
42	Bahamas	49	41	12	14	5	14	3	13	8
43	Bermuda	286	308	538	494	504	450	310	493	409
44	Brazil	95	100	145	216	180	211	219	230	212
45	British West Indies	34	27	30	35	49	46	107	108	73
46	Mexico	217	323	475	343	358	291	304	375	475
47	Venezuela	114	164	130	129	119	102	94	168	279
48	Asia	6,915	7,550	9,483	8,595	8,752	8,855	9,330	9,889	10,436
49	Japan	3,094	2,914	3,651	3,423	3,411	3,363	3,720	3,548	3,534
50	Middle Eastern oil-exporting countries[2,5]	1,385	1,632	2,016	1,543	1,657	1,780	1,498	1,591	1,778
51	Africa	576	886	844	617	596	836	713	644	775
52	Oil-exporting countries[3]	202	339	422	211	226	357	327	253	389
53	Other[4]	1,328	1,030	1,406	1,464	1,431	1,268	1,070	1,012	950

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	1988	1989	1990	1991				1992	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**33,805**	**33,173**	**35,365**	**35,578**	**37,124**	**38,345**	**42,386**	**41,746**	**41,659[r]**
2	Payable in dollars	31,425	30,773	32,777	33,279	35,037	35,982	39,829	39,135	38,693[r]
3	Payable in foreign currencies	2,381	2,400	2,589	2,299	2,087	2,363	2,557	2,611	2,966[r]
	By type									
4	Financial claims	21,640	19,297	19,891	19,746	20,904	22,566	25,320	25,029	24,606[r]
5	Deposits	15,643	12,353	13,727	13,115	12,576	16,227	17,177	16,819	15,138[r]
6	Payable in dollars	14,544	11,364	12,552	12,052	11,758	15,182	16,253	15,626	13,795[r]
7	Payable in foreign currencies	1,099	989	1,175	1,063	817	1,045	924	1,193	1,343[r]
8	Other financial claims	5,997	6,944	6,164	6,631	8,328	6,339	8,143	8,210	9,468[r]
9	Payable in dollars	5,220	6,190	5,297	5,960	7,656	5,641	7,322	7,521	8,799[r]
10	Payable in foreign currencies	777	754	866	671	673	698	821	689	669[r]
11	Commercial claims	12,166	13,876	15,475	15,832	16,220	15,779	17,066	16,717	17,053
12	Trade receivables	11,091	12,253	13,657	13,843	14,120	13,429	14,389	14,168	14,594
13	Advance payments and other claims	1,075	1,624	1,817	1,989	2,100	2,350	2,677	2,549	2,459
14	Payable in dollars	11,660	13,219	14,927	15,266	15,623	15,159	16,254	15,988	16,099
15	Payable in foreign currencies	505	657	548	566	597	620	812	729	954
	By area or country									
	Financial claims									
16	Europe	10,278	8,463	9,651	10,640	11,875	13,131	13,523	14,083	13,173[r]
17	Belgium and Luxembourg	18	28	76	86	74	76	13	12	25
18	France	203	153	371	208	271	255	312	277	786
19	Germany	120	152	367	312	298	434	342	290	381
20	Netherlands	348	238	265	380	429	420	385	727	732
21	Switzerland	217	153	357	422	433	580	591	682	779
22	United Kingdom	9,039	7,496	7,971	9,016	10,222	10,997	11,226	11,507	8,739[r]
23	Canada	2,325	1,904	2,934	1,929	2,017	2,172	2,674	2,744	2,534[r]
24	Latin America and Caribbean	8,160	8,020	6,201	6,278	5,926	6,289	7,793	6,836	7,260[r]
25	Bahamas	1,846	1,890	1,090	825	457	652	758	400	523
26	Bermuda	19	7	3	6	4	19	8	12	12
27	Brazil	47	224	68	68	127	137	192	191	181
28	British West Indies	5,763	5,486	4,635	4,949	4,957	5,106	6,300	5,748	6,018[r]
29	Mexico	151	94	177	179	161	176	321	318	343
30	Venezuela	21	20	25	28	29	32	40	34	32
31	Asia	623	590	860	568	747	619	962	1,009	1,280
32	Japan	354	213	523	246	398	277	385	423	712
33	Middle East oil-exporting countries[2]	5	8	8	11	4	3	5	3	4
34	Africa	106	140	37	62	64	61	57	60	57
35	Oil-exporting countries[3]	10	12	0	3	1	1	1	0	0
36	All other[4]	148	180	207	269	275	294	311	297	302
	Commercial claims									
37	Europe	5,181	6,209	7,044	7,060	7,464	6,884	7,865	7,809	8,027
38	Belgium and Luxembourg	189	242	212	227	220	190	192	181	252
39	France	672	964	1,240	1,273	1,402	1,330	1,539	1,552	1,551
40	Germany	669	696	807	874	958	858	934	929	905
41	Netherlands	212	479	555	604	707	641	643	645	661
42	Switzerland	344	313	301	325	296	258	295	327	399
43	United Kingdom	1,324	1,575	1,775	1,639	1,817	1,807	2,078	2,069	2,160
44	Canada	983	1,091	1,074	1,213	1,241	1,232	1,169	1,167	1,122
45	Latin America and Caribbean	2,241	2,184	2,375	2,334	2,433	2,494	2,590	2,564	2,636
46	Bahamas	36	58	14	15	16	8	11	11	9
47	Bermuda	230	323	246	231	247	255	263	272	291
48	Brazil	299	297	326	327	309	385	418	361	431
49	British West Indies	22	36	40	49	43	37	41	45	32
50	Mexico	461	508	661	653	710	741	828	889	847
51	Venezuela	227	147	192	181	195	196	202	206	248
52	Asia	2,993	3,570	4,127	4,357	4,201	4,282	4,552	4,326	4,433
53	Japan	946	1,199	1,460	1,816	1,645	1,808	1,861	1,770	1,778
54	Middle Eastern oil-exporting countries[2]	453	518	460	498	501	496	622	636	606
55	Africa	435	429	488	394	428	431	418	417	419
56	Oil-exporting countries[3]	122	108	67	68	63	80	95	75	70
57	Other[4]	333	393	367	474	454	456	472	434	416

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	1990	1991	1992 Jan.–Oct.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.[r]	1992 Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	173,293	211,204	180,615	17,536	18,664	16,525	18,547	13,174	13,884	18,697
2 Foreign sales	188,419	200,116	189,364	18,034	18,602	17,537	18,764	14,838	17,024	18,042
3 **Net purchases or sales (–)**	**–15,126**	**11,088**	**–8,749**	**–498**	**62**	**–1,012**	**–217**	**–1,664**	**–3,140**	**655**
4 **Foreign countries**	**–15,197**	**10,520**	**–8,755**	**–531**	**27**	**–1,170**	**–234**	**–1,619**	**–3,049**	**658**
5 Europe	–8,479	50	–6,816	–730	278	–1,184	–964	–1,089	–1,675	62
6 France	–1,234	9	–1,127	–217	–121	–148	10	–46	–234	–92
7 Germany	–367	–63	–266	–48	149	–4	–14	–26	–105	–52
8 Netherlands	–397	–227	–484	–38	76	–217	–14	–54	–107	–42
9 Switzerland	–2,866	–131	–38	90	122	–10	–55	–150	–189	–124
10 United Kingdom	–2,980	–354	–4,357	–334	–11	–691	–741	–652	–868	365
11 Canada	886	3,845	1,188	412	230	74	131	–59	–278	–226
12 Latin America and Caribbean	–1,330	2,177	1,142	45	43	–109	–24	–24	–90	239
13 Middle East[1]	–2,435	–134	66	–95	85	51	4	–11	136	–55
14 Other Asia	–3,477	4,255	–4,422	–158	–557	141	373	–442	–1,062	779
15 Japan	–2,891	1,179	–4,022	–318	–401	35	174	–301	–96	192
16 Africa	–63	153	34	–1	20	–1	–7	–1	14	–22
17 Other countries	–298	174	53	–4	–72	–142	253	7	–94	–119
18 **Nonmonetary international and regional organizations**	**71**	**568**	**6**	**33**	**35**	**158**	**17**	**–45**	**–91**	**–3**
BONDS[2]										
19 Foreign purchases	118,764	153,096	176,593	16,722	17,539	16,691	18,343	19,785[r]	17,180	18,433
20 Foreign sales	102,047	125,634	142,821	11,666	13,222	12,407	16,311	16,620	14,465	14,591
21 **Net purchases or sales (–)**	**16,717**	**27,462**	**33,772**	**5,056**	**4,317**	**4,284**	**2,032**	**3,165[r]**	**2,715**	**3,842**
22 **Foreign countries**	**17,187**	**27,592**	**33,363**	**4,861**	**4,388**	**4,205**	**2,153**	**3,150[r]**	**2,580**	**3,793**
23 Europe	10,079	13,115	16,110	2,003	1,920	1,420	1,029	1,516[r]	1,825	1,481
24 France	373	847	1,019	363	–45	364	161	–5	161	–2
25 Germany	–377	1,577	1,760	391	67	11	–37	–13	387	–33
26 Netherlands	172	482	339	–122	123	64	177	22	58	133
27 Switzerland	284	656	–358	–393	–40	–53	–13	–94	–51	–23
28 United Kingdom	10,383	8,933	11,884	1,543	1,496	847	760	1,447[r]	1,320	1,067
29 Canada	1,906	1,623	–7	87	–68	–111	67	–100	48	198
30 Latin America and Caribbean	4,328	2,672	7,823	572	1,022	619	676	878	548	885
31 Middle East[1]	3	1,787	2,332	338	455	376	239	284	–5	314
32 Other Asia	1,120	8,459	7,145	1,778	1,088	1,904	231	593[r]	171	967
33 Japan	727	5,767	–488	687	324	740	–710	–1,229[r]	–590	470
34 Africa	96	52	56	19	6	–6	22	1	–7	–50
35 Other countries	–344	–116	–96	64	–35	3	–111	–22	0	–2
36 **Nonmonetary international and regional organizations**	**–471**	**–131**	**409**	**195**	**–71**	**79**	**–121**	**15**	**135**	**49**
	Foreign securities									
37 Stocks, net purchases or sales (–)[3]	–9,205	–31,967	–23,968	–2,295	–913	72	–3,241	–2,921[r]	–2,849	–4,144
38 Foreign purchases	122,641	120,598	125,208	11,336	13,871	14,604	13,485	9,759[r]	13,647	12,424
39 Foreign sales[3]	131,846	152,565	149,176	13,631	14,784	14,532	16,726	12,680[r]	16,496	16,568
40 Bonds, net purchases or sales (–)	–22,412	–14,828	–16,808	–1,318	–2,767	–1,626	–4,747	275[r]	–1,781	–3,389
41 Foreign purchases	314,645	330,311	413,540	30,421	33,109	40,145	43,226	45,929[r]	52,298	65,608
42 Foreign sales	337,057	345,139	430,348	31,739	35,876	41,771	47,973	45,654[r]	54,079	68,997
43 **Net purchases or sales (–), of stocks and bonds**	**–31,617**	**–46,795**	**–40,776**	**–3,613**	**–3,680**	**–1,554**	**–7,988**	**–2,646[r]**	**–4,630**	**–7,533**
44 **Foreign countries**	**–28,943**	**–46,711**	**–44,085**	**–4,768**	**–3,706**	**–1,938**	**–8,847**	**–2,733[r]**	**–4,651**	**–7,560**
45 Europe	–8,443	–34,452	–29,374	–2,972	–163	–1,437	–5,790	–1,207[r]	–3,273	–7,166
46 Canada	–7,502	–7,004	–5,955	–904	–710	–852	–2,212	207[r]	–142	–975
47 Latin America and Caribbean	–8,854	759	–1,607	–845	–1,278	–556	1,622	–430[r]	82	387
48 Asia	–3,828	–7,350	–6,374	122	–1,235	372	–2,459	–1,375	–1,659	784
49 Africa	–137	–9	–87	9	–99	7	14	11	–13	–2
50 Other countries	–180	1,345	–688	–178	–221	528	–22	61[r]	354	–588
51 **Nonmonetary international and regional organizations**	**–2,673**	**–84**	**3,309**	**1,155**	**26**	**384**	**859**	**87**	**21**	**27**

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	1990	1991	1992 Jan.– Oct.	1992 Apr.	1992 May	1992 June	1992 July	1992 Aug.	1992 Sept.	1992 Oct.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**18,927**	**19,865**	**21,732**	**6,558**	**−7,924**	**14,448**	**−1,862**	**6,458**[r]	**−6,042**[r]	**3,658**
2 Foreign countries[2]	18,764	19,687	20,570	7,579	−6,945	11,758	−2,286	6,785[r]	−6,251	4,465
3 *Europe*[2]	18,455	8,663	9,258	3,207	−7,302	3,828	−2,445	3,450[r]	−4,703	4,777
4 Belgium and Luxembourg	10	523	1,640	21	289	−49	331	80	−25	229
5 Germany[2]	5,880	−4,725	2,762	441	329	824	−829	255	900	−8
6 Netherlands	1,077	−3,735	−3,946	−219	−338	227	−1,046	367	−239	−40
7 Sweden	1,152	−663	−1,128	−123	−3	372	−26	−1,289	−843	202
8 Switzerland[2]	112	1,007	−952	10	−579	3	−703	−87	292	769
9 United Kingdom	−1,259	6,218	14,196	2,820	−5,867	1,664	212	3,681[r]	−32	4,170
10 Other Western Europe	11,463	10,024	−3,746	257	−1,099	587	−581	428	−4,761	−544
11 Eastern Europe	13	13	432	0	−34	200	197	15	5	−1
12 Canada	−4,627	−3,019	1,748	185	2,627	47	2,520	900	−4,281	458
13 Latin America and Caribbean	14,734	10,285	−6,057	2,780	−320	3,589	−2,869	−1,563	−1,479	−2,002
14 Venezuela	33	10	501	−124	−196	−149	216	60	31	155
15 Other Latin America and Caribbean	3,943	4,179	−4,835	3,723	−2,472	1,795	−589	−758	−2,537	−3,315
16 Netherlands Antilles	10,757	6,097	−1,723	−819	2,348	1,943	−2,496	−865	1,027	1,158
17 Asia	−10,952	3,367	18,445	1,363	−2,406	4,129	1,783	4,112[r]	4,005	1,522
18 Japan	−14,785	−4,081	4,179	657	1,085	1,638	2,221	1,887[r]	2,448	−393
19 Africa	313	689	984	193	40	92	149	56	59	−37
20 Other	842	−298	−3,808	−149	416	73	−1,424	−170	148	−253
21 Nonmonetary international and regional organizations	163	178	1,162	−1,021	−979	2,690	424	−327[r]	209[r]	−807
22 International	287	−358	980	−762	−747	2,421	365	−133[r]	−31[r]	−903
23 Latin American regional	−2	−72	465	74	−4	127	−68	−75	201	217
MEMO										
24 Foreign countries[2]	18,764	19,687	20,570	7,579	−6,945	11,758	−2,286	6,785[r]	−6,251	4,465
25 Official institutions	23,218	1,190	8,133	1,712	−2,685	5,294	−767	697	−4,483	3,000
26 Other foreign[2]	−4,453	18,496	12,437	5,867	−4,260	6,464	−1,519	6,088[r]	−1,768	1,465
Oil-exporting countries										
27 Middle East[3]	−387	−6,822	3,607	556	−3,061	947	856	1,093	750	−69
28 Africa[4]	0	239	11	15	0	−56	0	0	4	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 Dec. 31, 1992		Country	Rate on Dec. 31, 1992		Country	Rate on Dec. 31, 1992	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	8.0	Oct. 1992	Germany	8.25	Sept. 1992	Norway	17.0	Nov. 1992
Belgium	7.75	Oct. 1992	Italy	12.0	Dec. 1992	Switzerland	6.0	Sept. 1992
Canada	7.36	Dec. 1992	Japan	3.25	July 1992	United Kingdom	12.0	Sept. 1992
Denmark	9.5	Dec. 1991	Netherlands	7.75	Oct. 1992			
France[2]	9.0	Dec. 1992						

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 Feb. 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]

Averages of daily figures, percent per year

Type or country	1990	1991	1992	1992 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	8.16	5.86	3.71	3.87	3.40	3.33	3.15	3.30	3.67	3.51
2 United Kingdom	14.73	11.47	9.57	9.94	10.10	10.27	9.86	8.23	7.16	7.12
3 Canada	13.00	9.07	6.76	6.03	5.58	5.15	5.33	7.57	7.63	7.96
4 Germany	8.41	9.15	9.42	9.66	9.69	9.79	9.37	8.85	8.84	8.93
5 Switzerland	8.71	8.01	7.68	9.04	8.67	8.09	7.20	6.28	6.44	6.16
6 Netherlands	8.57	9.19	9.26	9.45	9.50	9.73	9.23	8.63	8.66	8.57
7 France	10.20	9.49	10.14	9.98	10.11	10.27	10.51	10.82	9.58	10.74
8 Italy	12.11	12.04	13.91	13.38	15.54	15.27	17.54	15.52	14.38	13.65
9 Belgium	9.70	9.30	9.31	9.50	9.54	9.71	9.44	8.70	8.64	8.65
10 Japan	7.75	7.33	4.39	4.60	4.32	3.87	3.89	3.85	3.77	3.76

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	1990	1991	1992	1992 July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar[2]	78.069	77.872	73.540	74.507	72.479	72.255	71.481	68.984	68.974
2 Austria/schilling	11.331	11.686	10.990	10.500	10.199	10.214	10.436	11.168	11.130
3 Belgium/franc	33.424	34.195	32.143	30.717	29.824	29.917	30.581	32.661	32.545
4 Canada/dollar	1.1668	1.1460	1.2083	1.1924	1.1907	1.2225	1.2453	1.2674	1.2725
5 China, P.R./yuan	4.7921	5.3337	5.5195	5.4564	5.4417	5.5048	5.5486	5.6134	5.8106
6 Denmark/krone	6.1899	6.4038	6.0363	5.7409	5.5851	5.6203	5.7278	6.1166	6.1206
7 Finland/markka	3.8300	4.0521	4.4835	4.0803	3.9773	4.4764	4.7096	5.0615	5.1444
8 France/franc	5.4467	5.6468	5.2926	5.0321	4.9119	4.9378	5.0370	5.3706	5.3974
9 Germany/deutsche mark	1.6166	1.6610	1.5616	1.4914	1.4475	1.4514	1.4851	1.5875	1.5822
10 Greece/drachma	158.59	182.63	190.71	182.89	179.12	182.70	192.50	206.48	209.48
11 Hong Kong/dollar	7.7899	7.7712	7.7402	7.7341	7.7318	7.7298	7.7298	7.7348	7.7416
12 India/rupee	17.492	22.712	28.152	28.564	28.464	28.476	28.477	28.474	28.979
13 Ireland/pound[2]	165.76	161.39	170.45	178.76	183.26	181.90	177.19	166.17	166.71
14 Italy/lira	1,198.27	1,241.28	1,231.20	1,129.83	1,100.00	1,176.21	1,309.64	1,364.45	1,412.38
15 Japan/yen	145.00	134.59	126.79	125.88	126.23	122.60	121.17	123.88	124.04
16 Malaysia/ringgit	2.7057	2.7503	2.5460	2.4999	2.4977	2.5029	2.5044	2.5227	2.5710
17 Netherlands/guilder	1.8215	1.8720	1.7584	1.6819	1.6322	1.6348	1.6717	1.7862	1.7788
18 New Zealand/dollar[2]	59.619	57.832	53.802	54.609	54.057	54.112	53.943	51.996	51.570
19 Norway/krone	6.2541	6.4912	6.2112	5.8581	5.7120	5.8116	6.0562	6.4714	6.6804
20 Portugal/escudo	142.70	144.77	135.02	126.24	124.98	127.86	132.33	141.71	142.05
21 Singapore/dollar	1.8134	1.7283	1.6293	1.6142	1.6077	1.5988	1.6081	1.6338	1.6397
22 South Africa/rand	2.5885	2.7633	2.8516	2.7577	2.7629	2.8037	2.8923	2.9959	3.0140
23 South Korea/won	710.64	736.73	784.55	789.93	792.56	788.76	786.79	787.09	791.75
24 Spain/peseta	101.96	104.01	102.33	94.88	93.05	98.19	105.74	113.83	112.95
25 Sri Lanka/rupee	40.078	41.200	43.994	44.014	44.050	44.159	44.276	44.404	45.046
26 Sweden/krona	5.9231	6.0521	5.8208	5.4084	5.2745	5.3685	5.6006	6.2528	6.8903
27 Switzerland/franc	1.3901	1.4356	1.4061	1.3347	1.2966	1.2780	1.3176	1.4291	1.4219
28 Taiwan/dollar	26.918	26.759	25.159	24.783	25.120	25.227	25.278	25.405	25.452
29 Thailand/baht	25.609	25.528	25.410	25.293	25.265	25.209	25.253	25.462	25.488
30 United Kingdom/pound[2]	178.41	176.74	176.73	191.77	194.34	184.65	165.29	152.68	155.10
MEMO									
31 United States/dollar[3]	89.09	89.84	86.58	82.57	80.97	81.98	85.03	90.04	90.50

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*

Special tables follow.

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities[1]
Consolidated Report of Condition, September 30, 1992

Millions of dollars except as noted

Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets[4]**	**3,460,013**	**1,916,854**	**448,717**	**1,551,633**	**1,185,437**	**357,723**
2 Cash and balances due from depository institutions	264,387	182,463	81,399	101,064	61,930	19,994
3 Cash items in process of collection, unposted debits, and currency and coin		75,014	1,885	73,128	33,306	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	57,106	21,590	
5 Currency and coin		n.a.	n.a.	16,023	11,716	
6 Balances due from depository institutions in the United States	n.a.	26,341	17,723	8,619	16,234	n.a.
7 Balances due from banks in foreign countries and foreign central banks		66,177	61,536	4,641	2,045	
8 Balances due from Federal Reserve Banks		14,931	255	14,676	10,345	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	n.a.	n.a.	6,229	12,943	7,946
10 **Total securities, loans and lease financing receivables, net**	**2,873,676**	**1,487,255**	n.a.	n.a.	**1,063,329**	**323,092**
11 Total securities, book value	751,484	311,315	29,550	281,765	319,798	120,371
12 U.S. Treasury securities and U.S. government agency and corporation obligations	585,665	232,892	4,063	228,829	256,324	96,449
13 U.S. Treasury securities	n.a.	87,038	2,559	84,479	108,697	n.a.
14 U.S. government agency and corporation obligations	n.a.	145,854	1,504	144,350	147,627	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	154,346	75,618	1,198	74,420	58,899	19,829
16 All other	n.a.	70,236	306	69,930	88,728	n.a.
17 Securities issued by states and political subdivisions in the United States	71,574	21,071	577	20,493	34,501	16,002
18 Other domestic debt securities	n.a.	26,628	285	26,343	23,574	n.a.
19 All holdings of private certificates of participation in pools of residential mortgages	3,255	1,796	0	1,796	1,309	150
20 All other domestic debt securities	53,355	24,832	285	24,547	22,264	6,259
21 Foreign debt securities	n.a.	24,776	23,395	1,381	335	n.a.
22 Equity securities	12,524	5,947	1,230	4,718	5,065	1,511
23 Marketable	6,183	2,143	340	1,803	2,945	1,096
24 Investments in mutual funds	4,335	1,295	30	1,264	2,072	968
25 Other	1,907	851	310	542	902	154
26 LESS: Net unrealized loss	59	3	0	3	29	26
27 Other equity securities	6,341	3,805	890	2,915	2,120	415
28 Federal funds sold and securities purchased under agreements to resell	151,704	80,158	348	79,810	54,559	16,987
29 Federal funds sold	125,870	59,218	n.a.	n.a.	49,839	16,813
30 Securities purchased under agreements to resell	25,834	20,940	n.a.	n.a.	4,720	174
31 Total loans and lease financing receivables, gross	2,034,805	1,135,396	212,997	922,399	708,967	190,442
32 LESS: Unearned income on loans	9,175	3,519	1,130	2,389	4,223	1,433
33 Total loans and leases (net of unearned income)	2,025,630	1,131,877	211,867	920,010	704,744	189,009
34 LESS: Allowance for loan and lease losses	54,831	35,785	n.a.	n.a.	15,771	3,275
35 LESS: Allocated transfer risk reserves	311	311	n.a.	n.a.	0	0
36 EQUALS: Total loans and leases, net	1,970,488	1,095,782	n.a.	n.a.	688,972	185,734
Total loans, gross, by category						
37 Loans secured by real estate	860,259	397,656	23,058	374,599	359,592	103,011
38 *Construction and land development*				51,472	29,458	6,251
39 Farmland				2,153	7,195	10,553
40 One- to four-family residential properties				202,379	193,203	56,759
41 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	38,867	31,253	3,151
42 All other loans				163,513	161,950	53,608
43 Multifamily (five or more) residential properties				12,168	12,649	2,156
44 Nonfarm nonresidential properties				106,426	117,087	27,292
45 Loans to depository institutions	39,742	30,222	16,309	13,913	9,370	150
46 Commercial banks in the United States	n.a.	10,746	728	10,017	8,675	n.a.
47 Other depository institutions in the United States	n.a.	714	29	685	374	n.a.
48 Banks in foreign countries	n.a.	18,763	15,552	3,211	321	n.a.
49 Loans to finance agricultural production and other loans to farmers	36,598	5,198	353	4,845	11,383	20,017
50 Commercial and industrial loans	536,367	377,267	98,207	279,060	127,201	31,899
51 U.S. addressees (domicile)	n.a.	299,079	22,531	276,548	126,718	n.a.
52 Non-U.S. addressees (domicile)	n.a.	78,189	75,676	2,513	484	n.a.
53 Acceptances of other banks	1,835	1,402	947	455	287	145
54 U.S. banks	n.a.	374	7	367	n.a.	n.a.
55 Foreign banks	n.a.	1,028	940	88	n.a.	n.a.
56 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	378,755	171,613	21,654	149,959	174,967	32,175
57 Credit cards and related plans	129,681	65,450	n.a.	n.a.	62,396	1,835
58 Other (includes single payment and installment)	249,074	106,163	n.a.	n.a.	112,571	30,340
59 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	26,376	14,325	291	14,035	10,732	1,318
60 Taxable	1,985	1,409	156	1,253	528	48
61 Tax-exempt	24,391	12,916	135	12,782	10,204	1,270
62 All other loans	119,788	109,106	48,103	61,003	9,409	1,273
63 Loans to foreign governments and official institutions	n.a.	24,385	23,486	900	79	n.a.
64 Other loans	n.a.	84,721	24,617	60,104	9,330	n.a.
65 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	15,492	2,033	n.a.
66 All other loans	n.a.	n.a.	n.a.	44,611	7,297	n.a.
67 Lease financing receivables	35,085	28,606	4,076	24,530	6,025	454
68 Assets held in trading accounts	88,610	86,668	48,498	38,049	1,785	157
69 Premises and fixed assets (including capitalized leases)	52,896	28,464		n.a.	18,550	5,882
70 Other real estate owned	28,537	18,033		n.a.	8,568	1,936
71 Investments in unconsolidated subsidiaries and associated companies	3,576	3,078		n.a.	432	67
72 Customers' liability on acceptances outstanding	16,374	16,003	n.a.	n.a.	354	17
73 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.		51,994	n.a.	n.a.
74 Intangible assets	14,507	8,664		n.a.	5,427	416
75 Other assets	117,450	86,227		n.a.	25,061	6,162

4.20—Continued

Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
		Total	Foreign	Domestic	Over 100	Under 100
76 **Total liabilities, limited-life preferred stock and equity capital**	**3,460,013**	**1,916,854**	n.a.	n.a.	**1,185,437**	**357,723**
77 **Total liabilities**[5]	**3,204,377**	**1,791,578**	**448,711**	**1,426,363**	**1,089,031**	**323,768**
78 Limited-life preferred stock	7	0	n.a.	n.a.	5	2
79 Total deposits	2,627,921	1,336,385	301,866	1,034,519	975,732	315,804
80 Individuals, partnerships, and corporations			188,954	955,917	911,437	290,934
81 U.S. government				4,113	1,710	499
82 States and political subdivisions in the United States				33,092	43,577	19,800
83 Commercial banks *in the United* States	n.a.	n.a.	n.a.	20,345	8,054	1,269
84 Other depository institutions in the United States				3,252	4,328	1,274
85 *Banks in foreign countries*				6,931	137	n.a.
86 Foreign governments and official institutions	20,824	19,621	1,204	59	n.a.	
87 *Certified and* official checks	19,197	10,782	1,117	9,665	6,429	1,985
88 All other[6]	n.a.	n.a.	92,175	n.a.	n.a.	41
89 Total transaction accounts				349,225	278,846	87,677
90 Individuals, partnerships, and corporations				295,692	247,889	77,513
91 U.S. government				2,301	1,458	400
92 States and political subdivisions in the United States				12,846	15,666	6,989
93 Commercial banks in the United States				18,612	6,013	608
94 Other depository institutions in the United States				2,592	1,254	164
95 Banks in foreign countries				6,559	127	n.a.
96 Foreign governments and official institutions				957	11	n.a.
97 Certified and official checks				9,665	6,429	1,985
98 All other				n.a.	n.a.	18
99 Demand deposits (included in total transaction accounts)				253,719	157,324	41,847
100 *Individuals, partnerships, and corporations*				204,976	136,226	36,909
101 U.S. government				2,255	1,312	388
102 States and *political* subdivisions in the United States				8,107	6,007	1,783
103 Commercial banks in the United States				18,612	5,990	605
104 *Other depository institutions* in the United States	n.a.	n.a.	n.a.	2,592	1,237	160
105 Banks in foreign countries				6,556	111	n.a.
106 Foreign governments and official institutions				956	11	n.a.
107 Certified and official checks				9,665	6,429	1,985
108 All other				n.a.	n.a.	17
109 Total nontransaction accounts				685,295	696,886	228,126
110 Individuals, partnerships, and corporations				660,225	663,548	213,422
111 U.S. government				1,811	252	99
112 States and political subdivisions in the United States				20,246	27,911	12,811
113 Commercial banks in the United States				1,733	2,041	661
114 U.S. branches and agencies of foreign banks				104	124	n.a.
115 Other commercial banks in *the United States*				1,629	1,917	n.a.
116 Other depository institutions in the United States				660	3,074	1,111
117 Banks in foreign countries				372	10	n.a.
118 Foreign branches of other U.S. banks				53	6	n.a.
119 *Other banks in foreign countries*				319	4	n.a.
120 Foreign governments and official institutions				247	49	n.a.
121 *All other*				n.a.	n.a.	24
122 Federal funds purchased and securities sold under agreements to repurchase	249,032	181,121	418	180,704	64,647	3,264
123 Federal funds purchased	163,473	124,427	n.a.	n.a.	37,474	1,572
124 Securities sold under agreements to repurchase	85,559	56,694	n.a.	n.a.	27,174	1,692
125 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	27,470	6,185	387
126 Other borrowed money	136,386	111,029	47,062	63,968	24,183	1,173
127 Banks' liability on acceptances executed and outstanding	16,441	16,070	3,664	12,405	354	17
128 Notes and debentures subordinated to deposits	30,082	28,307	n.a.	n.a.	1,686	89
129 Net due to own foreign offices, Edge and agreement *subsidiaries, and IBFs*	n.a.	n.a.	n.a.	31,502	n.a.	n.a.
130 All other liabilities	110,472	91,196	n.a.	n.a.	16,242	3,034
131 Total equity capital[7]	255,629	125,275	n.a.	n.a.	96,401	33,953
MEMO						
132 Holdings of commercial paper included in total loans, gross		965	276	688	1,109	n.a.
133 Total *individual retirement accounts* (IRA) and Keogh plan accounts				64,275	65,593	18,470
134 Total brokered deposits				31,149	15,409	615
135 *Total brokered retail* deposits				21,331	12,963	577
136 Issued in denominations of $100,000 or less				1,004	2,194	507
137 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				20,327	10,769	71
138 Money market deposit accounts (savings deposits; MMDAs)				235,231	173,043	40,101
139 Other savings deposits (excluding MMDAs)				117,949	121,242	37,090
140 Total time deposits of less than $100,000				210,792	310	121,670
141 Time certificates of deposit of $100,000 or more				102,902	89,226	28,262
142 Open-account time deposits of $100,000 or more				18,421	3,168	1,003
143 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)				94,736	119,542	44,485
144 Total time and savings deposits	n.a.	n.a.	n.a.	780,800	818,408	273,957
Quarterly averages						
145 Total loans				895,924	695,298	186,387
146 Obligations (other than securities) of states and political subdivisions in the United States				14,407	10,564	n.a.
147 Transaction accounts in domestic offices (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)				95,422	120,690	45,404
Nontransaction accounts in domestic offices						
148 *Money market deposit accounts*				235,894	173,504	39,688
149 Other savings deposits				116,499	118,159	36,025
150 *Time certificates of deposit of $100,000 or more*				108,498	90,190	28,144
151 All other time deposits				240,893	320,473	123,957
152 Number of banks	11,562	215	n.a.	n.a.	2,843	8,504

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices[1] Consolidated Report of Condition, September 30, 1992

Millions of dollars except as noted

	Item	Total	Members			Nonmembers
			Total	National	State	
1	**Total assets[4]**	**2,737,070**	**2,132,143**	**1,662,527**	**469,616**	**604,927**
2	Cash and balances due from depository institutions	162,994	134,268	109,398	24,870	28,726
3	Cash items in process of collection and unposted debits	78,696	69,814	56,274	13,540	8,882
4	Currency and coin	27,738	22,639	18,637	4,002	5,099
5	Balances due from depository institutions in the United States	24,853	16,115	13,341	2,774	8,738
6	Balances due from banks in foreign countries and foreign central banks	6,686	5,524	4,741	783	1,163
7	Balances due from Federal Reserve Banks	25,021	20,177	16,406	3,771	4,844
8	**Total securities, loans, and lease financing receivables, (net of unearned income)**	**2,360,685**	**1,814,821**	**1,432,025**	**382,796**	**545,864**
9	Total securities, book value	601,563	454,882	343,612	111,270	146,681
10	U.S. Treasury securities	193,176	142,177	110,276	31,901	50,998
11	U.S. government agency and corporation obligations	291,977	227,925	172,607	55,318	64,052
12	All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	133,319	107,870	84,699	23,170	25,449
13	All other	158,658	120,055	87,908	32,147	38,603
14	Securities issued by states and political subdivisions in the United States	54,995	39,458	28,450	11,008	15,537
15	Other domestic debt securities	49,917	37,589	25,916	11,673	12,328
16	All holdings of private certificates of participation in pools of residential mortgages	3,105	2,586	2,241	345	519
17	All other	46,812	35,003	23,674	11,328	11,809
18	Foreign debt securities	1,716	1,144	1,070	74	572
19	Equity securities	9,783	6,589	5,294	1,295	3,193
20	Marketable	4,747	2,246	1,843	403	2,501
21	Investments in mutual funds	3,337	1,630	1,374	256	1,707
22	Other	1,443	629	480	149	814
23	LESS: Net unrealized loss	33	13	11	2	20
24	Other equity securities	5,036	4,343	3,451	893	692
25	Federal funds sold and securities purchased under agreements to resell[8]	134,369	107,615	81,345	26,270	26,754
26	Federal funds sold	49,839	31,262	27,273	3,989	18,577
27	Securities purchased under agreements to resell	4,720	3,719	3,049	670	1,001
28	Total loans and lease financing receivables, gross	1,631,365	1,256,933	1,010,422	246,511	374,433
29	LESS: Unearned income on loans	6,612	4,609	3,354	1,254	2,003
30	Total loans and leases (net of unearned income)	1,624,754	1,252,324	1,007,068	245,256	372,430
	Total loans, gross, by category					
31	Loans secured by real estate	734,190	548,898	450,850	98,048	185,292
32	Construction and land development	80,930	61,692	51,362	10,330	19,238
33	Farmland	9,349	5,638	4,797	842	3,710
34	One- to four-family residential properties	395,582	300,760	247,183	53,577	94,822
35	Revolving, open-end and extended under lines of credit	70,120	53,653	44,034	9,619	16,467
36	All other loans	325,462	247,107	203,148	43,959	78,355
37	Multifamily (five or more) residential properties	24,817	17,241	13,782	3,459	7,576
38	Nonfarm nonresidential properties	223,513	163,567	133,726	29,841	59,946
39	Commercial banks in the United States	18,692	13,808	10,402	3,406	4,885
40	Other depository institutions in the United States	1,059	898	817	82	160
41	Banks in foreign countries	3,532	3,241	1,455	1,786	290
42	Finance agricultural production and other loans to farmers	16,228	10,824	9,711	1,113	5,404
43	Commercial and industrial loans	406,262	328,204	259,049	69,155	78,058
44	U.S. addressees (domicile)	403,265	325,568	257,089	68,479	77,697
45	Non-U.S. addressees (domicile)	2,996	2,635	1,960	675	361
46	Acceptances of other banks[9]	742	584	400	184	159
47	U.S. banks	491	405	231	173	86
48	Foreign banks	131	113	111	3	18
49	Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	324,927	239,741	197,798	41,943	85,186
50	Credit cards and related plans	62,396	43,380	40,238	3,142	19,016
51	Other (includes single payment and installment)	112,571	69,723	56,781	12,942	42,848
52	Loans to foreign governments and official institutions	978	946	808	138	32
53	Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	24,767	20,183	14,864	5,319	4,583
54	Taxable	1,781	1,485	1,228	257	296
55	Tax-exempt	22,986	18,698	13,636	5,062	4,288
56	Other loans	69,434	64,200	43,642	20,557	5,234
57	Loans for purchasing and carrying securities	17,525	16,172	9,054	7,118	1,353
58	All other loans	51,908	48,027	34,588	13,439	3,881
59	Lease financing receivables	30,555	25,405	20,626	4,779	5,149
60	Customers' liability on acceptances outstanding	12,573	11,704	8,473	3,232	869
61	Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	51,994	45,667	19,804	25,863	6,327
62	Remaining assets	200,817	171,349	112,631	58,718	29,468

4.21—Continued

Item	Total	Members			Non-members
		Total	National	State	
63 **Total liabilities and equity capital**	**2,737,070**	**2,132,143**	**1,662,527**	**469,616**	**604,927**
64 **Total liabilities**[5]	**2,515,394**	**1,962,218**	**1,531,326**	**430,892**	**553,176**
65 Total deposits	2,010,251	1,543,738	1,237,575	306,163	466,513
66 Individuals, partnerships, and corporations	1,867,354	1,431,672	1,150,181	281,491	435,682
67 U.S. government	5,823	5,106	4,398	709	717
68 States and political subdivisions in the United States	76,669	56,050	45,610	10,440	20,620
69 Commercial banks in the United States	28,400	25,334	19,821	5,513	3,066
70 Other depository institutions in the United States	7,580	4,990	3,765	1,225	2,590
71 Banks in foreign countries	7,068	6,618	4,008	2,609	450
72 Foreign governments and official institutions	1,263	1,179	791	388	84
73 Certified and official checks	16,095	12,790	9,002	3,788	3,305
74 Total transaction accounts	628,071	498,736	397,866	100,870	129,335
75 Individuals, partnerships, and corporations	543,581	427,049	343,185	83,864	116,532
76 U.S. government	3,759	3,110	2,582	528	649
77 States and political subdivisions in the United States	28,512	22,452	18,251	4,200	6,060
78 Commercial banks in the United States	24,625	22,867	18,058	4,810	1,757
79 Other depository institutions in the United States	3,846	3,170	2,347	824	675
80 Banks in foreign countries	6,686	6,373	3,841	2,532	313
81 Foreign governments and official institutions	967	924	600	323	44
82 Certified and official checks	16,095	12,790	9,002	3,788	3,305
83 Demand deposits (included in total transaction accounts)	411,042	333,835	262,696	71,139	77,207
84 Individuals, partnerships, and corporations	341,202	272,956	216,942	56,014	68,246
85 U.S. government	3,567	2,942	2,428	514	625
86 States and political subdivisions in the United States	14,114	11,842	9,507	2,335	2,272
87 Commercial banks in the United States	24,602	22,866	18,057	4,809	1,736
88 Other depository institutions in the United States	3,829	3,158	2,334	824	671
89 Banks in foreign countries	6,667	6,357	3,825	2,532	310
90 Foreign governments and official institutions	966	924	600	323	43
91 Certified and official checks	16,095	12,790	9,002	3,788	3,305
92 Total nontransaction accounts	1,382,181	1,045,003	839,710	205,293	337,178
93 Individuals, partnerships, and corporations	1,323,773	1,004,623	806,996	197,627	319,150
94 U.S. government	2,064	1,996	1,816	181	68
95 States and political subdivisions in the United States	48,157	33,598	27,358	6,239	14,560
96 Commercial banks in the United States	3,775	2,466	1,763	703	1,308
97 U.S. branches and agencies of foreign banks	228	86	76	11	141
98 Other commercial banks in the United States	3,547	2,380	1,687	692	1,167
99 Other depository institutions in the United States	3,734	1,819	1,418	401	1,915
100 Banks in foreign countries	382	244	167	77	137
101 Foreign branches of other U.S. banks	59	58	56	2	1
102 Other banks in foreign countries	323	186	112	75	137
103 Foreign governments and official institutions	296	256	191	65	40
104 Federal funds purchased and securities sold under agreements to repurchase[10]	245,351	206,756	147,264	59,492	38,596
105 Federal funds purchased	37,474	28,754	24,503	4,251	8,720
106 Securities sold under agreements to repurchase	27,174	16,567	13,693	2,874	10,606
107 Demand notes issued to the U.S. Treasury	33,656	30,761	20,339	10,422	2,895
108 Other borrowed money	88,151	63,253	44,139	19,114	24,898
109 Banks liability on acceptances executed and outstanding	12,759	11,890	8,621	3,270	869
110 Notes and debentures subordinated to deposits	1,686	1,177	1,107	70	509
111 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	31,502	23,743	21,209	2,534	7,759
112 Remaining liabilities	123,539	104,643	72,281	32,362	18,896
113 **Total equity capital**[7]	**221,675**	**169,925**	**131,200**	**38,724**	**51,751**
MEMO					
114 Holdings of commercial paper included in total loans, gross	1,797	550	550	0	1,247
115 Total individual retirement (IRA) and Keogh plan accounts	129,868	100,059	80,867	19,192	29,809
116 Total brokered deposits	46,558	33,820	28,030	5,790	12,738
117 Total brokered retail deposits	34,294	24,611	20,753	3,858	9,683
118 Issued in denominations of $100,000 or less	3,198	1,701	1,528	173	1,498
119 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	31,095	22,910	19,225	3,685	8,186
120 Money market deposit accounts (savings deposits; MMDAs)	408,274	323,581	259,670	63,911	84,693
121 Other savings accounts	239,191	181,711	135,169	46,543	57,480
122 Total time deposits of less than $100,000	520,999	384,870	317,134	67,736	136,129
123 Time certificates of deposit of $100,000 or more	192,128	137,588	116,514	21,074	54,539
124 Open-account time deposits of $100,000 or more	21,589	17,252	11,223	6,029	4,337
125 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	214,278	163,248	133,824	29,424	51,030
126 Total time and savings deposits	1,599,209	1,209,903	974,880	235,024	389,306
Quarterly averages					
127 Total loans	1,591,222	1,227,058	989,555	237,503	364,164
128 Obligations (other than securities) of states and political subdivisions in the United States	24,971	20,429	14,947	5,482	4,542
129 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone preauthorized transfer accounts)	216,112	164,527	134,593	29,934	51,584
Nontransaction accounts					
130 Money market deposit accounts	409,398	325,352	260,101	65,251	84,045
131 Other savings deposits	234,658	178,874	132,902	45,972	55,785
132 Time certificates of deposits of $100,000 or more	198,688	142,899	121,309	21,590	55,790
133 All other time deposits	561,366	418,407	339,609	78,798	142,959
134 Number of banks	3,058	1,652	1,371	281	1,406

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1] Consolidated Report of Condition, September 30, 1992

Millions of dollars except as noted

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets[4]**	**3,094,792**	**2,270,023**	**1,769,235**	**500,788**	**824,769**
2 Cash and balances due from depository institutions	182,988	142,164	115,556	26,608	40,824
3 Currency and coin	31,142	23,958	19,672	4,285	7,184
4 Non-interest-bearing balances due from commercial banks	27,119	15,206	12,133	3,073	11,913
5 Other	124,728	103,001	83,751	19,250	21,727
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	**2,687,052**	**1,940,443**	**1,529,141**	**411,303**	**746,608**
7 Total securities, book value	721,934	502,184	381,376	120,807	219,751
8 U.S. Treasury securities and U.S. government agency and corporation obligations	581,602	408,699	313,880	94,819	172,903
9 Securities issued by states and political subdivisions in the United States	70,997	45,126	32,814	12,312	25,871
10 Other debt securities	58,041	41,087	28,831	12,256	16,954
11 All holdings of private certificates of participation in pools of residential mortgages	3,255	2,639	2,279	360	616
12 All other	54,786	38,448	26,552	11,896	16,338
13 Equity securities	11,294	7,272	5,852	1,420	4,022
14 Marketable	5,843	2,655	2,199	455	3,188
15 Investments in mutual funds	4,305	2,022	1,714	307	2,283
16 Other	1,597	655	504	151	942
17 LESS: Net unrealized loss	59	22	19	3	37
18 Other equity securities	5,451	4,617	3,653	964	834
19 Federal funds sold and securities purchased under agreements to resell[8]	151,356	114,877	86,850	28,027	36,478
20 Federal funds sold	66,651	38,465	32,738	5,726	28,187
21 Securities purchased under agreements to resell	4,894	3,779	3,088	690	1,116
22 Total loans and lease financing receivables, gross	1,821,807	1,328,551	1,064,699	263,853	493,256
23 LESS: Unearned income on loans	8,045	5,169	3,784	1,385	2,876
24 Total loans and leases (net of unearned income)	1,813,762	1,323,383	1,060,914	262,468	490,380
Total loans, gross, by category					
25 Loans secured by real estate	837,201	587,315	479,760	107,555	249,886
26 Construction and land development	87,181	64,187	53,204	10,983	22,994
27 Farmland	19,901	8,929	7,413	1,516	10,972
28 One- to four-family residential properties	452,341	322,176	263,114	59,062	130,164
29 Revolving, open-end loans, and extended under lines of credit	73,271	55,005	44,971	10,034	18,266
30 All other loans	379,070	267,172	218,143	49,029	111,898
31 Multifamily (five or more) residential properties	26,973	18,049	14,388	3,661	8,924
32 Nonfarm nonresidential properties	250,804	173,973	141,641	32,332	76,832
33 Loans to depository institutions	23,433	17,998	12,715	5,282	5,435
34 Loans to finance agricultural production and other loans to farmers	36,245	17,474	14,993	2,481	18,772
35 Commercial and industrial loans	438,160	341,111	268,605	72,506	97,049
36 Acceptances of other banks	888	633	438	195	255
37 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	357,101	252,175	207,401	44,774	104,926
38 Credit cards and related plans	64,231	44,166	40,902	3,264	20,065
39 Other (includes single payment installment)	142,911	81,373	65,721	15,652	61,538
40 Obligations (other than securities) of states and political subdivisions in the United States	26,085	20,638	15,229	5,410	5,447
41 Taxable	1,829	1,503	1,243	261	325
42 Tax-exempt	24,256	19,135	13,986	5,149	5,121
43 All other loans	71,685	65,638	44,790	20,848	6,047
44 Lease financing receivables	31,009	25,570	20,768	4,802	5,440
45 Customers' liability on acceptances outstanding	12,590	11,716	8,481	3,235	874
46 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	51,994	45,667	19,804	25,863	6,327
47 Remaining assets	212,162	175,699	116,057	59,642	36,463
48 **Total liabilities and equity capital**	**3,094,792**	**2,270,023**	**1,769,235**	**500,788**	**824,769**
49 **Total liabilities[5]**	**2,839,162**	**2,087,247**	**1,628,107**	**459,140**	**751,915**
50 Total deposits	2,326,055	1,665,531	1,331,933	333,598	660,524
51 Individuals, partnerships, and corporations	2,158,288	1,544,117	1,237,402	306,715	614,171
52 U.S. government	6,322	5,303	4,551	752	1,019
53 States and political subdivisions in the United States	96,469	63,128	51,286	11,841	33,342
54 Commercial banks in the United States	29,669	26,111	20,150	5,961	3,558
55 Other depository institutions in the United States	8,854	5,436	4,097	1,339	3,418
56 Certified and official checks	18,080	13,627	9,644	3,983	4,453
57 All other	8,372	7,808	4,802	3,006	564
58 Total transaction accounts	715,748	533,889	425,410	108,479	181,859
59 Individuals, partnerships, and corporations	621,094	458,118	367,708	90,410	162,976
60 U.S. government	4,159	3,268	2,705	562	892
61 States and political subdivisions in the United States	35,501	24,905	20,283	4,622	10,596
62 Commercial banks in the United States	25,233	23,414	18,213	5,201	1,819
63 Other depository institutions in the United States	4,009	3,250	2,412	838	760
64 Certified and official checks	18,080	13,627	9,644	3,983	4,453
65 All other	7,671	7,308	4,444	2,864	363
66 Demand deposits (included in total transaction accounts)	452,889	351,292	276,073	75,219	101,597
67 Individuals, partnerships, and corporations	378,112	288,146	228,806	59,340	89,966
68 U.S. government	3,955	3,094	2,546	548	861
69 States and political subdivisions in the United States	15,897	12,487	10,039	2,448	3,410
70 Commercial banks in the United States	25,207	23,412	18,212	5,200	1,795
71 Other depository institutions in the United States	3,988	3,235	2,398	837	753
72 Certified and official checks	18,080	13,627	9,644	3,983	4,453
73 All other	7,650	7,291	4,427	2,863	359
74 Total nontransaction accounts	1,610,307	1,131,642	906,523	225,119	478,665
75 Individuals, partnerships, and corporations	1,537,195	1,086,000	869,694	216,306	451,195
76 U.S. government	2,162	2,036	1,846	190	127
77 States and political subdivisions in the United States	60,968	38,223	31,003	7,220	22,745
78 Commercial banks in the United States	4,436	2,697	1,937	760	1,739
79 Other depository institutions in the United States	4,845	2,187	1,685	501	2,658
80 All other	701	500	358	142	201

4.22—Continued

Item	Total	Members			Nonmembers
		Total	National	State	
81 Federal funds purchased and securities sold under agreements to repurchase[10]	248,615	208,290	148,332	59,958	40,324
82 Federal funds purchased	39,046	29,585	25,032	4,553	9,460
83 Securities sold under agreements to repurchase	28,865	17,271	14,233	3,038	11,594
84 Demand notes issued to the U.S. Treasury	34,043	30,899	20,450	10,449	3,144
85 Other borrowed money	89,324	63,657	44,477	19,179	25,668
86 Banks liability on acceptances executed and outstanding	12,776	11,902	8,629	3,273	874
87 Notes and debentures subordinated to deposits	1,775	1,196	1,118	78	579
88 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	31,502	23,743	21,209	2,534	7,759
89 Remaining liabilities	126,573	105,772	73,168	32,604	20,802
90 Total equity capital[7]	**255,630**	**182,776**	**141,128**	**41,648**	**72,854**
MEMO					
91 Assets held in trading accounts[11]	39,992	38,067	23,514	14,552	1,925
92 U.S. Treasury securities	20,865	20,543	11,899	8,643	322
93 U.S. government agency corporation obligations	3,442	2,936	2,592	344	506
94 Securities issued by states and political subdivisions in the United States	1,246	1,148	701	447	98
95 Other bonds, notes, and debentures	2,566	2,524	1,947	578	42
96 Certificates of deposit	781	731	683	48	50
97 Commercial paper	159	159	159	0	0
98 Bankers acceptances	3,089	2,933	2,030	903	156
99 Other	6,902	6,638	3,090	3,548	264
100 Total individual retirement (IRA) and Keogh plan accounts	148,338	106,875	86,175	20,699	41,464
101 Total brokered deposits	47,173	34,058	28,206	5,852	13,115
102 Total brokered retail deposits	34,871	24,829	20,911	3,918	10,042
103 Issued in denominations of $100,000 or less	3,705	1,890	1,670	220	1,815
104 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	31,166	22,939	19,241	3,698	8,227
Savings deposits					
105 Money market deposit accounts (savings deposits; MMDAs)	448,375	340,114	272,468	67,646	108,261
106 Other savings deposits	276,281	196,422	146,274	50,148	79,859
107 Total time deposits of less than $100,000	642,669	428,940	351,249	77,690	213,729
108 Time certificates of deposit of $100,000 or more	220,390	148,595	125,056	23,540	71,795
109 Open-account time deposits of $100,000 or more	22,592	17,571	11,476	6,094	5,021
110 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	258,763	180,475	147,646	32,829	78,287
111 Total time and savings deposits	1,873,166	1,314,239	1,055,860	258,378	558,927
Quarterly averages					
112 Total loans	1,777,609	1,297,132	1,042,689	254,443	480,478
113 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)	261,516	182,098	148,672	33,426	79,418
Nontransaction accounts					
114 Money market deposit accounts	449,085	341,724	272,809	68,915	107,362
115 Other savings deposits	270,683	193,137	143,732	49,405	77,546
116 Time certificates of deposit of $100,000 or more	226,832	153,870	129,836	24,034	72,962
117 All other time deposits	685,323	463,255	374,351	88,904	222,068
118 Number of banks	11,562	4,615	3,649	966	6,947

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the March 31, 1984, Call Report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets of more than $1 billion report additional items; (3) the domestic offices of banks with foreign offices report far less detail; and (4) banks with assets of less than $25 million have been excused from reporting certain detail items.

The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks with foreign offices.

All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

2. Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and Agreement corporations wherever located and IBFs.

3. The "over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks filed the FFIEC 034 Call Report.)

4. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

5. Because the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not sum to the actual total (foreign).

6. The definition of "all other" varies by report form and therefore by column in this table.

7. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

8. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here; therefore, the components do not sum to totals.

9. "Acceptances of other banks" is not reported by domestic banks having less than $300 million in total assets; therefore the components do not sum to totals.

10. Only the domestic portion of federal funds purchased and securities sold are reported here; therefore the components do not sum to totals.

11. Components are reported only for banks with total assets of $1 billion or more; therefore the components do not sum to totals.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1992[1]

A. Commercial and Industrial Loans

Characteristic	Amount of loans ($1,000)	Average size ($1,000)	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]	11,489,659	7,587	*	3.85	.22	6.1	52.5	5.5	Fed funds
2 One month and under (excluding overnight)	7,142,624	886	19	4.45	.24	37.1	83.4	14.4	Domestic
3 Fixed rate	5,542,985	1,263	18	4.29	.35	33.2	84.9	11.4	Domestic
4 Floating rate	1,599,639	435	23	5.01	.30	50.3	78.2	24.9	Domestic
5 Over one month and under a year	9,564,119	177	152	5.53	.17	46.0	84.6	12.2	Prime
6 Fixed rate	2,918,977	142	127	5.02	.27	43.3	71.7	9.6	Foreign
7 Floating rate	6,645,142	197	163	5.76	.22	47.2	90.3	13.3	Prime
8 Demand[7]	14,038,692	292	*	5.84	.17	66.9	66.2	9.4	Prime
9 Fixed rate	2,321,049	576	*	4.39	.27	37.1	70.6	17.5	Domestic
10 Floating rate	11,717,643	266	*	6.13	.18	72.8	65.3	7.8	Prime
11 **Total short term**	**42,235,094**	**378**	**57**	**4.99**	**.18**	**40.6**	**69.5**	**9.8**	**Prime**
12 Fixed rate (thousands of dollars)	22,271,296	732	24	4.17	.28	21.0	65.0	8.8	Other
13 1–99	387,457	15	150	8.64	.33	79.3	34.2	.4	Other
14 100–499	326,703	200	94	6.27	.27	59.3	54.1	8.4	Other
15 500–999	414,140	673	113	4.67	.07	37.5	64.7	8.8	Other
16 1,000–4,999	3,836,634	2,304	48	4.58	.12	30.1	73.2	10.3	Other
17 5,000–9,999	3,989,303	6,695	20	4.12	.10	15.8	65.7	12.6	Other
18 10,000 and over	13,317,060	21,214	13	3.87	.13	16.7	63.5	7.5	Fed funds
19 Floating rate (thousands of dollars)	19,963,798	245	136	5.91	.18	62.5	74.7	11.0	Prime
20 1–99	1,587,803	26	163	7.53	.06	83.7	85.8	2.4	Prime
21 100–499	3,179,932	206	182	7.06	.06	79.3	85.6	8.2	Prime
22 500–999	1,516,843	655	157	6.71	.10	72.9	93.3	14.8	Prime
23 1,000–4,999	4,271,573	1,950	157	6.37	.24	57.8	82.3	13.0	Prime
24 5,000–9,999	1,815,392	6,783	131	5.44	.45	45.7	73.8	11.0	Prime
25 10,000 and over	7,592,255	29,096	99	4.79	.35	55.6	59.9	12.1	Fed funds
			Months						
26 **Total long term**	**4,575,958**	**178**	**48**	**6.36**	**.18**	**62.6**	**74.4**	**13.7**	**Prime**
27 Fixed rate (thousands of dollars)	1,364,100	108	54	5.97	.34	57.2	72.3	5.1	Other
28 1–99	187,779	16	38	9.28	.16	91.3	21.9	.2	Other
29 100–499	183,425	201	78	7.94	.34	93.1	29.7	4.5	Other
30 500–999	52,758	635	55	6.82	.29	82.7	55.8	3.0	Prime
31 1,000 and over	940,138	6,244	53	4.88	.37	41.9	91.6	6.4	Foreign
32 Floating rate (thousands of dollars)	3,211,858	244	46	6.53	.14	64.9	75.3	17.4	Prime
33 1–99	241,635	26	48	7.95	.07	80.7	48.0	1.4	Prime
34 100–499	585,898	220	45	7.22	.13	78.0	70.9	6.5	Prime
35 500–999	318,572	658	40	6.83	.13	73.3	79.0	16.4	Prime
36 1,000 and over	2,065,753	3,731	47	6.12	.18	58.1	79.1	22.5	Prime
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	10,892,314	8,813	*	3.72	3.71	6.4	49.9	5.8	6.00
38 One month and under (excluding overnight)	6,358,035	3,548	18	4.09	4.07	33.9	84.2	14.4	6.01
39 Over one month and under a year	5,166,014	603	143	4.37	4.33	35.5	87.5	15.4	6.15
40 Demand[7]	5,355,249	2,528	*	3.85	3.81	58.7	43.2	13.3	6.03
41 **Total short term**	**27,771,612**	**2,025**	**39**	**3.95**	**3.93**	**28.2**	**63.4**	**11.0**	**6.04**
42 Fixed rate	20,283,305	2,510	22	3.89	3.87	18.6	63.8	9.2	6.01
43 Floating rate	7,488,307	1,330	118	4.12	4.08	54.2	62.5	15.8	6.09
			Months						
44 **Total long term**	**1,639,193**	**615**	**46**	**4.56**	**4.54**	**36.4**	**93.8**	**8.7**	**6.26**
45 Fixed rate	843,036	562	50	4.47	4.46	36.5	93.4	4.6	6.14
46 Floating rate	796,157	682	42	4.66	4.62	36.2	94.3	13.0	6.39

For notes see end of table.

4.23—Continued

Characteristic	Amount of loans ($1,000)	Average size ($1,000)	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]	7,827,426	8,359	*	4.02	.22	8.5	52.5	7.9	Other
2 One month and under (excluding overnight)	5,435,273	3,694	18	4.24	.16	37.7	90.4	9.4	Domestic
3 Fixed rate	4,402,529	5,438	17	4.18	.15	33.8	89.4	8.6	Domestic
4 Floating rate	1,032,744	1,561	20	4.53	.24	54.0	94.4	12.9	Foreign
5 Over one month and under a year	5,201,561	1,019	131	5.07	.14	34.0	90.6	12.0	Prime
6 Fixed rate	1,668,877	1,845	103	4.66	.20	40.6	80.1	10.8	Foreign
7 Floating rate	3,532,684	841	144	5.26	.19	30.9	95.5	12.6	Prime
8 Demand[7]	9,849,059	607	*	5.42	.16	64.6	60.1	9.6	Prime
9 Fixed rate	1,885,100	1,910	*	4.24	.24	39.5	65.2	18.5	Domestic
10 Floating rate	7,963,959	523	*	5.70	.17	70.5	58.9	7.5	Prime
11 **Total short term**	**28,313,318**	**1,193**	**43**	**4.74**	**.14**	**38.3**	**69.4**	**9.5**	**Prime**
12 Fixed rate (thousands of dollars)	15,782,557	4,342	18	4.16	.17	22.6	67.2	9.6	Other
13 1–99	18,635	26	125	6.92	.28	63.6	52.4	7.2	Prime
14 100–499	119,890	242	62	5.35	.24	53.9	71.9	10.1	Other
15 500–999	235,365	705	53	4.97	.20	51.1	76.6	12.3	Other
16 1,000–4,999	2,676,567	2,282	41	4.60	.18	33.7	74.0	10.2	Other
17 5,000–9,999	2,996,221	6,539	18	4.16	.10	18.5	63.3	13.0	Other
18 10,000 and over	9,735,880	21,294	12	3.99	.13	19.7	66.3	8.4	Other
19 Floating rate (thousands of dollars)	12,530,761	624	116	5.48	.17	58.0	72.2	9.4	Prime
20 1–99	386,244	32	161	7.22	.10	82.2	90.3	2.0	Prime
21 100–499	1,175,624	213	161	6.90	.12	73.3	91.7	5.1	Prime
22 500–999	723,652	663	167	6.69	.08	67.8	92.1	8.9	Prime
23 1,000–4,999	2,155,153	2,076	143	6.12	.12	56.6	82.0	11.8	Prime
24 5,000–9,999	1,412,821	6,824	133	5.69	.45	55.9	73.3	10.7	Prime
25 10,000 and over	6,677,268	28,689	95	4.75	.35	53.7	62.1	9.6	Fed funds
			Months						
26 **Total long term**	**2,522,013**	**856**	**51**	**6.08**	**.14**	**59.6**	**80.3**	**20.5**	**Prime**
27 Fixed rate (thousands of dollars)	550,868	1,065	76	5.64	.27	64.9	82.5	11.1	Foreign
28 1–99	7,153	25	44	8.47	.25	86.3	23.8	.0	Other
29 100–499	30,815	256	52	7.08	.40	79.1	56.6	6.6	Other
30 500–999	21,723	701	35	5.88	.46	65.5	71.6	7.1	Other
31 1,000 and over	491,177	5,857	80	5.50	.40	63.7	85.5	11.7	Foreign
32 Floating rate (thousands of dollars)	1,971,144	811	45	6.21	.11	58.1	79.7	23.2	Prime
33 1–99	32,889	37	34	7.21	.11	76.8	75.1	5.9	Prime
34 100–499	208,706	233	35	6.95	.07	71.5	79.1	6.0	Prime
35 500–999	195,531	679	39	6.73	.09	65.2	78.6	12.9	Prime
36 1,000 and over	1,534,018	4,277	47	6.02	.25	54.9	80.0	27.2	Prime
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	7,231,550	8,158	*	3.84	3.82	9.1	48.6	8.5	6.00
38 One month and under (excluding overnight)	5,102,905	6,200	17	4.09	4.08	36.0	90.5	8.5	6.01
39 Over one month and under a year	3,129,538	4,165	125	4.16	4.13	29.9	89.8	17.7	6.00
40 Demand[7]	4,679,703	4,716	*	3.78	3.74	63.6	35.1	12.3	6.00
41 **Total short term**	**20,143,696**	**5,833**	**31**	**3.94**	**3.92**	**31.8**	**62.5**	**10.8**	**6.00**
42 Fixed rate	14,423,269	5,691	18	3.94	3.93	21.3	64.4	10.0	6.00
43 Floating rate	5,720,427	6,226	103	3.92	3.89	58.3	57.5	12.9	6.00
			Months						
44 **Total long term**	**878,046**	**2,987**	**61**	**4.34**	**4.31**	**34.8**	**95.8**	**14.3**	**6.00**
45 Fixed rate	371,220	2,755	81	4.61	4.60	56.1	94.3	9.8	6.00
46 Floating rate	506,826	3,183	47	4.15	4.10	19.2	96.9	17.6	6.00

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1992[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans ($1,000)	Average size ($1,000)	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]	3,662,233	6,337	*	3.51	.26	1.0	52.4	.4	Fed funds
2 One month and under (excluding overnight)	1,707,351	259	24	5.12	.28	35.1	61.3	30.5	Fed funds
3 Fixed rate	1,140,456	319	22	4.73	.41	30.9	67.6	22.5	Fed funds
4 Floating rate	566,895	188	28	5.89	.33	43.5	48.6	46.7	Domestic
5 Over one month and under a year	4,362,558	89	177	6.09	.20	60.4	77.5	12.4	Prime
6 Fixed rate	1,250,101	64	160	5.50	.34	46.9	60.4	8.1	Other
7 Floating rate	3,112,458	106	184	6.32	.21	65.8	84.4	14.1	Prime
8 Demand[7]	4,189,633	132	*	6.82	.21	72.4	80.4	9.0	Prime
9 Fixed rate	435,949	143	*	5.03	.39	26.8	93.7	13.4	Domestic
10 Floating rate	3,753,684	131	*	7.03	.17	77.7	78.8	8.5	Prime
11 **Total short term**	**13,921,776**	**158**	**84**	**5.51**	**.20**	**45.3**	**69.8**	**10.5**	**Prime**
12 Fixed rate (thousands of dollars)	6,488,739	242	38	4.21	.32	16.9	59.4	6.7	Fed funds
13 1–99	368,821	15	151	8.73	.34	80.1	33.3	.0	Other
14 100–499	206,813	182	106	6.81	.44	62.4	43.8	7.4	Other
15 500–999	178,775	635	171	4.27	.25	19.7	49.1	4.1	Other
16 1,000–4,999	1,160,067	2,359	61	4.52	.16	21.8	71.4	10.5	Fed funds
17 5,000–9,999	993,082	7,216	28	3.99	.13	7.5	73.1	11.1	Fed funds
18 10,000 and over	3,581,180	20,998	13	3.55	.11	8.6	55.9	5.0	Fed funds
19 Floating rate (thousands of dollars)	7,433,037	121	160	6.65	.20	70.1	78.8	13.8	Prime
20 1–99	1,201,559	25	163	7.62	.05	84.2	84.3	2.5	Prime
21 100–499	2,004,308	202	188	7.15	.04	82.8	82.0	10.0	Prime
22 500–999	793,191	648	152	6.74	.13	77.5	94.5	20.2	Prime
23 1,000–4,999	2,116,421	1,836	172	6.63	.48	59.1	82.6	14.3	Prime
24 5,000–9,999	402,571	6,644	126	4.58	.49	10.0	75.4	12.1	Domestic
25 10,000 and over	914,987	32,454	114	5.12	.52	69.2	44.2	30.8	Domestic
			Months						
26 **Total long term**	**2,053,945**	**90**	**44**	**6.71**	**.20**	**66.4**	**67.1**	**5.4**	**Prime**
27 Fixed rate (thousands of dollars)	813,232	67	40	6.19	.37	52.0	65.3	1.1	Other
28 1–99	180,626	16	38	9.31	.17	91.5	21.9	.2	Other
29 100–499	152,611	193	83	8.11	.35	96.0	24.3	4.1	Other
30 500–999	31,035	595	70	7.48	.33	94.8	44.8	.0	Prime
31 1,000 and over	448,960	6,730	24	4.20	.38	18.1	98.2	.6	Other
32 Floating rate (thousands of dollars)	1,240,714	116	47	7.04	.19	75.8	68.3	8.2	Prime
33 1–99	208,746	24	51	8.06	.09	81.3	43.7	.6	Prime
34 100–499	377,192	213	50	7.37	.20	81.5	66.4	6.7	Prime
35 500–999	123,041	628	41	6.98	.30	86.0	79.5	21.8	Prime
36 1,000 and over	531,735	2,727	46	6.42	.47	67.3	76.8	9.1	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	3,660,764	10,472	*	3.51	3.47	1.0	52.4	.4	6.00
38 One month and under (excluding overnight)	1,255,130	1,295	23	4.08	4.03	25.3	58.8	38.2	6.04
39 Over one month and under a year	2,036,476	261	170	4.69	4.65	44.2	84.1	11.9	6.38
40 Demand[7]	675,546	600	*	4.37	4.34	24.1	98.8	20.4	6.20
41 **Total short term**	**7,627,916**	**744**	**55**	**3.99**	**3.96**	**18.6**	**66.0**	**11.5**	**6.13**
42 Fixed rate	5,860,036	1,056	31	3.76	3.73	11.8	62.2	7.4	6.04
43 Floating rate	1,767,880	375	145	4.75	4.69	41.1	78.8	25.1	6.40
			Months						
44 **Total long term**	**761,147**	**321**	**30**	**4.82**	**4.80**	**38.1**	**91.6**	**2.2**	**6.56**
45 Fixed rate	471,816	346	27	4.37	4.35	21.0	92.8	.5	6.24
46 Floating rate	289,331	287	34	5.56	5.54	66.1	89.8	4.9	7.08

For notes see following page.

NOTES TO TABLE 4.23

1. As of Sept. 30, 1990, 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 and exclude demand loans.
3. Effective (compounded) annual interest rates are 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 this amount from the average rate that would be found by a complete survey of lending at all banks.
5. The most common base rate is that 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 rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.
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, September 30, 1992[1]

Millions of dollars

Item	All states		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**697,952**	**292,061**	**525,316**	**232,626**	**79,302**	**33,687**	**56,747**	**17,569**
2 Claims on nonrelated parties	605,746	186,894	446,673	155,197	73,853	13,836	56,536	13,799
3 Cash and balances due from depository institutions	139,621	109,734	119,549	91,408	6,850	6,206	11,963	11,438
4 Cash items in process of collection and unposted debits	2,310	0	2,169	0	15	0	86	0
5 *Currency and coin (U.S. and foreign)*	23	n.a.	16	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	80,269	55,423	69,999	46,285	4,124	3,544	5,522	5,323
7 U.S. branches and agencies of other foreign banks (including IBFs)	74,924	53,334	65,580	44,498	3,808	3,534	5,101	5,045
8 Other depository institutions in United States (including IBFs)	5,345	2,089	4,420	1,787	316	10	421	278
9 Balances with banks in foreign countries and with foreign central banks	56,083	54,311	46,536	45,123	2,665	2,662	6,340	6,115
10 Foreign branches of U.S. banks	1,600	1,564	1,357	1,322	159	159	79	79
11 Other banks in foreign countries and foreign central banks	54,483	52,747	45,179	43,801	2,506	2,503	6,261	6,036
12 Balances with Federal Reserve Banks	936	n.a.	829	n.a.	43	n.a.	15	n.a.
13 **Total securities and loans**	**377,778**	**66,634**	**254,944**	**54,668**	**60,047**	**6,743**	**36,674**	**2,041**
14 Total securities, book value	74,380	14,421	68,769	13,535	3,308	527	1,908	327
15 U.S. Treasury	24,631	n.a.	24,495	n.a.	52	n.a.	36	n.a.
16 Obligations of U.S. government agencies and corporations	14,226	n.a.	13,737	n.a.	327	n.a.	109	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	35,524	14,421	30,537	13,535	2,929	527	1,764	327
18 *Federal funds sold and securities purchased under agreements to resell*	36,232	2,871	34,183	2,441	909	249	685	50
19 U.S. branches and agencies of other foreign banks	10,810	1,719	9,481	1,527	690	193	453	0
20 Commercial banks in United States	5,275	175	4,950	175	68	0	119	0
21 Other	20,146	977	19,752	740	152	57	113	50
22 Total loans, gross	303,535	52,221	186,262	41,141	56,762	6,218	34,787	1,715
23 Less: Unearned income on loans	137	9	87	7	23	1	21	0
24 Equals: Loans, net	303,398	52,213	186,175	41,134	56,739	6,217	34,765	1,714
Total loans, gross, by category								
25 Real estate loans	53,678	581	26,540	302	17,771	220	5,434	59
26 Loans to depository institutions	45,970	31,371	36,362	24,334	5,241	4,191	1,968	1,164
27 Commercial banks in United States (including IBFs)	21,943	11,452	16,865	8,504	3,299	2,254	1,355	573
28 U.S. branches and agencies of other foreign banks	18,958	10,472	14,636	7,606	3,131	2,178	924	568
29 Other commercial banks in United States	2,984	980	2,228	898	168	76	431	5
30 Other depository institutions in United States (including IBFs)	26	16	26	16	0	0	0	0
31 Banks in foreign countries	24,001	19,902	19,472	15,813	1,942	1,937	613	591
32 *Foreign branches of U.S. banks*	528	368	428	273	95	95	0	0
33 Other banks in foreign countries	23,474	19,534	19,043	15,540	1,847	1,842	613	591
34 Other financial institutions	18,428	868	15,780	766	870	40	1,408	21
35 Commercial and industrial loans	167,252	13,421	92,912	10,631	31,663	1,549	25,029	372
36 U.S. addressees (domicile)	144,815	535	75,827	401	29,290	107	24,424	8
37 Non-U.S. addressees (domicile)	22,436	12,886	17,085	10,230	2,374	1,442	605	364
38 Acceptances of other banks	1,678	39	759	31	626	0	165	0
39 U.S. banks	940	0	330	0	555	0	2	0
40 Foreign banks	738	39	429	31	72	0	164	0
41 Loans to foreign governments and official institutions (including foreign central banks)	7,444	5,661	5,672	4,870	279	184	422	99
42 Loans for purchasing or carrying securities (secured and unsecured)	5,180	100	4,998	66	133	34	49	0
43 All other loans	3,905	182	3,238	140	180	0	312	0
44 All other assets	52,115	7,656	37,998	6,680	6,048	637	7,214	270
45 Customers' liability on acceptances outstanding	17,461	n.a.	11,940	n.a.	4,240	n.a.	969	n.a.
46 U.S. addressees (domicile)	11,980	n.a.	7,304	n.a.	3,701	n.a.	867	n.a.
47 Non-U.S. addressees (domicile)	5,481	n.a.	4,636	n.a.	539	n.a.	103	n.a.
48 Other assets including other claims on nonrelated parties	34,654	7,656	26,058	6,680	1,808	637	6,244	270
49 Net due from related depository institutions[5]	92,206	105,167	78,642	77,429	5,449	19,851	211	3,770
50 Net due from head office and other related depository institutions[5]	92,206	n.a.	78,642	n.a.	5,449	n.a.	211	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	105,167	n.a.	77,429	n.a.	19,851	n.a.	3,770
52 **Total liabilities**[4]	**697,952**	**292,061**	**525,316**	**232,626**	**79,302**	**33,687**	**56,747**	**17,569**
53 Liabilities to nonrelated parties	585,091	254,552	470,752	204,664	65,195	32,889	30,951	9,912

4.30—Continued

Millions of dollars

	Item	All states		New York		California		Illinois	
		Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
54	Total deposits and credit balances	150,449	186,148	129,000	167,764	4,772	7,974	8,094	4,012
55	Individuals, partnerships, and corporations	107,574	16,421	89,146	10,896	4,140	512	7,321	111
56	U.S. addressees (domicile)	92,020	3,059	79,672	3,009	2,320	0	6,266	50
57	Non-U.S. addressees (domicile)	15,554	13,362	9,474	7,887	1,820	512	1,054	61
58	Commercial banks in United States (including IBFs)	30,292	53,587	28,589	48,295	363	3,072	732	1,733
59	U.S. branches and agencies of other foreign banks	12,976	48,381	12,411	43,553	104	2,794	315	1,608
60	Other commercial banks in United States	17,316	5,206	16,178	4,742	259	278	417	125
61	Banks in foreign countries	5,741	98,688	5,557	92,544	4	3,372	26	2,085
62	Foreign branches of U.S. banks	1,990	4,889	1,964	4,418	0	362	25	85
63	Other banks in foreign countries	3,751	93,799	3,593	88,126	4	3,010	1	2,000
64	Foreign governments and official institutions (including foreign central banks)	1,896	17,279	1,510	15,856	234	1,019	3	83
65	All other deposits and credit balances	4,648	173	3,955	173	10	0	2	0
66	Certified and official checks	297		242		21		10	
67	Transaction accounts and credit balances (excluding IBFs)	8,038		6,280		539		344	
68	Individuals, partnerships, and corporations	5,792		4,592		218		329	
69	U.S. addressees (domicile)	4,295		3,656		182		323	
70	Non-U.S. addressees (domicile)	1,497		936		35		6	
71	Commercial banks in United States (including IBFs)	462		177		282		0	
72	U.S. branches and agencies of other foreign banks	66		16		48		0	
73	Other commercial banks in United States	396		160		234		0	
74	Banks in foreign countries	1,069		947		4		1	
75	Foreign branches of U.S. banks	2		1		0		0	
76	Other banks in foreign countries	1,067		945		4		1	
77	Foreign governments and official institutions (including foreign central banks)	319		243		4		2	
78	All other deposits and credit balances	98		80		10		1	
79	Certified and official checks	297		242		21		10	
80	Demand deposits (included in transaction accounts and credit balances)	6,960		5,768		208		332	
81	Individuals, partnerships, and corporations	5,408		4,461		178		317	
82	U.S. addressees (domicile)	4,144		3,589		155		312	
83	Non-U.S. addressees (domicile)	1,265		872		22		5	
84	Commercial banks in United States (including IBF)s	110	n.a.	106	n.a.	1	n.a.	0	n.a.
85	U.S. branches and agencies of other foreign banks	17		16		0		0	
86	Other commercial banks in United States	92		90		0		0	
87	Banks in foreign countries	841		724		4		1	
88	Foreign branches of U.S. banks	2		1		0		0	
89	Other banks in foreign countries	839		723		4		1	
90	Foreign governments and official institutions (including foreign central banks)	242		180		4		2	
91	All other deposits and credit balances	62		55		1		1	
92	Certified and official checks	297		242		21		10	
93	Non-transaction accounts (including MMDAs, excluding IBFs)	142,411		122,720		4,233		7,750	
94	Individuals, partnerships, and corporations	101,782		84,554		3,923		6,992	
95	U.S. addressees (domicile)	87,724		76,017		2,137		5,943	
96	Non-U.S. addressees (domicile)	14,057		8,537		1,785		1,049	
97	Commercial banks in United States (including IBFs)	29,830		28,413		81		732	
98	U.S. branches and agencies of other foreign banks	12,910		12,395		56		315	
99	Other commercial banks in United States	16,920		16,018		25		417	
100	Banks in foreign countries	4,672		4,611		0		25	
101	Foreign branches of U.S. banks	1,988		1,963		0		25	
102	Other banks in foreign countries	2,684		2,648		0		0	
103	Foreign governments and official institutions (including foreign central banks)	1,577		1,267		229		1	
104	All other deposits and credit balances	4,550		3,876		0		1	
105	IBF deposit liabilities		186,148		167,764		7,974		4,012
106	Individuals, partnerships, and corporations		16,421		10,896		512		111
107	U.S. addressees (domicile)		3,059		3,009		0		50
108	Non-U.S. addressees (domicile)		13,362		7,887		512		61
109	Commercial banks in United States (including IBFs)		53,587		48,295		3,072		1,733
110	U.S. branches and agencies of other foreign banks	n.a.	48,381	n.a.	43,553	n.a.	2,794	n.a.	1,608
111	Other commercial banks in United States		5,206		4,742		278		125
112	Banks in foreign countries		98,688		92,544		3,372		2,085
113	Foreign branches of U.S. banks		4,889		4,418		362		85
114	Other banks in foreign countries		93,799		88,126		3,010		2,000
115	Foreign governments and official institutions (including foreign central banks)		17,279		15,856		1,019		83
116	All other deposits and credit balances		173		173		0		0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1992[1]—Continued

Millions of dollars

Item	All states		New York		California		Illinois	
	Total including IBFs	IBFs only	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	79,205	13,219	66,376	10,175	8,848	1,543	3,638	1,459
118 U.S. branches and agencies of other foreign banks	14,247	2,146	10,316	1,003	2,974	855	864	288
119 Other commercial banks in United States	17,150	310	12,766	90	3,061	155	1,200	65
120 Other	47,809	10,764	43,294	9,082	2,812	533	1,575	1,106
121 Other borrowed money	118,585	49,200	70,378	21,457	37,541	22,848	8,662	4,292
122 Owed to nonrelated commercial banks in United States (including IBFs)	41,024	18,465	17,921	4,170	18,121	12,380	3,539	1,594
123 Owed to U.S. offices of nonrelated U.S. banks	13,649	2,063	8,200	703	3,554	1,215	1,378	85
124 Owed to U.S. branches and agencies of nonrelated foreign banks	27,375	16,403	9,721	3,467	14,567	11,165	2,161	1,509
125 Owed to nonrelated banks in foreign countries	29,809	27,952	16,447	14,775	10,484	10,368	2,533	2,533
126 Owed to foreign branches of nonrelated U.S. banks	1,987	1,845	788	666	1,035	1,035	129	129
127 Owed to foreign offices of nonrelated foreign banks	27,822	26,107	15,658	14,109	9,448	9,333	2,404	2,404
128 Owed to others	47,753	2,783	36,010	2,512	8,936	100	2,589	164
129 All other liabilities	50,703	5,985	37,234	5,268	6,060	524	6,544	149
130 Branch or agency liability on acceptances executed and outstanding	19,490	n.a.	13,926	n.a.	4,248	n.a.	720	n.a.
131 Other liabilities to nonrelated parties	31,214	5,985	23,308	5,268	1,812	524	5,824	149
132 Net due to related depository institutions[5]	112,861	37,509	54,564	27,962	14,107	798	25,796	7,657
133 Net due to head office and other related depository institutions[5]	112,861	n.a.	54,564	n.a.	14,107	n.a.	25,796	n.a.
134 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	37,509	n.a.	27,962	n.a.	798	n.a.	7,657
MEMO								
135 Non-interest bearing balances with commercial banks in United States	1,358	0	1,068	0	127	0	82	0
136 Holding of commercial paper included in total loans	1,532		1,345		136		27	
137 Holding of own acceptances included in commercial and industrial loans	3,692		2,713		607		101	
138 Commercial and industrial loans with remaining maturity of one year or less	99,165		52,422		19,703		15,465	
139 Predetermined interest rates	61,221	n.a.	30,188	n.a.	12,585	n.a.	11,608	n.a.
140 Floating interest rates	37,944		22,234		7,118		3,857	
141 Commercial and industrial loans with remaining maturity of more than one year	68,086		40,490		11,960		9,564	
142 Predetermined interest rates	23,023		13,054		3,614		4,475	
143 Floating interest rates	45,064		27,435		8,347		5,089	

4.30—Continued

Millions of dollars

Item	All states		New York		California		Illinois	
	Total excluding IBFs	IBFs only	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 nontransactional accounts, including IBFs	148,897	↑	129,928	↑	4,779	↑	7,919	↑
145 Time CDs in denominations of $100,000 or more	111,809		97,293		2,715		6,069	
146 Other time deposits in denominations of $100,000 or more	24,413	n.a.	21,617	n.a.	1,014	n.a.	1,431	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	12,675	↓	11,018	↓	1,050	↓	419	↓
	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	74,900	14,344	69,287	13,440	3,471	547	1,744	324
149 Immediately available funds with a maturity greater than one day included in other borrowed money	77,120	n.a.	43,070	n.a.	27,468	n.a.	5,197	n.a.
150 Number of reports filed[6]	573	0	268	0	133	0	51	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." Details may not add to totals because of rounding. This 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.

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). As of December 31, 1985 data for IBFs are 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 re 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 due to related banking institutions in the United States and in foreign countries (see footnote 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 banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the 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.

Index to Statistical Tables

References are to pages A3–A83 although the prefix "A" is omitted in this index

Federal Reserve Board of Governors and Official Staff

ALAN GREENSPAN, *Chairman*
DAVID W. MULLINS, JR., *Vice Chairman*

WAYNE D. ANGELL
EDWARD W. KELLEY, JR.

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
THEODORE E. ALLISON, *Assistant to the Board for Federal Reserve System Affairs*
LYNN S. FOX, *Special Assistant to the Board*
WINTHROP P. HAMBLEY, *Special Assistant to the Board*
BOB STAHLY MOORE, *Special Assistant to the Board*
DIANE E. WERNEKE, *Special Assistant to the Board*

LEGAL DIVISION

J. VIRGIL MATTINGLY, JR., *General Counsel*
SCOTT G. ALVAREZ, *Associate General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
KATHLEEN M. O'DAY, *Associate General Counsel*
MARYELLEN A. BROWN, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
JENNIFER J. JOHNSON, *Associate Secretary*
BARBARA R. LOWREY, *Associate Secretary*
ELLEN MALAND, *Assistant Secretary*

DIVISION OF BANKING SUPERVISION AND REGULATION

RICHARD SPILLENKOTHEN, *Director*
STEPHEN C. SCHEMERING, *Deputy Director*
DON E. KLINE, *Associate Director*
WILLIAM A. RYBACK, *Associate Director*
FREDERICK M. STRUBLE, *Associate Director*
HERBERT A. BIERN, *Deputy Associate Director*
ROGER T. COLE, *Deputy Associate Director*
JAMES I. GARNER, *Deputy Associate Director*
HOWARD A. AMER, *Assistant Director*
GERALD A. EDWARDS, JR., *Assistant Director*
JAMES D. GOETZINGER, *Assistant Director*
LAURA M. HOMER, *Assistant Director*
JAMES V. HOUPT, *Assistant Director*
JACK P. JENNINGS, *Assistant Director*
MICHAEL G. MARTINSON, *Assistant Director*
RHOGER H PUGH, *Assistant Director*
SIDNEY M. SUSSAN, *Assistant Director*
MOLLY S. WASSOM, *Assistant Director*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Staff Director*
LARRY J. PROMISEL, *Senior Associate Director*
CHARLES J. SIEGMAN, *Senior Associate Director*
DALE W. HENDERSON, *Associate Director*
DAVID H. HOWARD, *Senior Adviser*
DONALD B. ADAMS, *Assistant Director*
PETER HOOPER III, *Assistant Director*
KAREN H. JOHNSON, *Assistant Director*
RALPH W. SMITH, JR., *Assistant Director*

DIVISION OF RESEARCH AND STATISTICS

MICHAEL J. PRELL, *Director*
EDWARD C. ETTIN, *Deputy Director*
WILLIAM R. JONES, *Associate Director*
THOMAS D. SIMPSON, *Associate Director*
LAWRENCE SLIFMAN, *Associate Director*
DAVID J. STOCKTON, *Associate Director*
MARTHA BETHEA, *Deputy Associate Director*
PETER A. TINSLEY, *Deputy Associate Director*
MYRON L. KWAST, *Assistant Director*
PATRICK M. PARKINSON, *Assistant Director*
MARTHA S. SCANLON, *Assistant Director*
JOYCE K. ZICKLER, *Assistant Director*
JOHN J. MINGO, *Adviser*
LEVON H. GARABEDIAN, *Assistant Director (Administration)*

DIVISION OF MONETARY AFFAIRS

DONALD L. KOHN, *Director*
DAVID E. LINDSEY, *Deputy Director*
BRIAN F. MADIGAN, *Assistant Director*
RICHARD D. PORTER, *Assistant Director*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
GLENN E. LONEY, *Associate Director*
DOLORES S. SMITH, *Associate Director*
MAUREEN P. ENGLISH, *Assistant Director*
IRENE SHAWN MCNULTY, *Assistant Director*

JOHN P. LAWARE
LAWRENCE B. LINDSEY

SUSAN M. PHILLIPS

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
WILLIAM SCHNEIDER, *Special Assignment: Project Director, National Information Center*
PORTIA W. THOMPSON, *Equal Employment Opportunity Programs Officer*

DIVISION OF HUMAN RESOURCES MANAGEMENT

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Associate Director*
ANTHONY V. DIGIOIA, *Assistant Director*
JOSEPH H. HAYES, JR., *Assistant Director*
FRED HOROWITZ, *Assistant Director*

OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*
STEPHEN J. CLARK, *Assistant Controller (Programs and Budgets)*
DARRELL R. PAULEY, *Assistant Controller (Finance)*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
GEORGE M. LOPEZ, *Assistant Director*
DAVID L. WILLIAMS, *Assistant Director*

DIVISION OF INFORMATION RESOURCES MANAGEMENT

STEPHEN R. MALPHRUS, *Director*
BRUCE M. BEARDSLEY, *Deputy Director*
MARIANNE M. EMERSON, *Assistant Director*
PO KYUNG KIM, *Assistant Director*
RAYMOND H. MASSEY, *Assistant Director*
EDWARD T. MULRENIN, *Assistant Director*
DAY W. RADEBAUGH, JR., *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*
RICHARD C. STEVENS, *Assistant Director*

DIVISION OF RESERVE BANK OPERATIONS AND PAYMENT SYSTEMS

CLYDE H. FARNSWORTH, JR., *Director*
DAVID L. ROBINSON, *Deputy Director (Finance and Control)*
CHARLES W. BENNETT, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
JEFFREY C. MARQUARDT, *Assistant Director*
JOHN H. PARRISH, *Assistant Director*
LOUISE L. ROSEMAN, *Assistant Director*
FLORENCE M. YOUNG, *Assistant Director*

OFFICE OF THE INSPECTOR GENERAL

BRENT L. BOWEN, *Inspector General*
DONALD L. ROBINSON, *Assistant Inspector General*
BARRY R. SNYDER, *Assistant Inspector General*

Federal Open Market Committee and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

MEMBERS

ALAN GREENSPAN, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

WAYNE D. ANGELL
EDWARD G. BOEHNE
SILAS KEEHN
EDWARD W. KELLEY, JR.
JOHN P. LAWARE
LAWRENCE B. LINDSEY
ROBERT D. MCTEER, JR.
DAVID W. MULLINS, JR.
SUSAN M. PHILLIPS
GARY H. STERN

ALTERNATE MEMBERS

J. ALFRED BROADDUS, JR.
ROBERT P. FORRESTAL
JERRY L. JORDAN
JAMES H. OLTMAN
ROBERT T. PARRY

STAFF

DONALD L. KOHN, *Secretary and Economist*
NORMAND R.V. BERNARD, *Deputy Secretary*
JOSEPH R. COYNE, *Assistant Secretary*
GARY P. GILLUM, *Assistant Secretary*
J. VIRGIL MATTINGLY, JR., *General Counsel*
ERNEST T. PATRIKIS, *Deputy General Counsel*
MICHAEL J. PRELL, *Economist*
EDWIN M. TRUMAN, *Economist*
JOHN M. DAVIS, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
THOMAS E. DAVIS, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
ALICIA H. MUNNELL, *Associate Economist*
LARRY J. PROMISEL, *Associate Economist*
CHARLES J. SIEGMAN, *Associate Economist*
THOMAS D. SIMPSON, *Associate Economist*
DAVID J. STOCKTON, *Associate Economist*

WILLIAM J. MCDONOUGH, *Manager of the System Open Market Account*
MARGARET L. GREENE, *Deputy Manager for Foreign Operations*
JOAN E. LOVETT, *Deputy Manager for Domestic Operations*

FEDERAL ADVISORY COUNCIL

MARSHALL N. CARTER, First District
CHARLES S. SANFORD, JR., Second District
ANTHONY P. TERRACCIANO, Third District
JOHN B. MCCOY, Fourth District
EDWARD E. CRUTCHFIELD, JR., Fifth District
E.B. ROBINSON, JR., Sixth District
EUGENE A. MILLER, Seventh District
ANDREW B. CRAIG, III, Eighth District
JOHN F. GRUNDHOFER, Ninth District
DAVID A. RISMILLER, Tenth District
(Vacancy), Eleventh District
RICHARD M. ROSENBERG, Twelfth District

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

CONSUMER ADVISORY COUNCIL

DENNY D. DUMLER, Denver, Colorado, *Chairman*
JEAN POGGE, Chicago, Illinois, *Vice Chairman*

BARRY A. ABBOTT, San Francisco, California
JOHN R. ADAMS, Philadelphia, Pennsylvania
JOHN A. BAKER, Atlanta, Georgia
VERONICA E. BARELA, Denver, Colorado
MULUGETTA BIRRU, Pittsburgh, Pennsylvania
DOUGLAS D. BLANKE, St. Paul, Minnesota
GENEVIEVE BROOKS, Bronx, New York
TOYE L. BROWN, Boston, Massachusetts
CATHY CLOUD, Washington, D.C.
MICHAEL D. EDWARDS, Yelm, Washington
MICHAEL FERRY, St. Louis, Missouri
NORMA L. FREIBERG, New Orleans, Louisiana
LORI GAY, Los Angeles, California
DONALD A. GLAS, Hutchinson, Minnesota
BONNIE GUITON, Charlottesville, Virginia
JOYCE HARRIS, Madison, Wisconsin
GARY S. HATTEM, New York, New York
JULIA E. HILER, Marietta, Georgia
RONALD HOMER, Boston, Massachusetts
THOMAS L. HOUSTON, Dallas, Texas
HENRY JARAMILLO, Belen, New Mexico
EDMUND MIERZWINSKI, Washington, D.C.
JOHN V. SKINNER, Irving, Texas
LOWELL N. SWANSON, Portland, Oregon
MICHAEL W. TIERNEY, Washington, D.C.
GRACE W. WEINSTEIN, Englewood, New Jersey
JAMES L. WEST, Tijeras, New Mexico
ROBERT O. ZDENEK, Washington, D.C.

THRIFT INSTITUTIONS ADVISORY COUNCIL

DANIEL C. ARNOLD, Houston, Texas, *President*
BEATRICE D'AGOSTINO, Somerville, New Jersey, *Vice President*

WILLIAM A. COOPER, Minneapolis, Minnesota
PAUL L. ECKERT, Davenport, Iowa
GEORGE R. GLIGOREA, Sheridan, Wyoming
THOMAS J. HUGHES, Merrifield, Virginia
RICHARD D. JACKSON, Atlanta, Georgia
KERRY KILLINGER, Seattle, Washington
CHARLES JOHN KOCH, Cleveland, Ohio
ROBERT MCCARTER, New Bedford, Massachusetts
STEPHEN W. PROUGH, Irvine, California
THOMAS R. RICKETTS, Troy, Michigan

Federal Reserve Board Publications

For ordering assistance, write PUBLICATIONS SERVICES, MS-138, Board of Governors of the Federal Reserve System, Washington, DC 20551 or telephone (202) 452-3244 or FAX (202) 728-5886. *When a charge is indicated, payment should accompany request and be made payable to the Board of Governors of the Federal Reserve System. Payment from foreign residents should be drawn on a U.S. bank.*

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.

ANNUAL REPORT.

ANNUAL REPORT: BUDGET REVIEW, 1991–92.

FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.

ANNUAL STATISTICAL DIGEST: period covered, release date, number of pages, and price.

1981	October 1982	239 pp.	$ 6.50
1982	December 1983	266 pp.	$ 7.50
1983	October 1984	264 pp.	$11.50
1984	October 1985	254 pp.	$12.50
1985	October 1986	231 pp.	$15.00
1986	November 1987	288 pp.	$15.00
1987	October 1988	272 pp.	$15.00
1988	November 1989	256 pp.	$25.00
1980–89	March 1991	712 pp.	$25.00
1990	November 1991	185 pp.	$25.00
1991	November 1992	215 pp.	$25.00

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $30.00 per year or $.70 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $.80 each.

THE FEDERAL RESERVE ACT and other statutory provisions affecting the Federal Reserve System, as amended through August 1990. 646 pp. $10.00.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $2.25; 10 or more of same volume to one address, $2.00 each.

Introduction to Flow of Funds. 1980. 68 pp. $1.50 each; 10 or more to one address, $1.25 each.

Federal Reserve Regulatory Service. Looseleaf; updated at least monthly. (Requests must be prepaid.)

Consumer and Community Affairs Handbook. $75.00 per year.

Monetary Policy and Reserve Requirements Handbook. $75.00 per year.

Securities Credit Transactions Handbook. $75.00 per year.

The Payment System Handbook. $75.00 per year.

Federal Reserve Regulatory Service. 3 vols. (Contains all four Handbooks plus substantial additional material.) $200.00 per year.

Rates for subscribers outside the United States are as follows and include additional air mail costs:

Federal Reserve Regulatory Service, $250.00 per year.

Each Handbook, $90.00 per year.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTICOUNTRY MODEL, May 1984. 590 pp. $14.50 each.

WELCOME TO THE FEDERAL RESERVE. March 1989. 14 pp.

INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. $9.00 each.

FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

FINANCIAL SECTORS IN OPEN ECONOMIES: EMPIRICAL ANALYSIS AND POLICY ISSUES. August 1990. 608 pp. $25.00 each.

CONSUMER EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages

Consumer Handbook to Credit Protection Laws

A Guide to Business Credit for Women, Minorities, and Small Businesses

How to File A Consumer Credit Complaint

Series on the Structure of the Federal Reserve System

- The Board of Governors of the Federal Reserve System
- The Federal Open Market Committee
- Federal Reserve Bank Board of Directors
- Federal Reserve Banks
- Organization and Advisory Committees

A Consumer's Guide to Mortgage Lock-Ins

A Consumer's Guide to Mortgage Settlement Costs

A Consumer's Guide to Mortgage Refinancings

Home Mortgages: Understanding the Process and Your Right to Fair Lending

Making Deposits: When Will Your Money Be Available?

When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–145 are out of print.

146. THE ROLE OF THE PRIME RATE IN THE PRICING OF BUSINESS LOANS BY COMMERCIAL BANKS, 1977–84, by Thomas F. Brady. November 1985. 25 pp.
147. REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES, by Helen T. Farr and Deborah Johnson. December 1985. 42 pp.
148. THE MACROECONOMIC AND SECTORAL EFFECTS OF THE ECONOMIC RECOVERY TAX ACT: SOME SIMULATION RESULTS, by Flint Brayton and Peter B. Clark. December 1985. 17 pp.
149. THE OPERATING PERFORMANCE OF ACQUIRED FIRMS IN BANKING BEFORE AND AFTER ACQUISITION, by Stephen A. Rhoades. April 1986. 32 pp.
150. STATISTICAL COST ACCOUNTING MODELS IN BANKING: A REEXAMINATION AND AN APPLICATION, by John T. Rose and John D. Wolken. May 1986. 13 pp.
151. RESPONSES TO DEREGULATION: RETAIL DEPOSIT PRICING FROM 1983 THROUGH 1985, by Patrick I. Mahoney, Alice P. White, Paul F. O'Brien, and Mary M. McLaughlin. January 1987. 30 pp.
152. DETERMINANTS OF CORPORATE MERGER ACTIVITY: A REVIEW OF THE LITERATURE, by Mark J. Warshawsky. April 1987. 18 pp.
153. STOCK MARKET VOLATILITY, by Carolyn D. Davis and Alice P. White. September 1987. 14 pp.
154. THE EFFECTS ON CONSUMERS AND CREDITORS OF PROPOSED CEILINGS ON CREDIT CARD INTEREST RATES, by Glenn B. Canner and James T. Fergus. October 1987. 26 pp.
155. THE FUNDING OF PRIVATE PENSION PLANS, by Mark J. Warshawsky. November 1987. 25 pp.
156. INTERNATIONAL TRENDS FOR U.S. BANKS AND BANKING MARKETS, by James V. Houpt. May 1988. 47 pp.
157. M2 PER UNIT OF POTENTIAL GNP AS AN ANCHOR FOR THE PRICE LEVEL, by Jeffrey J. Hallman, Richard D. Porter, and David H. Small. April 1989. 28 pp.
158. THE ADEQUACY AND CONSISTENCY OF MARGIN REQUIREMENTS IN THE MARKETS FOR STOCKS AND DERIVATIVE PRODUCTS, by Mark J. Warshawsky with the assistance of Dietrich Earnhart. September 1989. 23 pp.
159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
160. BANKING MARKETS AND THE USE OF FINANCIAL SERVICES BY SMALL AND MEDIUM-SIZED BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1990. 35 pp.
161. A REVIEW OF CORPORATE RESTRUCTURING ACTIVITY, 1980–90, by Margaret Hastings Pickering. May 1991. 21 pp.
162. EVIDENCE ON THE SIZE OF BANKING MARKETS FROM MORTGAGE LOAN RATES IN TWENTY CITIES, by Stephen A. Rhoades. February 1992. 11 pp.
163. CLEARANCE AND SETTLEMENT IN U.S. SECURITIES MARKETS, by Patrick Parkinson, Adam Gilbert, Emily Gollob, Lauren Hargraves, Richard Mead, Jeff Stehm, and Mary Ann Taylor. March 1992. 37 pp.

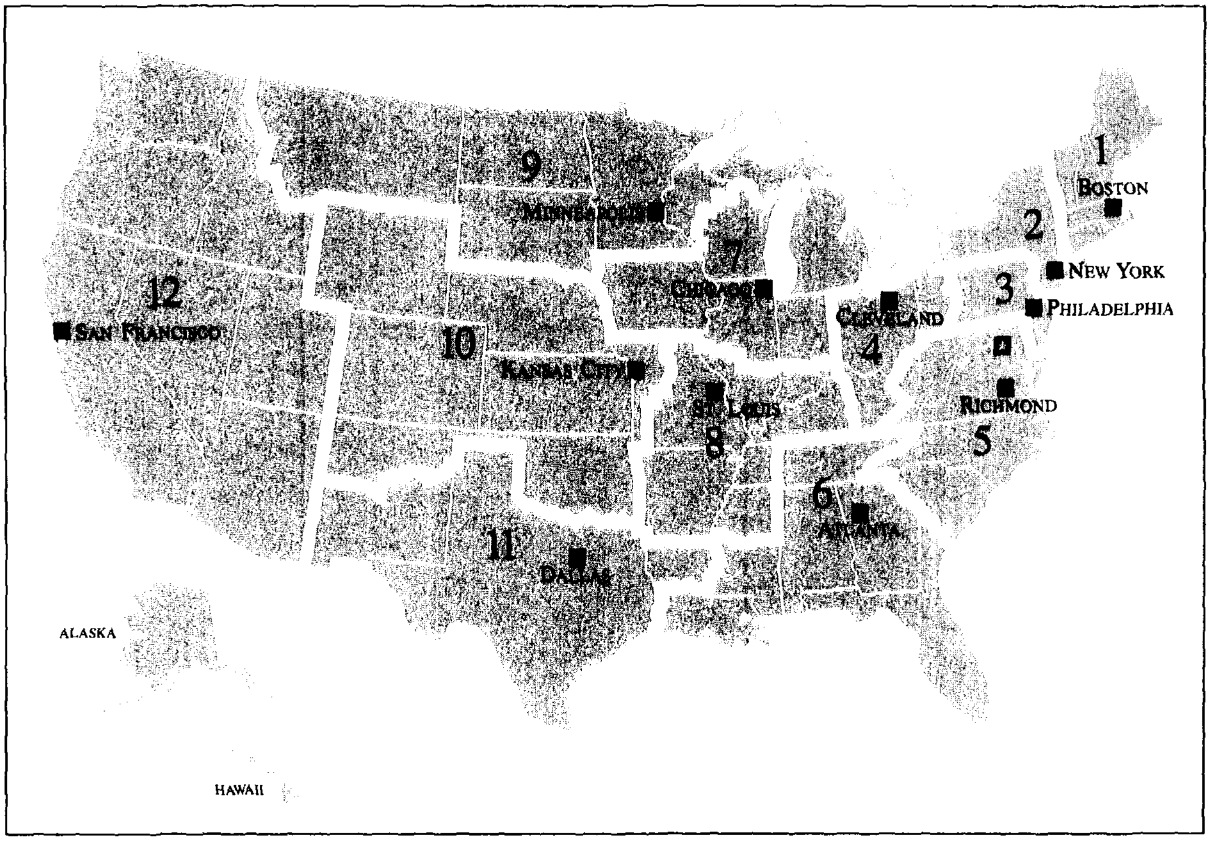
REPRINTS OF SELECTED Bulletin *ARTICLES*

Some Bulletin *articles are reprinted. The articles listed below are those for which reprints are available. Most of the articles reprinted do not exceed twelve pages.*

Limit of ten copies

Recent Developments in the Bankers Acceptance Market. 1/86.
The Use of Cash and Transaction Accounts by American Families. 2/86.
Financial Characteristics of High-Income Families. 3/86.
Prices, Profit Margins, and Exchange Rates. 6/86.
Agricultural Banks under Stress. 7/86.
Foreign Lending by Banks: A Guide to International and U.S. Statistics. 10/86.
Recent Developments in Corporate Finance. 11/86.
Measuring the Foreign-Exchange Value of the Dollar. 6/87.
Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances. 10/87.
Home Equity Lines of Credit. 6/88.
Mutual Recognition: Integration of the Financial Sector in the European Community. 9/89.
The Activities of Japanese Banks in the United Kingdom and in the United States, 1980–88. 2/90.
Industrial Production: 1989 Developments and Historical Revision. 4/90.
Recent Developments in Industrial Capacity and Utilization. 6/90.
Developments Affecting the Profitability of Commercial Banks. 7/90.
Recent Developments in Corporate Finance. 8/90.
U.S. Exchange Rate Policy: Bretton Woods to Present. 11/90.
The Transmission Channels of Monetary Policy: How Have They Changed? 12/90.
Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances. 1/92.
U.S. International Transactions in 1991. 5/92.

Maps of the Federal Reserve System



LEGEND

Both pages

■ Federal Reserve Bank city

◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

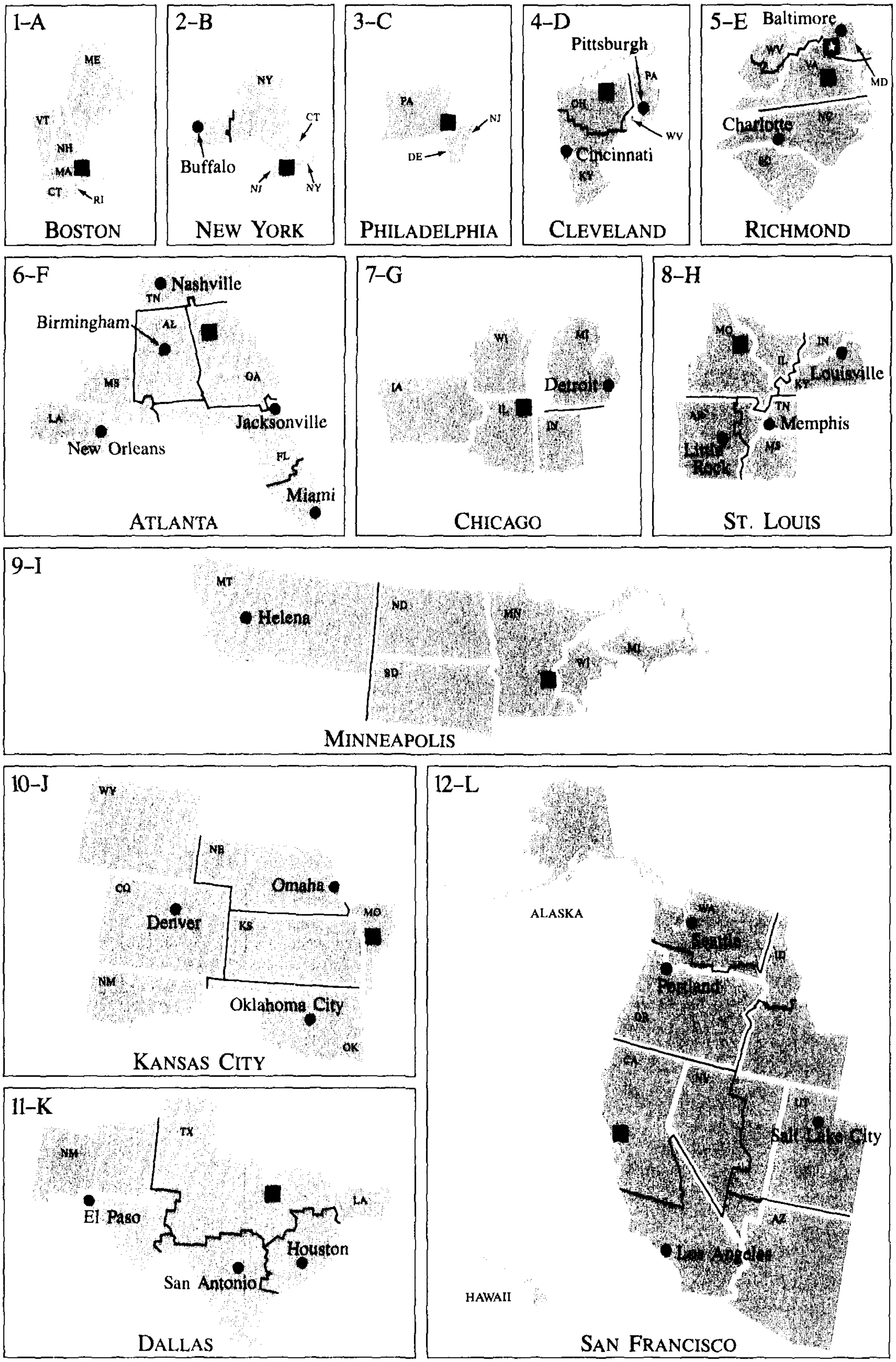
— Branch boundary

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.


1-A
ME
VT
NH
MA
CT
RI
BOSTON
2-B
NY
CT
Buffalo
NJ
NY
NEW YORK
3-C
PA
NJ
DE
PHILADELPHIA
4-D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5-E
Baltimore
WV
VA
MD
Charlotte
NC
SC
RICHMOND
6-F
Nashville
TN
Birmingham
AL
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7-G
WI
MI
IA
Detroit
IL
IN
CHICAGO
8-H
MO
IN
IL
Louisville
KY
TN
Memphis
AR
Little Rock
MS
ST. LOUIS
9-I
MT
Helena
ND
MN
SD
WI
MI
MINNEAPOLIS
10-J
WY
NE
Omaha
CO
Denver
MO
KS
NM
Oklahoma City
OK
KANSAS CITY
11-K
TX
NM
El Paso
LA
Houston
San Antonio
DALLAS
12-L
ALASKA
WA
Seattle
ID
Portland
OR
CA
NV
UT
Salt Lake City
AZ
Los Angeles
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Jerome H. Grossman To be announced	Richard F. Syron Cathy E. Minehan	
NEW YORK*	10045	Ellen V. Futter Maurice R. Greenberg	E. Gerald Corrigan James H. Oltman	
Buffalo	14240	Herbert L. Washington		James O. Aston
PHILADELPHIA	19105	Jane G. Pepper James M. Mead	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	A. William Reynolds To be announced	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	Marvin Rosenberg		Charles A. Cerino [1]
Pittsburgh	15230	Robert P. Bozzone		Harold J. Swart [1]
RICHMOND*	23219	Anne Marie Whittemore Henry J. Faison	J. Alfred Broaddus, Jr. Jimmie R. Monhollon	
Baltimore	21203	To be announced		Ronald B. Duncan [1]
Charlotte	28230	Anne M. Allen		Walter A. Varvel [1]
Culpeper Communications and Records Center	*22701*			John G. Stoides [1]
ATLANTA	30303	Edwin A. Huston Leo Benatar	Robert P. Forrestal Jack Guynn	Donald E. Nelson [1]
Birmingham	35283	Donald E. Boomershine		Fred R. Herr [1]
Jacksonville	32231	Joan D. Ruffier		James D. Hawkins [1]
Miami	33152	R. Kirk Landon		James T. Curry III
Nashville	37203	James R. Tuerff		Melvyn K. Purcell
New Orleans	70161	Lucimarian Roberts		Robert J. Musso
CHICAGO*	60690	Richard G. Cline Robert M. Healey	Silas Keehn William C. Conrad	
Detroit	48231	J. Michael Moore		Roby L. Sloan [1]
ST. LOUIS	63166	Robert H. Quenon Janet McAfee Weakley	Thomas C. Melzer James R. Bowen	
Little Rock	72203	To be announced		Karl W. Ashman
Louisville	40232	To be announced		Howard Wells
Memphis	38101	To be announced		John P. Baumgartner
MINNEAPOLIS	55480	Delbert W. Johnson Gerald A. Rauenhorst	Gary H. Stern Thomas E. Gainor	
Helena	59601	James E. Jenks		John D. Johnson
KANSAS CITY	64198	Burton A. Dole, Jr. Herman Cain	Thomas M. Hoenig Henry R. Czerwinski	
Denver	80217	Barbara B. Grogan		Kent M. Scott
Oklahoma City	73125	Ernest L. Holloway		David J. France
Omaha	68102	Sheila Griffin		Harold L. Shewmaker
DALLAS	75201	Leo E. Linbeck, Jr. Cece Smith	Robert D. McTeer, Jr. Tony J. Salvaggio	
El Paso	79999	To be announced		Sammie C. Clay
Houston	77252	To be announced		Robert Smith, III [1]
San Antonio	78295	To be announced		Thomas H. Robertson
SAN FRANCISCO	94120	James A. Vohs Judith M. Runstad	Robert T. Parry Patrick K. Barron	
Los Angeles	90051	Donald G. Phelps		John F. Moore [1]
Portland	97208	William A. Hilliard		E. Ronald Liggett [1]
Salt Lake City	84125	Gary G. Michael		Andrea P. Wolcott
Seattle	98124	George F. Russell, Jr.		Gordon Werkema [1]

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.